

# Chapter 21

## Regulatory accounts

### Current Cost Accounting

Covering:  
Activity costing analysis -  
Water service

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### Activity costing analysis - water service

These tables consist of 34 lines within four main headings. They include operating costs and capital maintenance costs. The information is used for operating cost trends analysis and for the compilation of unit costs. The table is split into three separate tables: NI Water only, PPP only and Total costs. The PPP only table refers to NI Water expenditure associated with operating the PPP facilities.

NI Water should provide data relating to services provided by its PPP water contractor operated works. A commentary should be provided confirming the costs that **NI Water incur** associated with PPP operations. These should be reported in the PPP only table in lines 2 (power), 9 (other direct costs, 10 (direct costs), 11 (general and support expenditure), 12 (functional expenditure), 14 (Scientific services), 17 (rates) and 21a (PPP unitary charge)). The company should also report the payment by the concessionaire to the operators split by functional area. This line will stand alone and is not incorporated in the calculation of total costs. The data in the PPP only section should be consistent with that reported in chapter 43.

- **Direct costs**

These are costs that are directly attributable to each water service activity, namely water resources and treatment and water distribution. Such costs include apportionments, where such apportionments are necessitated by operational consideration (for example where mobile gangs are used to operate both water and sewerage activities). The direct costs incurred in the provision of general and support activities are given in total for the water service and are also apportioned between service activities.

- **Operating expenditure**

The costs of subjective elements (i.e. rates, doubtful debts or exceptional items) are included only at the water service level and are not apportioned between service activities.

- **Reactive maintenance**

The costs of reactive maintenance expenditure on water infrastructure and non-infrastructure assets which are included within operating expenditure, for each of the two service activities.

- **Capital maintenance**

The capital charges for each service category for infrastructure renewals expenditure, infrastructure renewals accrual/prepayment and current cost depreciation. Other capital charges are included at the service level only and are not apportioned between service activities.

Please note that the current cost depreciation charge, as defined in this table, is the gross figure, i.e. before the amortisation of deferred credits. This figure is not the same as the current cost depreciation charge stated in table 29 line 5.

## Company commentary

**Allocation of costs:** NI Water must explain the basis for allocation of costs between opex, capex and capital maintenance; between water and sewerage services; and between service areas within the water service. It should also clearly state any general allocation rules, which have been used by themselves, their contractors or agents (e.g. a rule requiring the capitalisation of any expenditure greater than £100). NI Water should also detail any changes in judgements, apportionments or adjustments since the prior year, including changes to their capitalisation policies.

- NI Water should state whether costs such as leakage control have been allocated entirely to opex, or whether significant elements of expenditure have been allocated to capital maintenance or capex lines;
- It is important that NI Water explain how costs related to business activities (particularly customer services/billing) and indirect costs (general and support expenditure, restructuring provisions and other atypical items) are allocated between the water and sewerage services; and
- It is important that it clearly explain the allocation of indirect costs between the individual service areas (e.g. water distribution and water distribution and treatment).

### System and controls

NI Water should provide a commentary detailing the costing methodology and details of any developments and improvements made in the financial year. This should include an update of the development and implementation of relevant controls and an assessment of how effectively they are operating.

NI Water should highlight any significant internal control weaknesses identified during the year, including from Internal Audit findings, and their assessed impact plus details of processes implemented/ to be implemented to prevent such reoccurrences.

**Atypical costs and provisions:** NI Water must reveal and explain all significant atypical costs and provisions which have occurred during the reporting year, regardless of whether or not they are declared as exceptional items. NI Water should report atypical costs net of any cost savings associated with the atypical event, for example a reduction in pumping and treatment costs due to lower distribution input during a drought.

NI Water must also confirm the absence of any atypical costs.

In the commentary to the table NI Water must disclose:

- Business restructuring costs including the Business Improvement Programme. (Please provide a brief description of the costs split between redundancy payments, pension contributions and consultants' fees etc.);
- Compensation payments (for one-off events, but not standard GSS or customer charter payments);
- Costs attributable to unusual weather conditions;
- Pension holidays; and,
- Rebates of Environment Agency or other service charges, including rates.

