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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 control.
3. The cash provision of £620,000, is sought to cover:
  - i) the part of the pension costs of the former Directors General of the Office of Water Services of £120,000 which cannot be charged to the water industry as it relates to their services with other government departments.
  - ii) capital expenditure of £500,000.

**Part I**

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	Voted	Non-Voted	Total
<b>Departmental Expenditure Limit</b>			
Resource	125,000	-	125,000
Capital	500,000	-	500,000
<b>Annually Managed Expenditure</b>			
Resource	-	-	-
Capital	-	-	-
<b>Total Net Budget</b>			
Resource	125,000	-	125,000
Capital	500,000	-	500,000
<b>Non-Budget Expenditure</b>	-		
<b>Net cash requirement</b>	<b>620,000</b>		

Amounts required in the year ending 31 March 2014 for expenditure by Water Services Regulation Authority on:

**Departmental Expenditure Limit:**Expenditure arising from:

administration and operation costs; depreciation, pension payments, provisions and other non-cash items in DEL.

Income arising from:

water industry regulatory licences, fines and penalties as set out in the Water Industry Act 1991 and the Water Act 2003; receipts in respect of printing and publication sales; contributions toward former Directors General pension payments and other cost recovery receipts.

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

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	Voted Total	Allocated in Vote on Account	Balance to complete or surrender
<b>Departmental Expenditure Limit</b>			
Resource	125,000	57,000	<b>68,000</b>
Capital	500,000	225,000	<b>275,000</b>
<b>Annually Managed Expenditure</b>			
Resource	-	-	-
Capital	-	-	-
<b>Non-Budget Expenditure</b>	-	-	-
<b>Net cash requirement</b>	<b>620,000</b>	<b>278,000</b>	<b>342,000</b>

## Part II: Subhead detail

£'000

2013-14 Plans									2012-13 Provisions	
Resources						Capital			Resources	Capital
Administration			Programme			Gross	Income	Net	Net	Net
Gross	Income	Net	Gross	Income	Net					
1	2	3	4	5	6	7	8	9	10	11
<b>Spending in Departmental Expenditure Limits (DEL)</b>										
<b>Voted expenditure</b>										
21,325	-21,200	125	-	-	-	500	-	500	3,126	500
<i>Of which:</i>										
A Water Services Regulation Authority										
21,325	-21,200	125	-	-	-	500	-	500	3,126	500
<b>Total Spending in DEL</b>										
21,325	-21,200	125	-	-	-	500	-	500	3,126	500
<b>Total for Estimate</b>										
21,325	-21,200	125	-	-	-	500	-	500	3,126	500
<i>Of which:</i>										
<b>Voted Expenditure</b>										
21,325	-21,200	125	-	-	-	500	-	500	3,126	500
<b>Non Voted Expenditure</b>										
-	-	-	-	-	-	-	-	-	-	-

## Part II: Resource to cash reconciliation

£'000

	2013-14 Plans	2012-13 Provisions	2011-12 Outturn
<b>Net Resource Requirement</b>	<b>125</b>	<b>3,126</b>	<b>-4,805</b>
<b>Net Capital Requirement</b>	<b>500</b>	<b>500</b>	<b>362</b>
<b>Accruals to cash adjustments</b>	<b>-5</b>	<b>-159</b>	<b>4,562</b>
<i>Of which:</i>			
<i>Adjustments to remove non-cash items:</i>			
Depreciation	-300	-220	-257
New provisions and adjustments to previous provisions	-140	-177	-365
Departmental Unallocated Provision	-	-	-
Supported capital expenditure (revenue)	-	-	-
Prior Period Adjustments	-	-	-
Other non-cash items	-45	-60	-41
<i>Adjustment for NDPBs:</i>			
Remove voted resource and capital	-	-	-
Add cash grant-in-aid	-	-	-
<i>Adjustments to reflect movements in working balances:</i>			
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	-	-171
Increase (-) / Decrease (+) in creditors	272	-69	5,192
Use of provisions	208	367	204
<b>Removal of non-voted budget items</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Of which:</i>			
Consolidated Fund Standing Services	-	-	-
Other adjustments	-	-	-
<b>Net Cash Requirement</b>	<b>620</b>	<b>3,467</b>	<b>119</b>

