
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 the Estimate can be found in the Department of Trade and Industry's Departmental Report (Cm 7102).
4. Monies collected on behalf of the Secretary of State, either on behalf of Energywatch or in respect of the Secretary of State's won 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.

Office of Gas and Electricity Markets

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 environmental programmes	700,000
Total net resource requirement	701,000
Net cash requirement	1,847,000

Amounts required in the year ending 31 March 2008 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 environmental programmes

Administration of energy efficiency and other environmental schemes and associated non-cash items.

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	1,847,000	831,000	1,016,000

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: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry									
36,820	210	-	37,030	37,029	1	1,000	50	3	1
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Gas and Electricity Markets Authority: Administration									
36,820	210	-	37,030	37,029	1	1,000	50	3	1
RfR 2: Expenditure in connection with environmental programmes									
2,800	-	-	2,800	2,100	700	-	-	700	593
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Climate Change Levy and Renewable Energy Guarantees of Origin: Administration									
700	-	-	700	-	700	-	-	700	593
B Energy Efficiency and other Environmental Schemes: Administration									
2,100	-	-	2,100	2,100	-	-	-	-	-
Total for Estimate:									
39,620	210	-	39,830	39,129	701	1,000	50	703	594

Part II: Resource to cash reconciliation

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Resource Requirement	701	703	594
Voted capital items			
Capital	1,000	1,000	656
Less Non-operating A-in-A	50	50	16
Total net voted capital	950	950	640
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	255	255	229
Depreciation	-1,000	-1,000	-880
New provisions and adjustments to previous provisions	-5	-5	31
Profit/loss on sale of assets	-	-	-113
Prior period adjustments	-	-	-
Other non-cash items	-45	-45	-46
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	-	-
Increase (-) / Decrease (+) in creditors	-	5,768	-
Use of provisions	991	991	678
Total accruals to cash adjustments	196	5,964	-101
Excess cash to be CFERd	-	-	1,647
Net Cash Requirement	1,847	7,617	2,780

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>1,647</i>
Total	-	-	-	-	-	<i>1,647</i>

Forecast Operating Cost Statement

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Administration Costs			
RfR 1	-209	-207	1
RfR 2	700	700	593
Total Net Administration costs	491	493	594
Net Programme Costs			
RfR 1	210	210	-
RfR 2	-	-	-
Total Net Programme costs	210	210	-
Total Net Operating Cost	701	703	594
<i>of which:</i>			
Net Resource Requirement	701	703	594
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-
Resource Budget	701	703	481

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)	701	703	594
<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	703	594
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	-113
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)	701	703	481
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	701	703	481
Annually Managed Expenditure (AME)	-	-	-

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Voted Capital (Estimates)	950	950	640
<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)	950	950	640
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	950	950	640
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 appointments for the Requests 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 Accounting Officer 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 AO 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 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: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry			
Administration	37,029	37,027	33,834
<i>of which:</i>			
Sale of goods and services	-	-	4,143
Regulatory licences, fines, penalties and taxes	37,029	37,027	29,691
Programme	-	-	117
<i>of which:</i>			
Regulatory licences, fines, penalties and taxes	-	-	117
Total RfR 1	37,029†	37,027	33,951
<i>† Amount that may be applied as operating 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.</i>			
RfR 2: Expenditure in connection with environmental programmes			
Administration	2,100	2,100	2,100
<i>of which:</i>			
Regulatory licences, fines, penalties and taxes	2,100	2,100	2,100
Total RfR 2	2,100†	2,100	2,100
<i>† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: regulatory fees, licences, and penalties relating to energy efficiency and other environmental schemes</i>			
Total Operating A in A	39,129	39,127	36,051

Analysis of non-operating appropriations in aid (A in A)

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry			
Administration	50	50	16
<i>of which:</i>			
Sale of assets	50	50	16
Total RfR 1	50†	50	16
<i>† Amount that may be applied as non-operating appropriations in aid, arising from: the sale of capital assets.</i>			
Total Non-Operating A in A	50	50	16

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
Excess Cash receipts●						1,647
Total	-	-	-	-	-	1,647

Notes to the Main Estimate (*continued*)

Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	701	-	701
<i>of which: †</i>			
Administration budget	491	-	491
Near-cash in RDEL	-94	991	897
Capital DEL ††	950	-	950
Less Depreciation †††	-1,000	-	-1,000
Total DEL	651	-	651

† 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 £701,000 is 0.3 per cent lower than the final net provision for 2006-07 of £703,000 and the forecast outturn for 2006-07 of £703,000.

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.	39,179	39,177	36,067