NI Water must disclose in their commentary, fines paid or provisions made against Section 34 of The Street Works (Northern Ireland) Order 1995 for prolonged occupation of the highway. Preferably this should be reported in the other direct costs line, otherwise NI Water must state where they have accounted for the fines.

If fines were paid or provisions made in the report year these must also be recorded in the commentary.

In addition, NI Water must disclose the reasons for any exceptional items, which have been declared, and whether they are expenses or provisions for future costs.

NI Water must disclose the purpose and amount of any provision included in operating expenditure, and disclose the amount of provision expended or released in the reporting year.

**Changes in costs:** NI Water must explain all changes between the prior year (inflated) and reporting year in each element of operating expenditure, including reactive and planned maintenance, where a change in an element exceeds 2% of total operating expenditure, and explain fluctuations in any element of direct costs or operating expenditure which has changed by more than 30% of the prior year figure. An element here refers to a specific category of cost in a service area. So, for example, a change in power costs for the distribution service area above the threshold would need to be explained, as would a change in materials and consumables for the resources and treatment service. If the total column for any category of cost changes above the threshold, this will also need to be explained if it has not already been explained by changes in the individual service areas.

**Total operating expenditure:** NI Water must explain any difference between total operating expenditure as shown in table 21 line 22 and in table 35 line 24.

**Pensions:** NI Water should identify in the commentary the total element relating to pension costs reported in table 21. NI Water is asked to set out the level of their actual pension contributions in the reporting year.

If NI Water is using the multi-employer exemption under FRS 17 it should explain how reported costs in table 21 differ to those that would have been reported had FRS 17 been fully adopted. It should explain the procedure used to allocate pension costs between the water and sewerage service (where applicable). NI Water must also ensure that the actuarial assumptions underpinning the FRS17 valuation are made available to the Auditor on request.

NI Water should include in its commentary a description of the methodology for apportioning pension costs between water and sewerage, the split between appointed and non-appointed and the split across different lines in tables 21 and 22.

In addition, NI Water should detail the split between regular and deficit payments where applicable.

**Third party costs:** NI Water should detail those costs which it has reported in third party costs, and confirm that any associated income has been reported as third party services income in Table 23. Except in the case of revenue from supplying non-potable water, where the correct treatment is set out in the guidance for table 23. If costs have been allocated between third party and appointed business activities, for example allocating costs between customer side and company side for supply pipe repairs, NI Water should explain the basis on which this allocation has been made.

**Water infrastructure renewals charge (IRC):** line 25 equals the IRC made to the profit and loss account for the year. Please refer to chapter 33 for company, reporter and auditors guidance. All commentary on IRC should be provided in chapter 33.

Donations to charitable trusts or other funds assisting customers with payment difficulties should be included in the customer services line (line 13), otherwise NI Water should state in which line it has accounted for the costs. NI Water must confirm how much it has paid to charitable trusts or other funds assisting customers with payment difficulties. Where the costs have been accounted for in different lines in previous years, please specify which line they have been included in and disclose the amounts.

### **General and support costs**

Line 11 of table 21 relates to general and support costs. NIW should provide a detailed breakdown of the costs included within general and support costs. This should include a table in the supporting commentary of the principal components of general and support costs in excess of £1m. NI Water should refer to the supplementary guidance entitled "Chapter 21 and Chapter 22 General and Support cost guidance" for guidance on categorisation of general and support costs.

#### **Employment costs**

Line 1 of table 21 relates to employment costs. NIW should provide a detailed breakdown of the costs included within employment costs. This should include a table in the supporting commentary of the principal components of employment costs in excess of £1m e.g. wages, salaries, pension, etc.

#### **Hired and contracted**

Line 4 of table 22 relates to hired and contracted costs. NIW should provide a detailed breakdown of the costs included within hired and contracted costs. This should include a table in the supporting commentary of the principal components in excess of £1m e.g. consultancy, contractors etc.

