STATUTORY INSTRUMENTS

1983 No. 1592

WATER, ENGLAND AND WALES

The Water Authorities (Return on Assets) Order 1983

Made - - - -	*25th October* 1983
Laid before Parliament	*7th November* 1983
Coming into Operation	*29th November* 1983

The Secretary of State for the Environment, with the approval of the Treasury, 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 1983 and shall come into operation on 29th November 1983.

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

Interpretation

2. In this order, "the year 1983–84" means the year ending on 31st March 1984, and 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 defined, for the purposes of section 29 of the Water Act 1973, as the total net value, at current cost, of the assets held by the authority on 31st March 1983 for the purposes of any of their functions other than functions relating to land drainage.

(**a**) 1973 c. 37.

Return on value of net assets

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

"their 1983 balance" means the amount by which that authority's 1983 achievement, as defined in the Water Authorities (Return on Assets) Order 1982(**a**), exceeded or fell short of the rate of return specified by that order; and

"their 1984 achievement" means the aggregate of—

(a) their 1983 balance,

(b) the current cost operating profit of the authority for the year 1983–84, 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 the Schedule to this order in relation to any water authority mentioned therein 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 1983–84 (in this article referred to as "the specified rate").

(3) It is hereby directed that during the year 1983–84 each water authority mentioned in the Schedule to this order shall discharge their functions with a view to securing that their 1984 achievement bears to the value of their net assets a proportion, expressed as a percentage, which is not less than the specified rate.

(**a**) S.I. 1982/1060.

SCHEDULE Article 4

SPECIFIED RATE OF RETURN ON VALUE OF NET ASSETS IN RESPECT OF THE YEAR 1983—84

Water authority	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	1.25
Southern Water Authority	1.25
South West Water Authority	1.47
Thames Water Authority	1.25
Wessex Water Authority	1.50
Yorkshire Water Authority	1.25

Patrick Jenkin,
14th October 1983. Secretary of State for the Environment.

We approve the making of this order.

Alastair Goodlad,
Donald Thompson,
Two of the Lords Commissioners
25th October 1983. of Her Majesty's Treasury.

EXPLANATORY NOTE

(This Note is not part of the Order.)

Under section 29(2)*(a)* of the Water Act 1973 the Secretary of State may, with the approval of the Treasury, 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 specified in his direction.

This Order, which relates to the nine English water authorities but not 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 1984.

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

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