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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 financed through licence fees received from the water and sewerage companies and is subject to cost controls.
3. The cash provision of £609,000 is sought to cover:
  - i) the part of the pension costs of the former Directors General of the Office of Water Services of £109,000 which cannot be charged to the water industry as it relates to their service with other government departments;
  - ii) administrative costs of £500,000 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

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<b>Request for Resources 1: Regulation of the Water Industry</b>	<b>48,000</b>
<b>Total net resource requirement</b>	<b>48,000</b>
<b>Net cash requirement</b>	<b>609,000</b>

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Amounts required in the year ending 31 March 2009 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>48,000</b>	<b>11,000</b>	<b>37,000</b>
<b>Total net resource requirement</b>	<b>48,000</b>	<b>11,000</b>	<b>37,000</b>
<b>Net cash requirement</b>	<b>609,000</b>	<b>52,000</b>	<b>557,000</b>

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**Part II: Subhead detail**

£'000

2008-09 Provision						2007-08 Provision	2006-07 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>									
17,900	-88	135	17,947	17,899	48	300	-	174	39
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<i>Central Government spending</i>									
A Water Services Regulation Authority									
17,900	-	-	17,900	17,899	1	300	-	2	-
<b>Spending in Annually Managed Expenditure (AME)</b>									
<i>Central Government spending</i>									
B Interest on Pension Scheme Liabilities									
-	-88	135	47	-	47	-	-	172	39
<b>Total for Estimate:</b>									
17,900	-88	135	17,947	17,899	48	300	-	174	39

## Part II: Resource to cash reconciliation

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
<b>Net Resource Requirement</b>	<b>48</b>	<b>174</b>	<b>39</b>
<b>Voted capital items</b>			
Capital	300	517	499
Less Non-operating A-in-A	-	-	-
<b>Total net voted capital</b>	<b>300</b>	<b>517</b>	<b>499</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	100	105	143
Depreciation	-274	-190	-307
New provisions and adjustments to previous provisions	-135	-115	-125
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-40	-33	-33
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	-	74
Increase (-) / Decrease (+) in creditors	455	808	-884
Use of provisions	155	162	384
<b>Total accruals to cash adjustments</b>	<b>261</b>	<b>737</b>	<b>-748</b>
<b>Excess cash to be CFERd</b>	<b>-</b>	<b>-</b>	<b>502</b>
<b>Net Cash Requirement</b>	<b>609</b>	<b>1,428</b>	<b>292</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):

	£'000					
	2008-09 Provision		2007-08 Provision		2006-07 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	-	<i>20,300</i>	28,800	<i>8,500</i>	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	<i>502</i>
<b>Total</b>	-	<b>20,300</b>	<b>28,800</b>	<b>8,500</b>	-	<b>502</b>

## Forecast Operating Cost Statement

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
<b>Net Administration Costs</b>			
RfR 1	1	2	-
<b>Total Net Administration costs</b>	<b>1</b>	<b>2</b>	<b>-</b>
<b>Net Programme Costs</b>			
RfR 1	47	172	39
Non-Voted	-	-	-
Reduction in forecast operating costs not included in Estimate	-	-146	-
<b>Total Net Programme costs</b>	<b>47</b>	<b>26</b>	<b>39</b>
<b>Total Net Operating Cost</b>	<b>48</b>	<b>28</b>	<b>39</b>
<i>of which:</i>			
Net Resource Requirement	48	174	39
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-
Reduction in forecast operating costs not included in Estimate	-	-146	-
<b>Resource Budget</b>	<b>48</b>	<b>28</b>	<b>39</b>

## Notes to the Main Estimate

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

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
<b>Net Resource Requirement (Estimates)</b>	48	174	39
<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	-	-	-
Reduction in planned spending unable to be included in Estimate	-	-146	-
Other adjustments	-	-	-
<b>Net Operating Cost (Accounts)</b>	48	28	39
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	-
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>	48	28	39
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	1	2	-
Annually Managed Expenditure (AME)	47	26	39

### Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
<b>Net Voted Capital (Estimates)</b>	300	517	499
<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	-	-	-
<b>Capital Budget (Budget)</b>	300	517	499
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	300	517	499
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 Resource 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 Chapter 3 of Managing Public Money. 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)

	<b>£'000</b>		
	<b>2008-09 Provision</b>	<b>2007-08 Provision</b>	<b>2006-07 Outturn</b>
<b>RfR 1: Regulation of the Water Industry</b>			
<b>Administration</b>	<b>17,899</b>	<b>14,189</b>	<b>11,472</b>
<i>of which:</i>			
Sale of goods and services	109	100	168
Regulatory licences, fines, penalties and taxes	17,790	14,089	11,304
<b>Total RfR 1</b>	<b>17,899†</b>	<b>14,189</b>	<b>11,472</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>17,899</b>	<b>14,189</b>	<b>11,472</b>

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

### Analysis of Consolidated Fund extra receipts

	<b>£'000</b>					
	<b>2008-09</b>		<b>2007-08</b>		<b>2006-07</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	28,800	8,500	-	-
Excess cash surrendreable to the Consolidated Fund ●	-	-	-	-	-	502
<b>Total</b>	<b>-</b>	<b>20,300</b>	<b>28,800</b>	<b>8,500</b>	<b>-</b>	<b>502</b>

## 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	-301	-	-301
Capital DEL ††	300	-	300
Less Depreciation †††	-274	-	-274
Total DEL	27	-	27

† 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 2008-09 of £48,000 is 72.1 per cent lower than the final net provision for 2007-08 of £172,000 and the same as the forecast outturn for 2007-08 of £48,000.

### Cash which may be retained to offset expenditure

	<b>£'000</b>		
	<b>2008-09 Provision</b>	<b>2007-08 Provision</b>	<b>2006-07 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.	17,899	14,189	11,472