### **Guidance to the Reporter**

**Changes in costs:** The Reporter should check that NI Water has provided explanations on the reasons for changes and fluctuations in costs where the conditions noted in the above subsection apply. If it has not, the reporter should comment himself. In addition, the reporter should give an opinion based on his knowledge of the business on NI Water's explanation of any significant changes in costs, particularly where they relate to changes in operating conditions, e.g. drought or cold weather.

**Cost allocation:** The Reporter should comment on the appropriateness of NI Water's cost allocation procedures.

**Water infrastructure renewals charge:** The Reporter should refer to reporter guidance in chapter 33.

The Reporter should check that NI Water has disclosed donations to charitable trusts and other funds assisting customers with payment difficulties as requested, otherwise reporters should comment themselves.

Reporters should check that NI Water has disclosed the amount of fines paid or provisions made against Section 34 of The Street Works (Northern Ireland) Order 1995 for prolonged occupation of the highway. If not the reporter should comment themselves.

If fines were paid or provisions made in the reporting year, the reporter should check that these have also been disclosed.

### **Guidance to Auditors**

See "Auditors' guidance".

### **Column definitions**

**Column 1: Water resources and treatment:** all direct costs associated with the abstraction, conveyance and treatment of raw water, including routine maintenance. (Non-routine maintenance should be charged to **General and support activities**.) Include the cost of bulk water supplies purchased, but exclude the functional costs of bulk water supplied to third parties and of non-potable water. For these purposes, the latter costs should be estimated, and adjustments made to the appropriate subjective fields (including depreciation

and infrastructure renewals expenditure/repayment/accrual). Compensating adjustments should be made under **Services provided for third parties**.

See RAG 4.03 for further description of activities.

**Column 2:** **Water distribution:** all direct costs associated with the pumping, storage and conveyance of treated water, including the operation, control and monitoring of the distribution system, including routine maintenance. (Non-routine maintenance should be charged to **General and support activities**.) Where pumps serve a dual abstraction/distribution function, an assessment must be made of the costs of each function based on relative pumping head. The costs of distributing non-potable water should be excluded. Include here the installation, removal, and replacement of consumer meters (except where capitalised or rechargeable), but not meter reading. Where distribution employees are employed on work related to tariff matters, and charging and billing enquiries, they should be charged to **Customer services**.

See RAG 4.03 for further description of activities.

**Column 3:** **Water service total:** where entries are required in columns 1 and 2, column 3 is calculated from those entries.

## Table 21 line definitions

### SERVICE ANALYSIS – WATER

#### A DIRECT COSTS

1	Employment costs	£m	3dp
<b>Definition</b>	The sum of the total costs of "non-manual and manual manpower" which are directly attributable to each of the individually identified service activities: water resources and treatment, water distribution and water service total. To be included are the gross salaries and wages of all employees within the relevant activity, including payments resulting from bonus and profit-related payment schemes, employer's National Insurance contributions, superannuation, unfunded pension liabilities, sick pay, sickness benefits, private health insurance, retirement awards, death in service benefits, paid leave, subsistence, travel, entertaining and conference expenses.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

2	Power	£m	3dp
<b>Definition</b>	All energy costs, including the climate change levy, other than energy used for transport and energy costs, including the climate change levy, associated with the provision of depots and offices - which are included in general and support activities - which are directly attributable to each of the individually identified service activities: water resources and treatment, water distribution and water service total.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

3	Agencies	£m	3dp
<b>Definition</b>	All costs of subcontracting sewerage services to local authorities, which are directly attributable to each of the individually identified service activities: water resources and treatment, water distribution and water service total. All other subcontracted water services are included in hired and contracted services.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>4</b>	Hired and contracted services	£m	3dp
<b>Definition</b>	All hired and contracted equipment and services, which are directly attributable to each of the individually identified service activities: water resources and treatment, water distribution and water service total. (Hired services exclude the hire of vehicles and plant, which is included in general and support activities). Contracted services includes all contracted labour; professional advice (such as lawyers and consultants); computer software; and local authority contracts for the collection of water and sewerage charges. (The provision of services by associated companies is dealt with in line 5.)		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>5</b>	Associated companies	£m	3dp
<b>Definition</b>	<p>The total cost of associated companies that are directly attributable to each of the individually identified service activities: water resources and treatment, water distribution and water service total.</p> <p>If the total cost of all hired and contracted services from associated companies (excluding services that are capitalised or included in infrastructure renewals expenditure of prepayment/accrual) exceeds 20% of the total operating costs of the appointed business, before interest and tax, then such costs must be analysed across the headings of the segmental analysis as if the sub-contracted activities were carried out by the appointee. If the total costs of such subcontracted services fall below this limit then NI Water may, instead of the foregoing analysis, identify their total cost as a separate and additional component of the segmental analysis within the commentary.</p>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>6</b>	Materials and consumables	£m	3dp
<b>Definition</b>	<p>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.</p> <p>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.</p>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		