## Part III: Note A - Statement of Comprehensive Net Expenditure & Reconciliation Table

£'000

	2013-14 Plans	2012-13 Provisions	2011-12 Outturn
Gross Administration Costs	21,325	22,326	19,104
<i>Less:</i>			
Administration DEL Income	-21,200	-19,200	-23,909
<b>Net Administration Costs</b>	<b>125</b>	<b>3,126</b>	<b>-4,805</b>
Gross Programme Costs	-	-	-
<i>Less:</i>			
Programme DEL Income	-	-	-
Programme AME Income	-	-	-
Non-budget income	-	-	-
<b>Net Programme Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Net Operating Costs</b>	<b>125</b>	<b>3,126</b>	<b>-4,805</b>
<i>Of which:</i>			
Resource DEL	125	3,126	-4,805
Capital DEL	-	-	-
Resource AME	-	-	-
Capital AME	-	-	-
Non-budget	-	-	-
<i>Adjustments to include:</i>			
Departmental Unallocated Provision (resource)	-	-	-
Consolidated Fund Extra Receipts in the budget but not in the SoCNE	-	-	-
<i>Adjustments to remove:</i>			
Capital in the SoCNE	-	-	-
Grants to devolved administrations	-	-	-
Non-Budget Consolidated Fund Extra Receipts in the SoCNE	-	-	-
Other adjustments	-	-	-
<b>Total Resource Budget</b>	<b>125</b>	<b>3,126</b>	<b>-4,805</b>
<i>Of which:</i>			
Resource DEL	125	3,126	-4,805
Resource AME	-	-	-
<i>Adjustments to include:</i>			
Grants to devolved administrations	-	-	-
Prior period adjustments	-	-	-
<i>Adjustments to remove:</i>			
Consolidated Fund Extra Receipts in the resource budget	-	-	-
Other adjustments	-	-	-
<b>Total Resource (Estimate)</b>	<b>125</b>	<b>3,126</b>	<b>-4,805</b>

## Part III: Note B - Analysis of Departmental Income

£'000

	2013-14 Plans	2012-13 Provision	2011-12 Outturn
<b>Voted Resource DEL</b>	<b>-21,200</b>	<b>-19,200</b>	<b>-23,909</b>
<i>Of which:</i>			
Administration			
Sales of Goods and Services	-	-	-116
<i>Of which:</i>			
A: Water Services Regulation Authority	-	-	-116
Taxation	-21,200	-19,200	-23,793
<i>Of which:</i>			
A: Water Services Regulation Authority	-21,200	-19,200	-23,793
Total Administration	-21,200	-19,200	-23,909
<b>Total Voted Resource Income</b>	<b>-21,200</b>	<b>-19,200</b>	<b>-23,909</b>
<b>Voted Capital DEL</b>	<b>-</b>	<b>-</b>	<b>-3</b>
<i>Of which:</i>			
Programme			
Sales of Assets	-	-	-3
<i>Of which:</i>			
A: Water Services Regulation Authority	-	-	-3
Total Programme	-	-	-3
<b>Total Voted Capital Income</b>	<b>-</b>	<b>-</b>	<b>-3</b>

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## **Part III: Note C - Analysis of Consolidated Fund Extra Receipts**

No CFER income or receipts are expected in 2013-14, 2012-13 or 2011-12.



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## Part III: Note D - Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

The following individuals are responsible for the expenditure within this Estimate:

**Accounting Officer:** Regina Finn

Regina Finn has personal responsibility for the proper presentation of the department's resource accounts and their transmission to the Comptroller & Auditor General, and 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 (FRM), 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 regularity and propriety of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding assets, are also set out in Chapter 3 of Managing Public Money.