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# Water Services Regulation Authority

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## Introduction

1. This Estimate provides for the funding of the Water Services Regulation Authority (Ofwat), which was established under the Water Act 2003. Ofwat is responsible for the economic regulation of the water industry in England and Wales as set out in the Water Industry Act 1991 and Water Act 2003.
2. Ofwat is funded through licence fees received from the water and sewerage companies and is subject to cost controls.
3. The cash provision of £1,135,000 is sought to cover:
  - i) the part of the pension costs of the former Directors General of the Office of Water Services of £115,000 which cannot be charged to the water industry as it relates to their services with other government departments;
  - ii) administrative costs of £1,020,000 to be funded by the use of previous years licence fees.
4. Symbols are explained in the introduction to this booklet.

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# Water Services Regulation Authority

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## Part I

	£
<b>Request for Resources 1: Regulation of the Water Industry</b>	<b>60,000</b>
<b>Total net resource requirement</b>	<b>60,000</b>
<b>Net cash requirement</b>	<b>1,135,000</b>

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Amounts required in the year ending 31 March 2010 for expenditure by the Water Services Regulation Authority on:

### RfR 1: Regulation of the Water Industry

Administrative and operational costs and the provision of customer representation and associated non-cash items.

The **Water Services Regulation Authority** will account for this Estimate.

	£		
	Net total	Allocated in Vote on Account	Balance to complete
<b>RfR 1</b>	<b>60,000</b>	<b>21,000</b>	<b>39,000</b>
<b>Total net resource requirement</b>	<b>60,000</b>	<b>21,000</b>	<b>39,000</b>
<b>Net cash requirement</b>	<b>1,135,000</b>	<b>50,000</b>	<b>1,085,000</b>

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**Part II: Subhead detail**

£'000

2009-10 Provision						2008-09 Provision	2007-08 Outturn		
Resources						Capital	Non- operating	Net Total	Net Total
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	A in A	Resources	Resources
1	2	3	4	5	6	7	8	9	10
<b>RfR 1: Regulation of the Water Industry</b>									
18,900	-88	147	18,959	18,899	60	400	-	48	26
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<i>Central Government spending</i>									
A Water Services Regulation Authority									
18,900	-	-	18,900	18,899	1	400	-	1	-
<b>Spending in Annually Managed Expenditure (AME)</b>									
<i>Central Government spending</i>									
B Interest on Pension Scheme Liabilities									
-	-88	147	59	-	59	-	-	47	26
<b>Total for Estimate:</b>									
18,900	-88	147	18,959	18,899	60	400	-	48	26

## Part II: Resource to cash reconciliation

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Resource Requirement</b>	<b>60</b>	<b>48</b>	<b>26</b>
<b>Voted capital items</b>			
Capital	400	380	422
Less Non-operating A-in-A	-	-	-
<b>Total net voted capital</b>	<b>400</b>	<b>380</b>	<b>422</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	92	100	139
Depreciation	-189	-274	-242
New provisions and adjustments to previous provisions	-147	-135	-116
Profit/loss on sale of assets	-	-	-9
Prior period adjustments	-	-	-
Other non-cash items	-50	-40	-38
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	-	20,427
Increase (-) / Decrease (+) in creditors	808	375	-19,834
Use of provisions	161	155	155
<b>Total accruals to cash adjustments</b>	<b>675</b>	<b>181</b>	<b>482</b>
<b>Excess cash to be CFERd</b>	<b>-</b>	<b>-</b>	<b>498</b>
<b>Net Cash Requirement</b>	<b>1,135</b>	<b>609</b>	<b>1,428</b>

### Part III: Extra receipts payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	<b>£'000</b>					
	<b>2009-10 Provision</b>		<b>2008-09 Provision</b>		<b>2007-08 Outturn</b>	
	<b>Income</b>	<b><i>Receipts</i></b>	<b>Income</b>	<b><i>Receipts</i></b>	<b>Income</b>	<b><i>Receipts</i></b>
Operating income not classified as A in A	-	-	-	-	-	-
Non-operating income not classified as A in A	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	<i>20,300</i>	28,770	<i>8,500</i>
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	<i>498</i>
<b>Total</b>	-	-	-	<b>20,300</b>	<b>28,770</b>	<b>8,998</b>

## Forecast Operating Cost Statement

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Administration Costs</b>			
RfR 1	1	1	-9
<b>Total Net Administration costs</b>	<b>1</b>	<b>1</b>	<b>-9</b>
<b>Net Programme Costs</b>			
RfR 1	59	47	35
Non-voted	-	-	-
<b>Total Net Programme costs</b>	<b>59</b>	<b>47</b>	<b>35</b>
<b>Total Net Operating Cost</b>	<b>60</b>	<b>48</b>	<b>26</b>
<i>of which:</i>			
Net Resource Requirement	60	48	26
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-
Reduction in planned spend unable to be included in Estimate	-	-	-
<b>Resource Budget</b>	<b>60</b>	<b>48</b>	<b>17</b>