<b>7</b>	Service charges	£m	3dp
<b>Definition</b>	Total cost of service charges by the Environment Agency for water abstraction which are directly attributable to individually identified service activities: water resources and treatment, water distribution and water service total.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>8</b>	Bulk supply imports	£m	3dp
<b>Definition</b>	<p>Total payments for imported bulk supplies that are directly attributable to individually identified service activities: Water resources and treatment, Water distribution and Water service total.</p> <p>If a supply is a shared supply and is jointly owned, the costs associated with it should not be reported in the bulk supply imports line. The costs should be broken down and reported in lines 1 to 7 and 9 as appropriate. Where this has been done it should be stated in your commentary.</p>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>9</b>	Other direct costs	£m	3dp
<b>Definition</b>	Any other operating costs, but excluding interest and taxation, on an aggregated basis, including costs associated with the provision of depots and offices, and insurance premiums, (where such costs exceed 5% of total operating costs, an analysis should be provided), also include fines and penalties, which can be directly attributable to individually identified service activities: water resources and treatment, water distribution and water service total.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>10</b>	Total direct costs	£m	3dp
<b>Definition</b>	The total direct costs attributable to individually identified service activities: water resources and treatment and water distribution.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Calculated: the sum of lines 1, 2, 3, 4, 5, 6, 7, 8 and 9 for NIW and the sum of lines 2 and 9 for PPP.		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>11</b>	<b>General and support expenditure (NIW Only)</b>	<b>£m</b>	<b>3dp</b>
<b>Definition</b>	<p>The aggregate direct cost of general and support activities is termed general and support expenditure.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• administrative;</li> <li>• personnel;</li> <li>• financial;</li> <li>• legal and property management;</li> <li>• research and development;</li> <li>• policy determination, implementation and monitoring;</li> <li>• audit;</li> <li>• public and employee relations;</li> <li>• data processing;</li> <li>• planning liaison;</li> <li>• vehicles and plant (including hired vehicles and plant, and leased company cars);</li> <li>• electrical and mechanical maintenance;</li> <li>• land and property maintenance;</li> <li>• materials storage;</li> <li>• operational and technical support; and</li> <li>• general and support buildings.</li> </ul> <p>Where an associated company provides such services, the relevant charge should be included.</p> <p>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.</p> <p>In addition, NI Water to refer to supplementary guidance chapter entitled "Chapter 21 and Chapter 22 General and Support cost guidance."</p>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>12</b>	<b>Functional expenditure</b>	<b>£m</b>	<b>3dp</b>
<b>Definition</b>	<p>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 costs incurred in the provision of general and support activities.</p>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Calculated: sum of lines 10 and 11		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

## B OPERATING EXPENDITURE

13	Customer services	£m	3dp
<b>Definition</b>	<p>Total costs directly associated with customer services, except for current cost depreciation.</p> <p>Include customer accounting, the reading of meters, debt recovery and the costs of disconnections, customers' enquiries relating to tariff matters and charging/billing, and complaints handling. (The costs incurred within water distribution in dealing with complaints other than those related to tariff charges and charging/billing should be recorded within that activity.) The cost of billing services purchased should be included but the costs of services provided for third parties excluded. For these purposes, the latter costs should be estimated, and adjustments made to the appropriate headings (and compensating adjustments made under Services provided for third parties). Include donations made to charitable trusts assisting customers or to other assisting customers with payment difficulties.</p> <p>See RAG 4.03 for further definitions.</p>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

