
Office of Water Services

Introduction

1. This Estimate provides for the funding of the Office of Water Services (OFWAT). The department is headed by the Director General of Water Services who is responsible for ensuring that water and sewerage companies properly carry out their functions and can finance them. Subject to that, he must protect customers, promote economy and efficiency and facilitate competition.
2. OFWAT is financed through licence fees received from the water and sewerage companies and is subject to cost controls.
3. The Consumer Council for Water will be established from 1 October 2005. This new body, which will be independent from OFWAT, will take over the consumer representation functions of WaterVoice and additional functions under the Water Act 2003. The Consumer Council will be a non-departmental public body and Assembly sponsored public body. Both DEFRA and the Welsh Assembly Government will be responsible for the establishment and budget of the new organisation.
4. The cash provision of £507,000 sought is to cover part of the pension costs of the former Director General of the Office of Water Services £40,000 of which cannot be charged to water industry and administrative costs of £ 467,000 to be funded by the use of previous years' licence fees.
5. Symbols are explained in the Introduction to this booklet.

Part I

	£
Request for Resources 1: Regulation of the Water Industry	1,000
Total net resource requirement	1,000
Net cash requirement	507,000

Amounts required in the year ending 31 March 2006 for expenditure by the Office of Water Services on:

RfR 1: Regulation of the Water Industry

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

The **Office of Water Services** will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to Complete
	£	£	£
RfR 1	1,000	—	1,000
Total net resource requirement	1,000	—	1,000
Net cash requirement	507,000	18,000	489,000

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: Regulation of the Water Industry									
14,701	-	-	14,701	14,700	1	300	-	2	-
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Office of Water Services									
14,701	-	-	14,701	14,700	1	300	-	2	-
Total for Estimate:									
14,701	-	-	14,701	14,700	1	300	-	2	-

Part II: Resource to cash reconciliation

	£'000		
	2005-06 Provision	2004-05 Provision	2003-04 Outturn
Net Total Resources	1	2	-
Voted capital items			
Capital	300	130	98
Less Non-operating A-in-A	-	-	-
Total net voted capital	300	130	98
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	45	40	30
Depreciation	-447	-598	-513
New provisions and adjustments to previous provisions	-140	-90	-89
Profit (+) / loss (-) on sale of assets	-	-	-2
Prior period adjustments	-	-	-
Other non-cash items	-32	-32	-31
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	-	-136
Increase (-) / Decrease (+) in creditors	680	1,036	994
Use of provisions	100	100	100
Total accruals to cash adjustments	206	456	353
Excess cash to be CFERd	-	-	336
Net Cash Requirement	507	588	787

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 Provision		2004-05 Provision		2003-04 Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as AinA	-	-	-	-	336	336
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	-	-	-	-	-	336
Total	-	-	-	-	336	672

Forecast Operating Cost Statement

	£'000		
	2005-06 Provision	2004-05 Provision	2003-04 Outturn
Net administration costs:			
RfR 1	1	2	-574
Net programme costs:			
RfR 1	-	-	238
Total net programme costs	-	-	238
Total Net Operating Cost	1	2	-336
<i>of which:</i>			
Net Resource Outturn	1	2	-
CFERs	-	-	-336
Non-voted expenditure	-	-	-
Resource Budget Outturn	1	2	-336

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)	1	2	-
<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	-	-	-336
Other adjustments	-	-	-
Net Operating Cost (Accounts)	1	2	-336
<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)	1	2	-336
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	1	2	-336
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)	300	130	98
<i>Adjustments to remove:</i>			
gains / losses from sale of capital assets	-	-	-2
<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)	300	130	96
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	300	130	96
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: Philip Fletcher, Director General

Philip Fletcher, as the Principal Accounting Officer (PAO) of the Office of Water Services has personal responsibility for the proper presentation of the Office of Water Service'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, in addition to the responsibilities for the assigned RfR, remains in general overall charge of the Office of Water Services.

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 the 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 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 Water Service's 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: Regulation of the Water Industry						
Licence Fees	14,700	—	14,400	—	12,600	—
Total RfR 1	14,700*	—	14,400	—	12,600	—
<i>of which: Administration Budgets</i>	—	—	—	—	—	—

*Amount that may be applied as appropriations in aid in addition to the net total, arising from the receipt of licence fees.

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
Miscellaneous Φ	—	—	—	—	336	672
Total	—	—	—	—	336	672

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	1	—	1
<i>of which: Administration Budgets</i>	–1	—	–1
Capital DEL**	300	—	300
Less depreciation†	–447	—	–447
Total DEL	–146	—	–146

* 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 £1,000 is 50 per cent lower than the final provision and forecast outturn for 2004-05 of £2,000.

Notes to the Main Estimate *(continued)***Cash which may be retained to offset expenditure**

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.

	£'000		
	2005-06 provision	2004-05 provision	2003-04 outturn
	14,700	14,400	14,060
