
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 this Estimate can be found in the Department of Business, Enterprise and Regulatory Reform's (BERR) Departmental report.
4. Monies collected on behalf of the Secretary of State, either on behalf of energywatch or in respect of the Secretary of State's own costs are shown as payments to BERR.
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, and expenditure in connection with environmental programmes.†	701,000
Total net resource requirement	701,000
Net cash requirement	1,556,000

Amounts required in the year ending 31 March 2009 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, and expenditure in connection with environmental programmes.

Administrative and operational costs, payments to BERR, co-operation with international regulators, administration of energy efficiency, offshore transmission 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	701,000	315,000	386,000
Total net resource requirement	701,000	315,000	386,000
Net cash requirement	1,556,000	831,000	725,000

† In the Vote on Account £315,000 was included against RfR2 described as " Expenditure in connection with environmental programmes ". There was no provision in the Vote on Account against RfR1 which was then entitled " Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry ". RfR2 has been removed in the Main Estimate and the provision has been reallocated to the renamed RfR1.

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
RFR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry, and expenditure in connection with environmental programmes.									
40,686	-	-	40,686	39,985	701	1,000	50	703	646
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A	Gas and Electricity Markets Authority: Administration								
37,786	-	-	37,786	37,785	1	1,000	50	3	1
B	Climate Change Levy & Renewable Energy Guarantees of Origin: Administration								
700	-	-	700	-	700	-	-	700	645
C	Energy Efficiency and Other Environmental Schemes: Administration								
1,700	-	-	1,700	1,700	-	-	-	-	-
D	Offshore Transmission Tender : Administration								
500	-	-	500	500	-	-	-	-	-
Total for Estimate:									
40,686	-	-	40,686	39,985	701	1,000	50	703	646

Part II: Resource to cash reconciliation

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
Net Resource Requirement	701	703	646
Voted capital items			
Capital	1,000	1,000	759
Less Non-operating A-in-A	50	50	4
Total net voted capital	950	950	755
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	250	255	204
Depreciation	-1,000	-1,000	-853
New provisions and adjustments to previous provisions	-	-5	-697
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-45	-45	-44
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-	-	-
Increase (-) / Decrease (+) in creditors	-	-	4,415
Use of provisions	700	991	495
Total accruals to cash adjustments	-95	196	3,520
Excess cash to be CFERd	-	-	-
Net Cash Requirement	1,556	1,849	4,921

Part III: Extra receipts payable to the Consolidated Fund

No CFER income or receipts are expected in 2008-09 or 2007-08. None were received in 2006-07.

Forecast Operating Cost Statement

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
Net Administration Costs			
RfR 1	701	703	646
Total Net Administration costs	701	703	646
Total Net Operating Cost	701	703	646
<i>of which:</i>			
Net Resource Requirement	701	703	646
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-
Resource Budget	701	703	646

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
Net Resource Requirement (Estimates)	701	703	646
<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	646
<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	-	-	-
Resource Budget (Budget)	701	703	646
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	701	703	646
Annually Managed Expenditure (AME)	-	-	-

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
Net Voted Capital (Estimates)	950	950	755
<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	755
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	950	950	755
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: 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 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)

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry, and expenditure in connection with environmental programmes.			
Administration	39,985	39,483	38,807
<i>of which:</i>			
Sale of goods and services	-	96	4,024
Regulatory licences, fines, penalties and taxes	39,985	39,387	34,783
Programme	-	-	55
<i>of which:</i>			
Regulatory licences, fines, penalties and taxes	-	-	55
Total RfR 1	39,985†	39,483	38,862
<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 Offshore Transmission tender and 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>			
Total Operating A in A	39,985	39,483	38,862

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

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
RfR 1: Protecting consumers by regulating monopolies and promoting competition in the electricity and gas industry, and expenditure in connection with environmental programmes.			
Administration	50	50	4
<i>of which:</i>			
Sale of assets	50	50	4
Total RfR 1	50†	50	4
<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	4

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	701	-	701
Near-cash in RDEL	-94	700	606
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 2008-09 of £701,000 is 0.3 per cent lower than the final net provision for 2007-08 of £703,000 and the forecast outturn for 2007-08 of £703,000.

Cash which may be retained to offset expenditure

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 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.	40,035	39,533	38,866