14	Scientific services	£m	3dp
<b>Definition</b>	<p>Total costs directly associated with scientific services except for current cost depreciation.</p> <p>Include the costs of scientific and laboratory services, and of the monitoring of quality. The cost of such services purchased should be included but the costs of services provided for third parties excluded. For these purposes, the latter cost should be estimated, and adjustments made to the appropriate subjective lines (and compensating adjustments made under Services provided for third parties).</p> <p>See RAG 4.03 for further definitions.</p>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

15	Other business activities	£m	3dp
<b>Definition</b>	<p>Total costs directly associated with other business activities except for current cost depreciation.</p> <p>This should include the cost of regulation, including all incremental managerial costs of regulation associated with a periodic review; certification fees associated with the Licence requirements; and staff and associated costs incurred in the preparation of submissions to, and liaison with, regulators. (Note: Environment Agency charges are included under the operational activities.)</p>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>16</b>	Total business activities	£m	3dp
<b>Definition</b>	Cost of total business activities except for current cost depreciation.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Calculated: Sum of lines 13, 14 and 15		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>17</b>	Rates	£m	3dp
<b>Definition</b>	The cost of all rates.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>18</b>	Doubtful debts	£m	3dp
<b>Definition</b>	The charge/credit to the profit and loss account for bad and doubtful debts.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>19</b>	Exceptional items	£m	3dp
<b>Definition</b>	Exceptional items are defined in FRS3 Reporting Financial Performance.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>20</b>	Total opex less third party services	£m	3dp
<b>Definition</b>	Total operating expenditure less third party services.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Calculated: sum of lines 12, 16, 17, 18 and 19 For PPP only: sum of lines 12, 14 and 17		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>21</b>	Third party services – opex	£m	3dp
<b>Definition</b>	The operating costs of providing water services to third parties, to include: <ul style="list-style-type: none"> <li>• rechargeable works</li> <li>• bulk supplies of raw or treated water to other water companies</li> <li>• non-potable water</li> <li>• water main diversions             <ul style="list-style-type: none"> <li>• repairs to customers' supply pipes (if NI Water has in the past reported the cost of repairs to customers' pipes under a different heading, this should be explained in the commentary).</li> </ul> </li> </ul>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>21a</b>	Total PPP unitary charges	£m	3dp
<b>Definition</b>	The total opex element of the PPP unitary charge for the water service.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

<b>22</b>	Total operating expenditure	£m	3dp
<b>Definition</b>	Total operating expenditure		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Calculated: sum of lines 20, 21 and 21a.		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

**C REACTIVE AND PLANNED MAINTENANCE (INCLUDED IN OPEX) – (These lines are not required to be completed for the PPP only tables)**

<b>23</b>	Reactive and planned maintenance infrastructure	£m	3dp
<b>Definition</b>	<p>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.</p> <p>This should include expenditure on:</p> <ul style="list-style-type: none"> <li>• burst repairs;</li> <li>• flushing, scrubbing and air scouring;</li> <li>• leakage control activities and leak repairs;</li> <li>• valve, hydrant and meter maintenance/replacement;</li> <li>• communication pipe and stop tap replacement;</li> <li>• provision of meter boxes associated with the above; and</li> <li>• reactive and planned maintenance on aqueducts and dams.</li> </ul>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Network Regulation Team		

<b>24</b>	Reactive and planned maintenance non-infrastructure	£m	3dp
<b>Definition</b>	<p>The reactive and planned maintenance expenditure on water non-infrastructure assets, for each of the individually identified service activities: Water resources and treatment and Water distribution included in operating expenditure.</p> <p>This should include expenditure on:</p> <ul style="list-style-type: none"> <li>• planned routine and reactive servicing of pumping plant;</li> <li>• planned routine and reactive maintenance of treatment works and instrumentation;</li> <li>• service reservoir dosing;</li> <li>• buildings and ground maintenance; and</li> <li>• contracts for maintenance of computer equipment.</li> </ul>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Network Regulation Team		

