

SCHEDULES

SCHEDULE 1

THE NATIONAL RIVERS AUTHORITY

PART II

FINANCIAL PROVISIONS

General financial duties

- 15 (1) Subject to paragraph 16 below, the relevant Ministers may, after consultation with the Authority and with the Treasury's approval, determine the financial duties of the Authority, and different determinations may be made for different functions and activities of the Authority.
- (2) The relevant Ministers shall give the Authority notice of every determination under this paragraph, and such a determination may—
- (a) relate to a period beginning before the date on which it is made;
 - (b) contain supplemental provisions;
 - (c) be varied by a subsequent determination.
- (3) Where it appears to the Secretary of State that the Authority has a surplus, whether on capital or revenue account, the Secretary of State may, after consultation with the Treasury and the Authority, direct the Authority to pay to him such amount not exceeding the amount of that surplus as may be specified in the direction; and it shall be the duty of the Authority to comply with any such direction.
- (4) Any revenue to which sub-paragraph (1) of paragraph 16 below applies (including so much of any such revenue as falls within sub-paragraph (2) of that paragraph) and any funds to which section 88(1) of the Water Resources Act 1963 (funds held for fisheries purposes under local statutory provisions) applies shall be disregarded in determining the amount of any surplus for the purposes of sub-paragraph (3) above.
- (5) Any sum received by the Secretary of State under sub-paragraph (3) above shall be paid into the Consolidated Fund.

Financial duties in relation to flood defence revenue

- 16 (1) Revenue raised by the Authority in a local flood defence district—
- (a) under or by virtue of sections 45 to 49 of the Land Drainage Act 1976 (revenue raised from local authorities) or any regulations under section 74 of the Local Government Finance Act 1988 (power to issue levies);
 - (b) by contributions required under section 84(1) of the said Act of 1976 (contributions from internal drainage boards); or
 - (c) by special drainage charges under section 50 of the said Act of 1976,

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shall, except for any amount falling within sub-paragraph (2) below, be spent only in the carrying out of the Authority's flood defence functions in or for the benefit of that district.

- (2) An amount falls within this sub-paragraph if it is an amount which the Authority considers it appropriate—
- (a) to set aside towards research or related activities or towards meeting the Authority's administrative expenses; or
 - (b) to be paid by way of contribution towards expenses incurred by the Authority or any regional flood defence committee under arrangements made for the purposes of section 136(3)(b) of this Act.
- (3) Any amount specified in a resolution under section 86(1) of the Land Drainage Act 1976 in relation to any local flood defence district (allocation of revenue in lieu of contributions) shall be treated for the purposes of sub-paragraph (1) above as if it were revenue actually raised by contributions required under section 84(1) of that Act.
- (4) Any sums held by the Authority by virtue of any transfer of property, rights or liabilities from a water authority in accordance with a scheme under Schedule 2 to this Act shall, in so far as those sums represent amounts which the water authority was required by virtue of paragraph 31 of Schedule 3 to the 1973 Act to spend only in the discharge of their land drainage functions in or for the benefit of a particular local land drainage district, be treated for the purposes of this paragraph as revenue raised by the Authority as mentioned in sub-paragraph (1) above in or for the benefit of the corresponding local flood defence district.
- (5) In this paragraph—
- “flood defence functions”, in relation the Authority, means its functions by virtue of Chapter III of Part III of this Act, including all its functions under the Land Drainage Act 1976;
 - “local flood defence district” has the same meaning as in the said Act of 1976;
- and for the purposes of this paragraph so much of a regional flood defence area as is an area in relation to which no local flood defence scheme is in force shall be treated as a single local flood defence district.

Grants to the Authority

- 17 (1) The Secretary of State may, with the approval of the Treasury, make to the Authority out of money provided by Parliament grants of such amounts as he thinks fit.
- (2) The payment by the Secretary of State of a grant under this paragraph shall be on such terms as he may, with the approval of the Treasury, provide.
- (3) The Secretary of State shall—
- (a) prepare in respect of each financial year an account of the sums paid by him to the Authority under this paragraph; and
 - (b) before the end of September in the following financial year send that account to the Comptroller and Auditor General;
- and the form of the account and the manner of preparing it shall be such as the Treasury may direct.

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- (4) The Comptroller and Auditor General shall examine, certify and report on each account sent to him under this paragraph and shall lay copies of it and of his report before each House of Parliament.

