

Office of Gas and Electricity Markets

Introduction

1. This Estimate covers the resource and cash expenditure of the Office of Gas and Electricity Markets.
2. The Office of Gas and Electricity Markets (OFGEM) comprises the Gas and Electricity Markets Authority and was set up in December 2000 under the provisions of the Utilities Act 2000. OFGEM's principal aim is to protect the interests of consumers, wherever appropriate by promoting effective competition.
3. Further details of the expenditure contained in this Estimate can be found in the Department of Trade and Industry's Departmental report Cm 6536.
4. Monies collected on behalf of the Secretary of State, either on behalf of Energywatch or in respect of the Secretary of State's own costs are shown as payments to DTI.
5. Central expenditure is offset mainly by income from licence fees recovered from the gas and electricity industries.
6. Symbols are explained in the Introduction to this booklet.

Part I

	£
Request for Resources 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry.	1,000
Request for Resources 2: Expenditure in connection with the Climate Change Levy	700,000
Total net resource requirement	701,000
Net cash requirement	1,597,000

Amounts required in the year ending 31 March 2006 for expenditure by the Office of Gas and Electricity Markets on:

RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry

Administrative and operational costs, payments to DTI, co-operation with international regulators and associated non-cash items.

RfR 2: Expenditure in connection with the Climate Change Levy

The accreditation of renewable energy producers and certification of output under the Finance Act 2000.

The **Office of Gas and Electricity Markets** will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to complete
	£	£	£
RfR 1	1,000	—	1,000
RfR 2	700,000	315,000	385,000
Total net resource requirement	701,000	315,000	386,000
Net cash requirement	1,597,000	803,000	794,000

Part II: Subhead detail

£'000

2005-06						2004-05 Provision	2003-04 Outturn		
Resources						Capital		Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non- operating A in A		
1	2	3	4	5	6	7	8	9	10
RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry									
38,242	88	-	38,330	38,329	1	1,000	50	1	2
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Gas and Electricity Markets Authority: Administration									
38,242	88	-	38,330	38,329	1	1,000	50	1	2
RfR 2: Expenditure in connection with the Climate Change levy									
700	-	-	700	-	700	-	-	700	680
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Gas and Electricity Markets Authority: Administration									
700	-	-	700	-	700	-	-	700	680
Total for Estimate:									
38,942	88	-	39,030	38,329	701	1,000	50	701	682

Part II: Resource to cash reconciliation

	£'000					
	2005-06		2004-05		2003-04	
	Provision		Provision		Outturn	
Net Total Resources		701		701		682
Voted capital items						
Capital		1,000		1,000		481
Less Non-operating A-in-A		50		50		991
Total net voted capital		<u>950</u>		<u>950</u>		<u>-510</u>
Accruals to cash adjustment						
Adjustments to remove non-cash items:						
Cost of Capital charges		255		218		323
Depreciation		-1,200		-1,250		-966
New provisions and adjustments to previous provisions		-55		-		-915
Profit (+) / loss (-) on sale of assets		-		-		91
Prior period adjustments		-		-		-
Other non-cash items		-45		-45		-48
Increase (+) / Decrease (-) in stock		-		-		-
Increase (+) / Decrease (-) in debtors		-		-		-861
Increase (-) / Decrease (+) in creditors		-		-		1,677
Use of provisions		<u>991</u>		<u>6,982</u>		<u>2,561</u>
Total accruals to cash adjustments		<u>-54</u>		<u>5,905</u>		<u>1,862</u>
Excess cash to be CFERd		-		-		621
Net Cash Requirement		<u>1,597</u>		<u>7,556</u>		<u>2,655</u>

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					
	2005-06		2004-05		2003-04	
	Provision		Provision		Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as AinA	-	-	-	-	-	-
Non-operating income not classified as AinA	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	-	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	621
Total	-	-	-	-	-	621

Forecast Operating Cost Statement

	£'000		
	2005-06 Provision	2004-05 Provision	2003-04 Outturn
Net Administration Costs			
RfR 1	-87	-109	-103
RfR 2	<u>700</u>	<u>700</u>	<u>680</u>
Total Net Administration costs	613	591	577
Net Programme Costs			
RfR 1	88	110	105
RfR 2	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Programme costs	88	110	105
Total Net Operating Cost	701	701	682
<i>of which:</i>			
Net Resource Outturn	701	701	682
CFERs	-	-	-
Non-voted expenditure	-	-	-
Resource Budget Outturn	701	701	682

