
Office of Water Services

Introduction

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

RfR 1: Regulation of the Water Industry

Token increase

Machinery of government change

The new Consumer Council for Water was established with effect from 1 October 2005. The new body will be independent from OFWAT and will take over the consumer representation functions of WaterVoice and additional functions under the Water Act 2003.

This token Supplementary Estimate is required to transfer to the Department for Environment, Food and Rural Affairs budget provision of £3,300k operating costs and matching fee income for WaterVoice from the OFWAT budget with effect from 1 April 2005.

2. There is no change to the net cash requirement as a result of this Machinery of Government change .
3. Symbols are explained in the Introduction to this booklet.

Part I

		£
RfR 1: Regulation of the Water Industry	†	1,000
Total additional net resource requirement		1,000
Additional net cash requirement		-

SUPPLEMENTARY 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.

† Responsibility for consumer representation functions of Water Voice and additional functions under the Water Act 2003 were transferred to the new Consumer Council for Water, a non departmental body funded by the Department for Environment, Food and Rural Affairs, with effect from 1 October 2005. The change relating to the machinery of government transfer is a reduction in both gross spending and appropriations in aid of £3,300,000 with no impact on net resources or cash.

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
RfR 1: Regulation of the Water Industry					
Spending in Departmental Expenditure Limits (DEL)					
RfR 1 - A Office of Water Services	1	-3,300	-3,301	1	2
Total RfR 1		-3,300	-3,301	1	

	£000		
	Present Provision	Change in Provision	New Provision
Capital and Cash			
Total Capital Expenditure	300	-	300
Non-Operating A in A	-	-	-
Net cash requirement	507	-	507

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	
RfR 1: Regulation of the Water Industry								
11,401	-	-	11,401	11,399	2	300	-	
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A Office of Water Services								
11,401	-	-	11,401	11,399	2	300	-	
Total for Estimate:								
11,401	-	-	11,401	11,399	2	300	-	

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	£'000 <u>Revised</u>
Net total Resources	1	1	2
Voted capital items			
Capital expenditure	300	-	300
<i>Less:</i> non-operating A in A	<u>-</u>	<u>-</u>	<u>-</u>
Total net voted capital	300	-	300
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	45	-	45
Depreciation	-447	-	-447
New provisions and adjustments to previous provisions	-140	-	-140
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	680	-	680
Use of provisions	<u>100</u>	<u>-</u>	<u>100</u>
Total accruals to cash adjustments	206	-	206
Adjustment to remove token increase	-	-1	-1
Excess cash to be CFERd	-	-	-
Net cash requirement	507	-	507

Part III: Extra receipts payable to the Consolidated Fund

As in existing provision

Forecast Operating Cost Statement

		£'000
		2005-06 provision
Net Administration Costs		
RfR 1	<u>2</u>	
Total Net Administration Costs		2
Net Programme Costs		
RfR 1	<u>-</u>	
Total Net Programme costs		-
Total Net Operating Cost		2
<i>of which:</i>		
Net Resource Outturn		2
CFERs		-
Non-voted expenditure		-
Resource Budget Outturn		2

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2005-06 Provision
Net Resource Outturn (Estimates)	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 (CFERS) in the OCS	-
Other adjustments	
Net Operating Costs (Accounts)	2
<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)	2
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	2
Annually Managed Expenditure (AME)	-

Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2005-06 Provision
Net Voted Capital Outturn (Estimates)	300
<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 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
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	300
Annually Managed Expenditure (AME)	-

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.

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 Estimate (*continued*)

Analysis of appropriations in aid (A in A)

	£'000	
	2005-06 Provision	
	Operating A in A	Non operating A in A
RfR 1: Regulation of the Water Industry		
Licence fees	11,399	-
Total RfR 1	11,399 *	-

*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 Estimate (*continued*)

Departmental Expenditure Limits and Administration Budgets

As announced to the House of Commons, the Office of Water Services Departmental Expenditure Limit will change as follows:

	Change	New DEL		£'000
		Voted	Non-voted	Total
Resource	-	2	-	2
<i>of which :Administration Budget</i>	-	-1	-	-1
Capital	-	300	-	300
Depreciation*	-	-447	-	-447
Total	-	-145	-	-145

**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
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	11,399