

## Section E Operating Costs and Efficiency

## Table 1 Activity Based Costing - Water Service

	Linbic	Employment costs £m 3dp							
Data Definition	ntified se n and W of all en n bonus e contrib pay, sic h in serv	anpower" v ervice activ /ater servic nployees w and profit- outions, kness ben vice benefit (penses.	ities: ce total. rithin the -related efits,						
ProcessingInput field. Column 'Water service total' is calculated as the sum of the input columnsRules:Columns									
Previous References: Ofwat T2				WICS 06		E1.1			
E1.2	Power	r				£m	3dp		
Data Definition	transp offices directly	ort and energy - which are in y attributable to	uding the climate costs associate cluded in Gener b each of the ind treatment, Wat	d with the pr al and suppo ividually ider	ovision ort activit	of depots a ies - which ervice activ	and are ities:		
Processing Rules:	Input colum		Water service to	tal' is calcula	ated as t	he sum of	the input		
Previous References: Ofwat 07			T21, L2	WICS 06		E1.2			

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E1.3	Hired and c	ontracted		£m	3dp				
Data Definitio	attributable to resources and services exclu and support a professional a and local auth charges.	each of the in I treatment, V Ides the hire of ctivities). Con Idvice (such a ority contract	ndividually ide Vater distribut of vehicles an tracted servic is lawyers and s for the colle	ntified so ion and ' d plant, v es inclue t consult ction of v	ervice ac Water se which is des all co ants); cc water an	tivities, Wa ervice total included in ontracted la omputer so d sewerag	. (Hired I General abour; ftware; e		
Processing Rules:	ProcessingInput field. Column 'Water service total' is calculated as the sum of the input columnsRules:columns								
Previous Refe	erences: Ofwa 07	14	21, L4	WICS 06		E1.3			
E1.4	Materials ar	nd consum	ables			£m	3dp		
Processing	<ul> <li>Data Definition: All materials and consumables that are not in Hired and contracted services which are directly attributable to each of the individually identified service activities: Water resources and treatment, Water distribution and Water service total. This category of cost includes equipment (such as small tools and clothing), provisions, tarmac and backfill materials, but excludes all items capitalised or included within infrastructure renewals expenditure. Most if not all stock items fall into this category.</li> <li>Processing</li> </ul>								
Rules: Previous Refe	columns erences: Ofwa	14	21, L6	WICS		E1.5			
E1.5	07 Service cha		<b>PA</b>	06		£m	3dp		
Data Definitio	<b>on:</b> Total cost of s Agency) for w identified serv and Water serv	ater abstraction ice activities:	on which are o	directly a	ittributab	le to indivi	dually		
Processing Rules:	Input field. Co columns	olumn 'Water	service total'	s calcula	ated as t	he sum of	the input		
Previous References: Ofwat T21, L7 WICS E1.6									

E1.6	Bulk supply imports	£m	3dp
Data Definitio	<b>on:</b> Total payments for imported bulk supplies which are di individually identified service activities: Water resource distribution and Water service total.		
Processing Rules:	Input field. Column 'Water service total' is calculated a columns	s the sum of	the input
Previous Refe	erences: Ofwat T21, L8 WICS 06	E1.7	
E1.7	Other direct costs	£m	3dp
Data Definitio Processing Rules:	<ul> <li>Any other operating costs, but excluding interest and ta aggregated basis, including costs associated with the p offices, and insurance premiums (where such costs ex operating costs, an analysis should be provided), also i penalties, which can be directly attributable to individua activities: Water resources and treatment, Water distributable to individual service total.</li> <li>Input field. Column 'Water service total' is calculated a columns</li> </ul>	provision of d ceed 5% of t nclude fines ally identified pution and W	epots and otal and service ater
Previous Refe	erences: Ofwat T21, L9 WICS 06	E1.8	
E1.8	Total direct costs	£m	3dp
Data Definitio	<b>on:</b> The total direct costs attributable to individually identified Water resources and treatment and Water distribution.		tivities:
Processing Rules:	The sum of lines E1.1 to E1.7.		
Previous Refe	erences: Ofwat T21, L10 WICS 06	E1.9	

E1.9	General and s	upport costs			£m	3dp		
Data Definition	and support experiences provided services	The aggregate direct cost of general and support activities is termed general and support expenditure.General and support activities include all centrally provided services, except for any items specifically covered under the individually identified activities.						
The following services should be included: administrative; personnel; financial; legal and property management; research and development; p determination, implementation and monitoring; audit; public and employe relations; data processing.						ent; policy		
	should be include required to be se across service ac	Where an associated company provides such services, the relevant charge should be included. The direct costs of general and support activities are not required to be separately identified for publication but must be allocated across service activities and the individually identified business activities water resource and treatment and water distribution as general and support expenditure.						
Processing Rules:	Input field. Column 'Water service total' is calculated as the sum of the input columns							
Previous Refere	nces: Ofwat	T21, L11	WICS	E1.	.10 + E1	.11		

