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## SCHEDULES

### SCHEDULE 3

#### ADMINISTRATION, FINANCE, ETC, OF WATER AUTHORITIES AND THE NATIONAL WATER COUNCIL

#### PART III

#### FINANCIAL AND ADMINISTRATIVE PROVISIONS

##### *Loans and grants*

- 34 (1) A water authority and the Council may borrow money in accordance, and only in accordance, with the provisions of this paragraph.
- (2) Subject to sub-paragraph (5) below, a water authority and the Council may borrow temporarily, by way of overdraft or otherwise, such sums as they may require for meeting their obligations and discharging their functions—
- (a) in sterling from the Secretary of State, or
  - (b) with the consent of the Secretary of State and the approval of the Treasury, or in accordance with any general authority given by the Secretary of State with the approval of the Treasury, either in sterling or in a currency other than sterling from a person other than the Secretary of State.
- (3) Subject to sub-paragraph (5) below, a water authority and the Council may borrow otherwise than by way of temporary loan such sums as they may require for capital purposes—
- (a) in sterling from the Secretary of State, or
  - (b) with the consent of the Secretary of State and the approval of the Treasury, in a currency other than sterling from a person other than the Secretary of State.
- (4) Subject to sub-paragraph (5) below, a water authority and the Council may, with the consent of the Secretary of State and the approval of the Treasury, borrow (otherwise than by way of temporary loan) from the Commission of the European Communities or the European Investment Bank sums in any currency.
- (5) The aggregate amount outstanding in respect of the principal of—
- (a) sums borrowed by water authorities and the Council; and
  - (b) sums borrowed or treated by or by virtue of any enactment as borrowed by local authorities, towards the discharge of the principal or interest of which water authorities are making contributions ;
- shall not exceed £3,750 million or such greater sum not exceeding £5,000 million as the Secretary of State may by order specify.
- (6) The Secretary of State may also by order specify a limit for the borrowing of any water authority or of the Council.

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- (7) No order shall be made under sub-paragraph (5) above unless a draft of the order has been laid before the House of Commons, and has been approved by a resolution of that House.
- 35 (1) The Secretary of State may with the approval of the Treasury—
- (a) make to a water authority out of money provided by Parliament grants of such amounts as the Secretary of State thinks fit;
  - (b) give a water authority a direction providing that the whole or part of a grant made in pursuance of paragraph (a) above is not to be used by the authority otherwise than for the purpose of such of the authority's functions as are specified in the direction, not being land drainage functions.
- (2) The Secretary of State may, with the approval of the Treasury, lend to a water authority or to the Council any sums which they have power to borrow by virtue of paragraph 34 above.
- (3) Any loan which the Secretary of State makes in pursuance of sub-paragraph (2) above shall be repaid to him at such times and by such methods, and interest on the loan shall be paid to him at such rates and at such times, as the Secretary of State may with the approval of the Treasury from time to time determine.
- (4) The Treasury may issue out of the National Loans Fund to the Secretary of State such sums as are necessary to enable him to make loans in pursuance of sub-paragraph (2) above, and any sums received by the Secretary of State in pursuance of sub-paragraph (3) above shall be paid into that Fund.
- 36 (1) The Treasury may guarantee, in such manner and on such conditions as they think fit, the repayment of the principal of and the payment of interest on any sums which an authority or the Council borrow from a person other than the Secretary of State.
- (2) Immediately after a guarantee is given under this paragraph the Treasury shall lay a statement of the guarantee before each House of Parliament; and where any sum is issued for fulfilling a guarantee so given the Treasury shall, as soon as possible after the end of each financial year (beginning with that in which the sum is issued and ending with that in which all liability in respect of the principal of the sum and in respect of the interest thereon is finally discharged), lay before each House of Parliament a statement relating to that sum.
- (3) Any sums required by the Treasury for fulfilling a guarantee under this paragraph shall be charged on and issued out of the Consolidated Fund.
- (4) If any sums are issued in fulfilment of a guarantee given under this paragraph, the authority or, as the case may be, the Council shall make to the Treasury, at such times and in such manner as the Treasury from time to time direct, payments of such amounts as the Treasury so direct in or towards repayment of the sums so issued and payments of interest, at such rate as the Treasury so direct, on what is outstanding for the time being in respect of sums so issued.
- (5) Any sums received by the Treasury in pursuance of sub-paragraph (4) above shall be paid into the Consolidated Fund.
- 37 It shall be the duty of the Secretary of State as respects each financial year—
- (a) to prepare, in such form and manner as the Treasury may direct, an account of sums issued to the Secretary of State in pursuance of paragraph 35 above and of any sums required to be paid into the National Loans Fund in

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pursuance of that paragraph and of the disposal by the Secretary of State of those sums respectively ; and

- (b) to send a copy of the account to the Comptroller and Auditor General not later than the end of the month of November next following that year ;

and the Comptroller and Auditor General shall examine, certify and report on the account and. shall lay copies of it and of his report on it before each House of Parliament.