**D CAPITAL MAINTENANCE**

<b>25</b>	Infrastructure renewals charge (excluding third party services)	£m	3dp
<b>Definition</b>	Infrastructure renewals charge, excluding any part which relates to infrastructure assets which are used for third party services.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Regulatory Finance Team		

<b>26</b>	Current cost depreciation (allocated)	£m	3dp
<b>Definition</b>	<p>The current cost depreciation charge on tangible fixed assets, for each of the individually identified service activities, Water resources and treatment, Water distribution and Water service total.</p> <p>Note that this figure is not net of the amortisation of deferred credits and intangible assets, which are shown separately on lines 27 and 28.</p>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Regulatory Finance Team		

<b>27</b>	Amortisation of deferred credits	£m	3dp
<b>Definition</b>	The amortisation of deferred credits arising from third party contributions on non-infrastructure assets. These are amortised over the life of the related asset.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Regulatory Finance Team		

<b>28</b>	Amortisation of intangible assets	£m	3dp
<b>Definition</b>	Any amortisation or other reduction in the balance sheet valuation of intangible assets, such as goodwill.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Regulatory Finance Team		

<b>29</b>	Business activities current cost depreciation (non-allocated)	£m	3dp
<b>Definition</b>	The current cost depreciation at the aggregate level for each service, attributable to the assets used in the business activities, i.e. customer services, scientific services and other business activities (lines 13-15).		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Regulatory Finance Team		

<b>30</b>	Capital maintenance excluding third party services	£m	3dp
<b>Definition</b>	Capital maintenance less capital maintenance charges in respect of third party services		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Calculated: sum of lines 25, 26, 27, 28 and 29		
<b>Responsibility</b>	Regulatory Finance Team		

<b>31</b>	Third Party services – current cost depreciation.	£m	3dp
<b>Definition</b>	Current cost depreciation on non-infrastructure assets used only for third party services.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Regulatory Finance Team		

<b>32</b>	Third Party Services – Infrastructure renewals charge.	£m	3dp
<b>Definition</b>	Infrastructure renewals charge on infrastructure assets used only for third party services.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Regulatory Finance Team		

<b>33</b>	Total capital maintenance	£m	3dp
<b>Definition</b>	Total capital maintenance (including capital maintenance in respect of third party services)		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Calculated: sum of lines 30, 31 and 32		
<b>Responsibility</b>	Regulatory Finance Team		

<b>34</b>	Total operating costs	£m	3dp
<b>Definition</b>	Total operating costs		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Calculated: sum of lines 22 and 33		
<b>Responsibility</b>	Comparative Efficiency and Performance Team		

## CHANGE CONTROL SHEET

### CHAPTER 21

2008/1.0	First issue of chapter for the SBP period
2009/1.0	<ul style="list-style-type: none"> <li>• Second issue of chapter for the SBP period</li> <li>• Deleted reference to water PPP not being operational;</li> <li>• Additional reporting requirements for systems and controls added;</li> <li>• Added reporting requirement for non potable water “Except in the case of revenue from supplying non-potable water, where the correct treatment is set out in the guidance for table 23.”</li> <li>• Added new requirements for reporting general and support, hired and contracted and employment costs;</li> <li>• New reporting requirement for PPP costs in lines 10, 11, 11a, 12, 14 and 21a of guidance.</li> <li>• Amended processing rule for line 22.</li> </ul>
2010/1.0	<p>Third issue of chapter for the SBP period.</p> <ul style="list-style-type: none"> <li>• Extra section added to refer NI Water to the supplementary guidance entitled “Chapter 21 and Chapter 22 General and Support cost guidance” for guidance on categorisation of general and support costs.</li> <li>• Additional pension reporting requirements.</li> <li>• Revised PPP reporting requirements.</li> <li>• Revised guidance for line 10 for PPP only table.</li> <li>• Deletion of line 11a.</li> <li>• Inclusion of line 22a.</li> </ul>
2011/1.0	<p>First issue of chapter for the PC10 period.</p> <ul style="list-style-type: none"> <li>• Revised PPP reporting requirements.</li> </ul>