		07 06				
	E1.10	Functional expenditure	£m	3dp		
<b>Data Definition:</b> The direct costs incurred in the provision of each of the individually identified service and business activities, plus in each case an allocation of direct cost incurred in the provision of General and support activities.						
ProcessingThe sum of lines E1.8 to E1.9Rules:						
Pi	revious Refe	erences: Ofwat T21, L12 WICS 06	E1.12			

	E1.11	Custor	ner service		£m	3dp			
	Data Definition:Total costs directly associated with customer services, ex depreciation.Include customer accounting, the reading of meters, deb costs of disconnections, customers' enquiries relating to charging/billing, and complaints handling. (The costs incu distribution in dealing with complaints other than those re and charging/billing should be recorded within that activit services purchased should be included but the costs of s third parties excluded. For these purposes, the latter cost estimated, and adjustments made to the appropriate heat compensating adjustments made under Services provide See RAR 4 for further description of activities.ProcessingInput field.					recovery a ariff matte rred within ated to tar /). The cos ervices pro s should b dings (and	rs and Water iff charges t of billing wided for e		
	Processing Input field. Rules:								
P	revious Refe	erences:	Ofwat 07	T21, L13	WICS 06		E1.13		
	E1.12	Scient	ific service	S			£m	3dp	
Ľ	Data Definitio	Include quality. of servi cost sh lines (a	the costs of s The cost of s ces provided ould be estima nd compensa	ssociated with scier ccientific and labora uch services purcha for third parties exc ated, and adjustme ting adjustments m for further descrip	tory servi ased sho luded. Fo nts made ade unde	ces, and uld be in or these   to the a er Servic	d of the mo cluded but purposes, ppropriate	nitoring of the costs the latter subjective	
	Processing Rules:	Input fi	ield.						
P	revious Refe	erences:	Ofwat 07	T21, L14	WICS 06		E1.14		

E1.13	Other	business a	activities			£m	3dp
Data Definitio	deprec	iation.	ssociated with ot				
	costs o fees pa staff ar liaison	of regulation a ayable to WIC nd associated	ssociated with a S and Scottish E costs incurred in rs (Note: SEPA c	Strategic Revie xecutive in res the preparation	ew of Cl spect of on of sul	harges, li regulatio bmission	cence n; and
Processing Rules:	Input f	ield.					
Previous Refe	erences:	Ofwat 07	T21, L15	WICS 06		E1.15	
E1.14	Total k	ousiness a	ctivities			£m	3dp
Data Definitio	on: Cost of	f total busines	s activities excep	t for deprecial	tion.		
Processing Rules:	The su	um of lines E1	.11 to E1.13				
Previous Refe	erences:	Ofwat 07	T21, L16	WICS 06		E1.16	
E1.15	Local	authority ra	ates			£m	3dp
Data Definitio	Busine		ithority rates. This he National Non- er supply.				
Processing Rules:	Input f	ield.					
Previous Refe	erences:	Ofwat 07	T21, L17	WICS 06		E1.17	

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E1.16	Doubtful de	Doubtful debts					
Data Definitio	on: The charge/conduction doubtful debts		e and expenditure	account for	bad and		
Processing Rules:	Input field.						
Previous Refe	erences: Ofw 07		18 WICS 06	E	1.18		
E1.17	Total Excep	tional items		5	Em 3dp		
Data Definitio	on: Exceptional it	ems are defined i	in FRS3 'Reportin	g Financial Po	erformance.'		
Processing Rules:	Input field.						
Previous Refe	E	E1.23					
E1.18	5	Em 3dp					
Data Definitio	on: Total operatin	g expenditure les	s third party servi	ces			
Processing Rules:	The sum of E	1.10, E1.14, E1. <sup>-</sup>	15, E1.16 and E1.	17			
Previous Refe	erences: Ofw 07	121, L	20 WICS 06	E	1.24		
E1.19	Third party	services - op	ex	5	Em 3dp		
Data Definitio	Data Definition: The operating costs of providing water services to third parties, to include: • rechargeable works; bulk supplies of raw or treated water to other agencies; non-potable water; water main diversions and repairs to customers' supply pipes						
Processing Rules:	Input field.						
Previous Refe	Previous References: Ofwat T21, L21 WICS 06						

