STATUTORY INSTRUMENTS

1982 No. 1060

WATER, ENGLAND AND WALES

The Water Authorities (Return on Assets) Order 1982

Made - - - -	*27th July* 1982
Laid before Parliament	*9th August* 1982
Coming into Operation	*31st August* 1982

The Secretary of State for the Environment, with the approval of the Treasury and after consultation with the National Water Council, in exercise of the powers conferred on him by section 29(2)(*a*) of the Water Act 1973(**a**), and of all other powers enabling him in that behalf, hereby makes the following order:—

Title, commencement and extent of exercise of powers

1.—(1) This order may be cited as the Water Authorities (Return on Assets) Order 1982 and shall come into operation on 31st August 1982.

(2) This order extends to every water authority mentioned in column (1) of the Schedule to this order.

Interpretation

2.—(1) In this order, unless the context otherwise requires—

"the Act" means the Water Act 1973;

"the 1981 Order" means the Water Authorities (Return on Assets) Order 1981(**b**);

"the value of their net assets", in relation to any water authority, has the meaning assigned to it in article 3 of this order;

"the year 1981–82" means the year ending on 31st March 1982, and "the year 1982–83" means the year ending on 31st March 1983.

(2) In construing, for the purposes of this order, the expressions "current cost" and "current cost operating profit", regard shall be had to the requirements for the preparation of current cost accounts contained in the publication entitled "Statement of Standard Accounting Practice No. 16" issued in March 1980 by the bodies represented on the Consultative Committee of Accountancy Bodies.

Meaning of "the value of their net assets"

3. In relation to any water authority, the expression "the value of their net assets" is hereby defined, for the purposes of section 29 of the Act, as meaning

(**a**) 1973 c. 37. (**b**) S.I. 1981/826.

the total net value, at current cost, of the assets held by the authority on 1st April 1982 for the purposes of any of their functions other than functions relating to land drainage.

Return on value of net assets

4.—(1) In this article, in relation to any water authority—

"their 1981 balance" means the balance on their appropriation account at 1st April 1981;

"their 1982 balance" means the aggregate of—

(*a*) their 1981 balance,

(*b*) the current cost operating profit of that authority for the year 1981–82, and

(*c*) any amount transferred to their appropriation account in respect of that year from any tariff equalisation fund maintained by the authority,

less the amount stated in relation to the authority in column (3) of the Schedule to the 1981 Order;

"their 1983 achievement" means the aggregate of—

(*a*) their 1982 balance,

(*b*) the current cost operating profit of the authority for the year 1982–83, and

(*c*) any amount transferred to their appropriation account in respect of that year from any tariff equalisation fund maintained by the authority.

(2) The rate per cent shown in column (2) of the Schedule to this order in relation to any water authority mentioned in column (1) thereof is hereby specified as the rate of return on the value of their net assets which the Secretary of State considers it is reasonable for the authority to achieve in respect of the year 1982–83 (in this article referred to as "the specified rate").

(3) It is hereby directed that during the year 1982–83 each water authority mentioned in column (1) of the Schedule to this order shall discharge their functions with a view to securing that their 1983 achievement bears to the value of their net assets a proportion, expressed as a percentage, which is not less than the specified rate.

SCHEDULE

Article 4

SPECIFIED RATE OF RETURN ON VALUE OF NET ASSETS IN RESPECT OF THE YEAR 1982–83

(1) Water authority	(2) Rate of return
	per cent
Anglian Water Authority	2.06
Northumbrian Water Authority	1.87
North West Water Authority	1.26
Severn–Trent Water Authority	1.17
Southern Water Authority	1.18
South West Water Authority	1.47
Thames Water Authority	1.09
Wessex Water Authority	1.50
Yorkshire Water Authority	1.14

Michael R. D. Heseltine,
Secretary of State for the Environment.

26th July 1982.

We approve the making of this order.

Alastair Goodlad,
P. L. Brooke,
Two of the Lords Commissioners of Her Majesty's Treasury.

27th July 1982.

EXPLANATORY NOTE

(This Note is not part of the Order.)

Section 29(2)(*a*) of the Water Act 1973 provides that the Secretary of State may, with the approval of the Treasury and after consultation with the National Water Council, direct by order that any water authority shall discharge their functions during any specified period with a view to securing that they achieve, in respect of that period, a rate of return on "the value of their net assets" (as defined by him) which is not less than the rate which he considers reasonable and specifies in his direction.

This Order, which relates to all the water authorities in England and Wales except the Welsh Water Authority, defines "the value of their net assets", and specifies the rate of return on that value which each authority is required to attempt to achieve in respect of the year ending on 31st March 1983.

The publication entitled "Statement of Standard Accounting Practice No. 16", which is mentioned in article 2(2) of the order, is obtainable from The Institute of Chartered Accountants in England and Wales, P.O. Box 433, Moorgate Place, London EC2.

In article 4(1) of the order, in the definition of "their 1982 balance", mention is made of "the amount stated in relation to the authority in column (3) of the Schedule to the 1981 Order." The relevant amounts are shown below:

	£
Anglian Water Authority	41,000,000
Northumbrian Water Authority	27,700,000
North West Water Authority	26,100,000
Severn–Trent Water Authority	39,700,000
Southern Water Authority	16,800,000
South West Water Authority	12,400,000
Thames Water Authority	38,000,000
Wessex Water Authority	13,100,000
Yorkshire Water Authority	21,000,000

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