## Notes to the Main Estimate

### Reconciliation of resource expenditure between Estimates, Accounts and Budgets

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Resource Requirement (Estimates)</b>	<b>60</b>	<b>48</b>	<b>26</b>
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
Non-voted expenditure in the OCS	-	-	-
Consolidated Fund Extra Receipts in the OCS	-	-	-
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-	-	-
<b>Net Operating Cost (Accounts)</b>	<b>60</b>	<b>48</b>	<b>26</b>
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	-9
Capital grants	-	-	-
European Union income related to capital grants	-	-	-
Voted expenditure outside the budget	-	-	-
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	-	-	-
Other adjustments	-	-	-
<b>Resource Budget (Budget)</b>	<b>60</b>	<b>48</b>	<b>17</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	1	1	-9
Annually Managed Expenditure (AME)	59	47	26

### Reconciliation of capital expenditure between Estimates and Budgets

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Voted Capital (Estimates)</b>	<b>400</b>	<b>380</b>	<b>422</b>
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Capital spending by non-departmental public bodies	-	-	-
Capital grants	-	-	-
European Union income related to capital grants	-	-	-
Supported capital expenditure (revenue)	-	-	-
Capital spending by levy funded bodies	-	-	-
Unallocated capital provision	-	-	-
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-	-	-
<b>Capital Budget (Budget)</b>	<b>400</b>	<b>380</b>	<b>422</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	400	380	422
Annually Managed Expenditure (AME)	-	-	-

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## Notes to the Main Estimate (*continued*)

### Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

The following Accounting Officer appointments have been made for the Request for Resources within this Estimate:

**Request for Resources 1:** Regina Finn, Chief Executive

Regina Finn, has personal responsibility for the proper presentation of the resource accounts and their transmission to the Comptroller and Auditor General. Regina Finn is also responsible for the use of public money and stewardship of assets.

In discharging these responsibilities particular regard is given to:

- Observing any accounting and disclosure requirements (including any Accounts Direction) and applying suitable accounting policies on a consistent basis;
- making judgements and estimates on a reasonable basis;
- stating whether applicable accounting standards, as set out in the *Financial Reporting Manual (FReM)*, or an organisation's version of it, have been followed, and explain any material departures in the accounts; and
- preparing the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding assets, are set out in chapter 3 of *Managing Public Money* issued by the Treasury.

## Notes to the Main Estimate (*continued*)

### Analysis of operating appropriations in aid (A in A)

	£'000		
	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>RfR 1: Regulation of the Water Industry</b>			
<b>Administration</b>	<b>18,899</b>	<b>17,899</b>	<b>13,211</b>
<i>of which:</i>			
Sale of goods and services	70	109	111
Regulatory licences, fines, penalties and taxes	18,829	17,790	13,100
<b>Total RfR 1</b>	<b>18,899†</b>	<b>17,899</b>	<b>13,211</b>
<i>† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: the receipt of licence fees and income relating to the provision of support services to the Consumer Council for Water.</i>			
<b>Total Operating A in A</b>	<b>18,899</b>	<b>17,899</b>	<b>13,211</b>

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**Notes to the Main Estimate (*continued*)**
**Analysis of Consolidated Fund extra receipts****£'000**


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	<b>2009-10</b>		<b>2008-09</b>		<b>2007-08</b>	
	<b>Provision</b>		<b>Provision</b>		<b>Outturn</b>	
	<b>Income</b>	<b>Receipts</b>	<b>Income</b>	<b>Receipts</b>	<b>Income</b>	<b>Receipts</b>
Fines and Penalties●	-	-	-	20,300	28,770	8,500
Excess cash surrenderable to the Consolidated Fund●	-	-	-	-	-	498
<b>Total</b>	-	-	-	<b>20,300</b>	<b>28,770</b>	<b>8,998</b>

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## Notes to the Main Estimate (*continued*)

### Departmental Expenditure Limits and Administration budgets

	<b>£'000</b>		
	<b>Voted</b>	<b>Non-voted</b>	<b>Total</b>
Resource DEL	1	-	1
<i>of which: †</i>			
Administration budget	1	-	1
Near-cash in RDEL	-234	-	-234
Capital DEL ††	400	-	400
Less Depreciation †††	-189	-	-189
Total DEL	212	-	212

† The total of the 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.

†† Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.

††† Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

### Comparison of provision sought with final provision and forecast outturn for the previous year

The total net resource sought for 2009-10 of £60,000 is 25.0 per cent higher than the final net provision for 2008-09 of £48,000 and the forecast outturn for 2008-09 of £48,000.

### Cash which may be retained to offset expenditure

	<b>£'000</b>		
	<b>2009-10 Provision</b>	<b>2008-09 Provision</b>	<b>2007-08 Outturn</b>
Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been, or will be, appropriated in aid.	18,899	17,899	13,211