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	E1.20	Total	operating	g expenditure			£m	3dp	
Ľ	ata Definitio	on: Total	operating ex	kpenditure			I		
	Processing Rules:	The	sum of E1.1	8 and E1.19					
P	revious Refe	erences:	Ofwat 07	T21, L22	WICS 06		E1.26		
	E1.21		tive and p structure	planned mainte	enance		£m	3dp	
Ľ	<b>Data Definition:</b> The reactive and planned maintenance expenditure on water infrastructure assets, for each of the individually identified service activities, Water resources and treatment, Water distribution and Water service total included in operating expenditure.								
	This should include expenditure on: burst repairs; flushing, scrubbing and air scouring; leakage control activities and leak repairs; valve, hydrant and meter maintenance/replacement; communication pipe and stop tap replacement; provision of meter boxes associated with the above; and reactive and planne maintenance on aqueducts and dams.						and meter ement;		
	Processing Rules:	Inpu colui		nn 'Water service t	otal' is calcul	ated as t	he sum of	the input	
P	revious Refe	erences:	Ofwat 07	T21,L23	WICS 06		E1.27		
	E1.22		tive and p structure	lanned mainte	enance no	n-	£m	3dp	
Ľ	Data Definitio	infras Wate	structure ass	planned maintenar ets, for each of the and treatment and	individually	identified	I service a		
	This should include expenditure on: planned routine and reactive servicing of pumping plant; planned routine and reactive maintenance of treatment works and instrumentation; service reservoir dosing; buildings and ground maintenance; and contracts for maintenance of computer equipment.							ent works	
	Processing Rules:	Inpu colui		nn 'Water service t	otal' is calcul	ated as t	he sum of	the input	
P	revious Refe	erences:	Ofwat 07						

E1.23	Infrastr	Infrastructure depreciation charge					3dp	
Data Definitio			rals charge, exclu s which are not us					
Processing Rules:	Input fie columns		'Water service to	tal' is calcula	ted as th	ne sum of	the input	
Previous Refe	erences:	Ofwat 07	T21, L25	WICS 06		E1.29		
E1.24	Non-Inf	rastructu	re depreciatio	on charge		£m	3dp	
<ul> <li>Data Definition: Non-infrastructure depreciation charge on tangible fixed assets, for each of the individually identified service activities, Water resources and treatment, Water distribution and Water service total. Note that this figure is not net of the amortisation of deferred credits and intangible assets, which are shown separately on lines E1.25 and E1.26.</li> <li>Processing</li> </ul>								
Rules:	column		vvaler service (O	iai is caicula				
Previous Refe	erences:	Ofwat 07	T21, L26	WICS 06		E1.30		
E1.25	Amortis	sation of	deferred cred	its		£m	3dp	
Data Definitio			deferred credits a ssets. These are					
Processing Rules:	Input fie	eld.						
Previous Refe	erences:	Ofwat 07	T21, L27	WICS 06		E1.31		
E1.26	Amortis	sation of i	intangible ass	sets		£m	3dp	
Data Definitio			other reduction ir uch as goodwill.	the balance	sheet v	aluation o	f	
Processing Rules:	Input fie	eld.						
Previous Refe	erences:	Ofwat 07	T21, L28	WICS 06		E1.32		

E1.27	Busine	ess activiti	es depreciati	on charge	£m	3dp
Data Definitio	the ass	sets used in th	on at the aggregate business activities	ties, i.e. custo	mer services, s	
Processing Rules:	Input f	ield.				
Previous Refe	erences:	Ofwat 07	T21, L29	WICS 06	E1.33	
E1.28	.28 Capital maintenance less third party £m 30 services					3dp
Data Definitio		maintenance ervices.	e less capital mai	ntenance char	ges in respect	of third
Processing Rules:	Sum o	f E1.20 to E1	.27			
Previous Refe	erences:	Ofwat 07	T21, L30	WICS 06	E1.34	
E1.29	Third J	oarty servi	ces - deprecia	ation	£m	3dp
Data Definitio	infrastr		n assets relating ciation charge for			
Processing Rules:	Input f	ield.				
Previous Refe	erences:	Ofwat 07	T21, L31 + L32	WICS 06	E1.35	
E1.30	Total o	apital mai	ntenance		£m	3dp
Data Definitio		apital mainter ervices).	nance (including o	capital mainte	nance in respec	t of third
Processing Rules:	Sum c	of E1.28 and E	1.29			

E1.31	Total operating costs	£m	3dp
Data Definitio	on: Total operating costs.		
Processing Rules:	Sum of E1.20 and E1.30		
Previous Refe	erences: Ofwat T21,L34	VICS E1.39	