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2005-06	2004-05	2003-04
	Provision	Provision	Outturn
Net Resource Outturn (Estimates)	701	701	682
<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)	701	701	682
<i>Adjustments to remove:</i>			
capital grants to local authorities	-	-	-
capital grants financed from the Capital Modernisation Fund	-	-	-
European Union income and related adjustments	-	-	-
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 Outturn (Budget)	701	701	682
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	701	701	682
Annually Managed Expenditure (AME)	-	-	-

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2005-06	2004-05	2003-04
	Provision	Provision	Outturn
Net Voted Capital Outturn (Estimates)	950	950	-510
<i>Adjustments to remove:</i>			
gains / losses from sale of capital assets	-	-	91
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	-	-	-
capital spending by non-departmental public bodies	-	-	-
capital grants to local authorities	-	-	-
capital grants financed by the Capital Modernisation Fund	-	-	-
local authority credit approvals	-	-	-
capital spending by levy funded bodies	-	-	-
unallocated capital provision	-	-	-
Other adjustments	-	-	-
Capital Budget Outturn (Budget)	950	950	-419
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	950	950	-419
Annually Managed Expenditure (AME)	-	-	-

Notes to the Main Estimate *(continued)*

Explanation of Accounting Officer responsibilities

In accordance with 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: Alistair Buchanan, Chief Executive of OFGEM

Request for Resources 2: Alistair Buchanan, Chief Executive of OFGEM

Alistair Buchanan as the Principal Accounting Officer (PAO) of the Office of Gas and Electricity Markets 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 PAO as the permanent head, remains in general overall charge of the Office of Gas and Electricity Markets.

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 Office of Gas and Electricity Markets' policies, aims, and objectives; and should regularly review the effectiveness of that system.

Notes to the Main Estimate *(continued)*

Analysis of appropriations in aid (A in A)

	£'000					
	2005-06 provision		2004-05 provision		2003-04 outturn	
	Operating A in A	Non- operating A in A	Operating A in A	Non- operating A in A	Operating A in A	Non- operating A in A
RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry						
Licence fees for Energywatch	—	—	13,300	—	12,400	—
Licence fees for Electricity and Gas	34,835	—	34,000	—	36,400	—
Recovery of costs of administering the Fossil Fuel Levy	88	—	110	—	175	—
Receipts in respect of charges to customers (e.g. rent)	3,406	—	3,300	—	3,295	—
Sale of capital assets	—	50	—	50	—	950
Total RfR 1	38,329*	50**	50,710	50	52,270	950
*Amount that may be applied as appropriations in aid in addition to the net total, arising from regulation of monopolies and promoting competition. Includes gas and electricity licence fees; recovery of costs for administering the Fossil Fuel Levy; income from fees and charges levied under the Gas Act 1986 and the Electricity Act 1989, as amended by the Utilities Act 2000; receipts in respect of letting, disposal, vacation or occupation of property or accommodation; income from services to other government organisations and any other cost recovery receipts.						
**Amount that may be applied as non-operating appropriations in aid arising from the sale of capital assets.						
Total A in A	38,329	50	50,710	50	52,270	950
<i>of which: Administration Budgets</i>	—	—	—	—	—	—

Notes to the Main Estimate *(continued)*

Analysis of Consolidated Fund Extra Receipts (CFERs)

	£'000					
	2005-06 provision		2004-05 provision		2003-04 outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Excess cash Φ	—	—	—	—	—	621
Total CFERs	—	—	—	—	—	621

Notes to the Main Estimate *(continued)*

Departmental Expenditure Limits and Administration Budgets £'000

Details of 2005-06 Departmental Expenditure Limits (DEL) and Administration budget limits

	Voted*	Non-voted	Total
Resource DEL	701	—	701
<i>of which: Administration Budgets</i>	<i>613</i>	<i>—</i>	<i>613</i>
Capital DEL**	950	—	950
Less depreciation†	-1,200	—	-1,200
Total DEL	451	—	451

* Excludes EU receipts included in Estimates, but excluded in Budgets.

** Capital DEL includes items treated as resource in Estimates and Accounts, but which are treated as part of Capital DEL, under stage 2 of Resource Accounting and Budgeting, as implemented in the 2002 Spending Review.

† 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.

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

The total net resource sought for 2005-06 of £701,000 is the same as the final provision and forecast outturn for 2004-05 of £701,000.

Notes to the Main Estimate *(continued)*

Cash which may be retained to offset expenditure

£'000

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.

	2005-06 provision	2004-05 provision	2003-04 outturn
	38,379	50,760	52,820