Borrowing

- 18 (1) The Authority shall be entitled to borrow in accordance with the following provisions of this paragraph but not otherwise.
- (2) Subject to sub-paragraph (4) below, the Authority may, with the consent of the Secretary of State or the Minister and with the approval of the Treasury, borrow temporarily in sterling, by way of overdraft or otherwise, from a person other than the Secretary of State or the Minister, such sums as it may require for meeting its obligations and carrying out its functions.
- (3) Subject to sub-paragraph (4) below, the Authority may borrow, otherwise than by way of temporary loan, such sums in sterling from the Secretary of State or the Minister as it may require for capital purposes in connection with the carrying out of its flood defence functions.
- (4) The aggregate amount outstanding in respect of the principal of sums borrowed under this paragraph by the Authority shall not at any time exceed £100 million or such greater sum, not exceeding £160 million, as the relevant Ministers may specify by order made by statutory instrument.
- (5) No order shall be made under sub-paragraph (4) 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.
- (6) In this paragraph “flood defence functions” has the same meaning as in paragraph 16 above.

Loans to the Authority

- 19 (1) The Secretary of State and the Minister shall each have power, with the approval of the Treasury, to lend any sums to the Authority which the Authority has power to borrow under paragraph 18(3) above.
- (2) Any loan made by the Secretary of State or the Minister under this paragraph 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 or, as the case may be, the Minister may with the approval of the Treasury from time to time determine.
- (3) Any sums required by the Secretary of State or the Minister for making a loan under this paragraph shall be paid out of money provided by Parliament; and any sums received by the Secretary of State or the Minister in pursuance of sub-paragraph (2) above shall be paid into the Consolidated Fund.
- (4) The Secretary of State and the Minister shall each—
- (a) prepare in respect of each financial year an account of the sums lent by him to the Authority under this paragraph; and
 - (b) before the end of September in the following financial year send that account to the Comptroller and Auditor General;

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and the form of the account and the manner of preparing it shall be such as the Treasury may direct.

- (5) The Comptroller and Auditor General shall examine, certify and report on each account sent to him under this paragraph and shall lay copies of it and of his report before each House of Parliament.

Guarantees

- 20 The Secretary of State or the Minister may, with the consent of the Treasury, guarantee, in such manner and on such conditions as he may think fit, the repayment of the principal of, the payment of interest on and the discharge of any other financial obligation in connection with any sum which the Authority borrows from any person.

Accounts

- 21 (1) It shall be the duty of the Authority—
- (a) to keep proper accounts and proper records in relation to the accounts; and
 - (b) to prepare in respect of each accounting year a statement of accounts giving a true and fair view of the state of affairs and the income and expenditure of the Authority.
- (2) Every statement of accounts prepared by the Authority in accordance with this paragraph shall comply with any requirement which the relevant Ministers have, with the consent of the Treasury, notified in writing to the Authority and which relates to any of the following matters, namely—
- (a) the information to be contained in the statement;
 - (b) the manner in which that information is to be presented;
 - (c) the methods and principles according to which the statement is to be prepared;
- and such a requirement may impose an obligation on the Authority to prepare accounts in respect of the financial year current when section 1 of this Act comes into force on such assumptions as may be specified in the requirement.
- (3) Subject to sub-paragraph (4) below, in this paragraph and paragraph 22 below “accounting year”, in relation to the Authority, means a financial year.
- (4) If the Secretary of State so directs in relation to any accounting year of the Authority, that accounting year shall end with such date other than the next 31st March as may be specified in the direction; and, where the Secretary of State has given such a direction, the following accounting year shall begin with the day after the date so specified and, subject to any further direction under this sub-paragraph, shall end with the next 31st March.

Audit

- 22 (1) The accounts of the Authority, shall be audited by auditors appointed for each accounting year by the Secretary of State.
- (2) A person shall not be qualified for appointment for the purposes of sub-paragraph (1) above unless he is—

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- (a) a member of a body of accountants established in the United Kingdom and recognised for the purposes of section 389(1)(a) of the Companies Act 1985;
or
 - (b) a member of the Chartered Institute of Public Finance and Accountancy;
but a firm may be so appointed if each of its members is qualified to be so appointed.
- (3) A copy of any accounts of the Authority which are audited under sub-paragraph (1) above and of the report made on those accounts by the auditors shall be sent to the Secretary of State and to the Minister as soon as reasonably practicable after the report is received by the Authority; and the Secretary of State shall lay a copy of any accounts or report sent to him under this sub-paragraph before Parliament.
- (4) The Comptroller and Auditor General shall be entitled to inspect the contents of all books, papers and other records of the Authority relating to, or to matters dealt with in, the accounts required to be kept by virtue of paragraph 21 above; and, accordingly, section 6 of the National Audit Act 1983 (examinations of economy, efficiency and effectiveness) shall apply to the Authority.
- (5) In this paragraph “accounts”, in relation to the Authority, includes any statement under paragraph 21 above.

Meaning of “the relevant Ministers”

- 23 In this Part of this Schedule “the relevant Ministers” means the Secretary of State and the Minister, acting jointly.