
Water Services Regulation Authority

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 financed through licence fees received from the water and sewerage companies and is subject to cost controls.
3. The cash provision of £558,000 is sought to cover:
 - i) the part of the pension costs of the former Directors General of the Office of Water Services of £111,000, which cannot be charged to the water industry as it relates to their service with other government departments;
 - ii) administrative costs of £447,000 to be funded by the use of previous years' licence fees.
4. Symbols are explained in the Introduction to this booklet.

Water Services Regulation Authority

Part I

	£
Request for Resources 1: Regulation of the Water Industry	173,000
Total net resource requirement	173,000
Net cash requirement	558,000

Amounts required in the year ending 31 March 2008 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
RfR 1	173,000	-	173,000
Total net resource requirement	173,000	-	173,000
Net cash requirement	558,000	63,000	495,000

Part II: Subhead detail

£'000

2007-08 Provision						2006-07 Provision	2005-06 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
RfR 1: Regulation of the Water Industry									
13,000	-68	240	13,172	12,999	173	400	-	159	-
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Water Services Regulation Authority									
13,000	-	-	13,000	12,999	1	400	-	2	-36
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
B Interest on Pension Scheme Liabilities									
-	-68	240	172	-	172	-	-	157	36
Total for Estimate:									
13,000	-68	240	13,172	12,999	173	400	-	159	-

Part II: Resource to cash reconciliation

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Resource Requirement	173	159	-
Voted capital items			
Capital	400	716	39
Less Non-operating A-in-A	-	-	-1
Total net voted capital	400	716	40
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	105	45	107
Depreciation	-190	-341	-406
New provisions and adjustments to previous provisions	-240	-240	-245
Profit/loss on sale of assets	-	-	-1
Prior period adjustments	-	-	-
Other non-cash items	-33	-32	-32
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	-	-89
Increase (-) / Decrease (+) in creditors	181	157	-583
Use of provisions	162	364	87
Total accruals to cash adjustments	-15	-47	-1,162
Excess cash to be CFERd	-	-	1,163
Net Cash Requirement	558	828	41

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):

	£'000					
	2007-08		2006-07		2005-06	
	Provision		Provision		Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
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	-	-	-	-	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	<i>1,163</i>
Total	-	-	-	-	-	1,163

Forecast Operating Cost Statement

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Administration Costs			
RfR 1	1	2	-36
Total Net Administration costs	1	2	-36
Net Programme Costs			
RfR 1	172	157	36
Total Net Programme costs	172	157	36
Total Net Operating Cost	173	159	-
<i>of which:</i>			
Net Resource Requirement	173	159	-
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-
Resource Budget	173	159	-1

Notes to the Main Estimate (*continued*)

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Resource Requirement (Estimates)	173	159	-
<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	-	-	-
Other adjustments	-	-	-
Net Operating Cost (Accounts)	173	159	-
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	-1
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	-	-	-
Resource Budget (Budget)	173	159	-1
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	1	2	-37
Annually Managed Expenditure (AME)	172	157	36

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Voted Capital (Estimates)	400	716	39
<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	-	-	-
Other adjustments	-	-	-
Capital Budget (Budget)	400	716	39
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	400	716	39
Annually Managed Expenditure (AME)	-	-	-

Notes to the Main Estimate (*continued*)

Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointment for the Request for Resources within this Estimate.

Request for Resources 1: Regina Finn, Chief Executive

Regina Finn as the Accounting Officer of the Water Services Regulation Authority has personal responsibility for the proper presentation of the department's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The AO as the permanent head, remains in general overall charge of the Water Services Regulation Authority.

The responsibilities of an Accounting Officer are set out in Annex 4.1 of Government Accounting. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the organisation's policies, aims and objectives and should regularly review the effectiveness of that system.

Notes to the Main Estimate (*continued*)

Analysis of operating appropriations in aid (A in A)

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
RfR 1: Regulation of the Water Industry			
Administration	12,999	12,398	10,465
<i>of which:</i>			
Sale of goods and services	100	-	269
Regulatory licences, fines, penalties and taxes	12,899	12,398	10,196
Programme	-	-	106
<i>of which:</i>			
Pension scheme related income	-	-	106
Total RfR 1	12,999†	12,398	10,571
<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>			
Total Operating A in A	12,999	12,398	10,571

Notes to the Main Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

	£'000					
	2007-08		2006-07		2005-06	
	Provision		Provision		Outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Φ Excess cash surrenderable to the Consolidated Fund						1,163
Total	-	-	-	-	-	1,163

Notes to the Main Estimate (*continued*)

Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	1	-	1
<i>of which:†</i>			
Administration budget	1	-	1
Near-cash in RDEL	-185	12	-173
Capital DEL††	400	-	400
Less Depreciation†††	-190	-	-190
Total DEL	211	-	211

† 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 2007-08 of £173,000 is 8.8 per cent higher than the final net provision for 2006-07 of £159,000 and 17,200.0 per cent higher than the forecast outturn for 2006-07 of £1,000.

Cash which may be retained to offset expenditure

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
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.	12,999	12,398	10,570

