

# Water Services Regulation Authority

## Introduction

1. This Supplementary Estimate is required for the following purposes:

Amount £

### Changes in resources

#### RfR 1: Regulation of the Water Industry

#### Increases:

##### Annually Managed Expenditure Forecast

Interest on pension scheme liabilities (AME) in new Section B (£240,000) offset by cost of capital credit (-£83,000) on pension liability	157,000
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<b>Total change in resources</b>	<b>157,000</b>
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### Changes in capital

##### Take up of End Year Flexibility (EYF)

Take up of capital EYF representing an investment in planned replacement of computer equipment deferred from 2005-06	155,000
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<b>Total change in capital for Estimate</b>	<b>155,000</b>
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2. As a result of the above and non-cash adjustments there is no change to the net cash requirement of £ 828,000.
3. Symbols are explained in the Introduction to this booklet.

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**Part I**

	£
<b>RfR 1: Regulation of the Water Industry</b>	<b>157,000</b>
Total additional net resource requirement	157,000
<b>Additional net cash requirement</b>	<b>-</b>

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SUPPLEMENTARY amounts required in the year ending 31 March 2007 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.

## Part II: Changes proposed

Resources					£'000	
	Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	New Net Provision	
<b>RfR 1: Regulation of the Water Industry</b>						
<b>Annually Managed Expenditure (AME)</b>						
RfR 1 - B	Interest on pension scheme liabilities	-	157	-	157	157
<b>Total RfR 1</b>			<b>157</b>	<b>-</b>	<b>157</b>	
<b>Total Changes to RfRs</b>			<b>157</b>	<b>-</b>	<b>157</b>	

Capital and Cash	£000		
	Present Provision	Change in Provision	New Provision
Total Capital Expenditure	561	155	716
Non-Operating A in A	-	-	-
<b>Net cash requirement</b>	<b>828</b>	<b>-</b>	<b>828</b>

**Part II: Revised subhead detail including additional provision**

Resources						Capital		£'000
1	2	3	4	5	6	7	8	
Admin	Other current	Grants	Gross Total	A in A	Net Total	Capital	Non-operating A in A	
<b>RfR 1: Regulation of the Water Industry</b>								
12,400	-83	240	12,557	12,398	159	716	-	
<b>Spending in Departmental Expenditure Limits (DEL)</b>								
<i>Central Government spending</i>								
A Water Services Regulation Authority								
12,400	-		12,400	12,398	2	716	-	
<b>Annually Managed Expenditure (AME)</b>								
B Interest on pension scheme liabilities								
-	-83	240	157	-	157	-	-	
<b>Total for Estimate:</b>								
12,400	-83	240	12,557	12,398	159	716	-	

## Part II: Resource to cash reconciliation

	Present	Increase (+)/ Decrease (-)	£'000 Revised
<b>Net Resource Requirement</b>	<b>2</b>	<b>157</b>	<b>159</b>
<b>Voted capital items</b>			
Capital	561	155	716
<i>Less:</i> Non-operating A in A	-	-	-
<b>Total net voted capital</b>	<b>561</b>	<b>155</b>	<b>716</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	45	-	45
Depreciation	-341	-	-341
New provisions and adjustments to previous provisions	-100	-22	-122
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-32	-	-32
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	-	-	-
Increase(-)/decrease (+) in creditors	353	-314	39
Use of provisions	340	24	364
<b>Total accruals to cash adjustments</b>	<b>265</b>	<b>-312</b>	<b>-47</b>
<b>Excess cash to be CFERd</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Requirement</b>	<b>828</b>	<b>-</b>	<b>828</b>

## Part III: Extra receipts payable to the Consolidated Fund

' As in existing provision'

## Forecast Operating Cost Statement

	£'000
	2006-07 provision
<b>Net Administration Costs</b>	
RfR1	<u>2</u>
<b>Total Net Administration Costs</b>	2
<b>Net Programme Costs</b>	
RfR1	<u>157</u>
<b>Total Net Programme costs</b>	157
<b>Total Net Operating Cost</b>	159
<i>of which:</i>	
<b>Net Resource Requirement</b>	159
Non-voted expenditure	-
Consolidated Fund Extra Receipts	-
<b>Resource Budget</b>	159

## Notes to the Estimate

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

	£'000
	2006-07 Provision
<b>Net Resource Requirement (Estimates)</b>	<b>159</b>
<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	-
<b>Net Operating Costs (Accounts)</b>	<b>159</b>
<i>Adjustments to remove:</i>	
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>	<b>159</b>
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	2
Annually Managed Expenditure (AME)	157

### Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2006-07 Provision
<b>Net Voted Capital (Estimates)</b>	<b>716</b>
<i>Adjustments to remove:</i>	
gains/losses from sale of capital assets	-
<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>	<b>716</b>
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	716
Annually Managed Expenditure (AME)	-

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## Notes to the 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.

<b>Request for Resources 1</b>	Regina Finn, Chief Executive
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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 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 Estimate (*continued*)

### Analysis of operating appropriations in aid (A in A)

	£'000
	2006-07 Provision
<b>RfR 1: Regulation of the Water Industry</b>	
<b>Administration</b>	<b>12,398</b>
<i>of which:</i>	
Sale of goods and services	-
Regulatory licences, fines, penalties and taxes	12,398
<b>Total RfR1</b>	<b>12,398 †</b>
† 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	
<b>Total Operating A in A</b>	<b>12,398</b>

## Notes to the Estimate (*continued*)

### Departmental Expenditure Limits and Administration Budgets

	Change		New DEL		£'000
	Voted	Non-voted	Voted	Non-voted	Total
Resource DEL	2	-	2	-	2
<i>of which:</i>					
<i>Administration budget*</i>	-	-	1	-	1
<i>Near-cash in RDEL</i>	-	-	-47	60	13
Capital**	155	-	716	-	716
Less Depreciation†	-	-	-341	-	-341
Total	157	-	377	-	377

\*The total of '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.

### Cash which may be retained to offset expenditure

£'000  
12,398

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