

---

---

# **Consumer Council for Water**

## **Annual Report and Accounts 2011-12**

**For the year ended 31 March 2012**

---

---



---

---

# **Consumer Council for Water**

## **Annual Report and Accounts 2011-12**

**For the year ended 31 March 2012**

*Ordered by the House of Commons to be printed 21 June 2012*

---

---

© Crown copyright 2012

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or e-mail: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to us at [enquiries@ccwater.org.uk](mailto:enquiries@ccwater.org.uk)

This publication is available for download at [www.official-documents.gov.uk](http://www.official-documents.gov.uk)

This document is also available from our website at **[www.ccwater.org.uk](http://www.ccwater.org.uk)**

ISBN: 9780102978834

Printed in the UK by The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID 2494809                      06/12

Printed on paper containing 75% recycled fibre content minimum

## Contents

<u>Annual Report</u>	2
<u>Introduction</u>	2
<u>Management Commentary</u>	3
<u>Remuneration Report</u>	9
<u>Statement of Accounting Officer's Responsibilities</u>	14
<u>Governance Statement</u>	15
<u>The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament</u>	24
<u>Statement of Comprehensive Net Expenditure</u>	26
<u>Statement of Financial Position</u>	27
<u>Statement of Cash Flows</u>	28
<u>Statement of Changes in Taxpayers' Equity</u>	29
<u>Notes to the Accounts</u>	30

## ANNUAL REPORT

### INTRODUCTION

The Consumer Council for Water (CCWater) is a non-departmental public body established on 1 October 2005 under the Water Industry Act 1991 as amended by the Water Act 2003, to represent consumers of water and sewerage services in England and Wales. It replaced the WaterVoice committees, which were part of the industry economic regulator, the Office of Water Services (Ofwat), to become an independent statutory consumer body.

The Water Act 2003 gives CCWater the following functions and duties:

- to have regard to the interests of consumers of water and sewerage services in England and Wales, including certain vulnerable customers and customers that are not able to switch suppliers under the Act's competition measures;
- to handle and investigate consumer complaints in respect of water and sewerage companies;
- to obtain and keep under review information about consumer matters and the views of consumers on such matters;
- to make proposals, provide advice and information and represent the views of consumers to public authorities, water and sewerage companies and others whose activities may affect the interests of consumers;
- to provide advice and information to consumers;
- to publish statistical information about complaints to and about water companies;
- to investigate any matters of interest to consumers that are not necessarily the subject of a complaint.

CCWater also has super complainant status under the Enterprise Act 2002.

This Annual Report and Accounts covers the period 1 April 2011 to 31 March 2012.

Under the Water Industry Act 1991 as amended by the Water Act 2003, the Secretary of State for Environment, Food and Rural Affairs, with the consent of HM Treasury, has directed CCWater to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of CCWater and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

## MANAGEMENT COMMENTARY

The objective of this Management Commentary within the Annual Report and Accounts is to give a balanced and comprehensive analysis of:

- the development and performance of the business of CCWater during the financial year;
- the position of CCWater at the end of the year;
- the main trends and factors underlying the development, performance and position of the business of CCWater during the financial year; and
- the main trends and factors that are likely to affect CCWater's future development, performance and position.

### Development and Performance

Considerable effort went into the delivery of the organisation's Operational Business Plan during 2011-12 including work on ensuring greater customer involvement in future price reviews.

A monitoring report of projects and work in progress was used during the course of the year to ensure that the organisation had an accurate picture of real progress being made. The reports were completed on a monthly basis by the project managers and were reviewed by both the executive team and the Board of the organisation.

Since 2005, CCWater has had a number of successes including:

- the price review result in November 2009 was over £1 billion or over £50 per customer better than the last price review in 2004 when CCWater was not around;
- an additional £2.2 million in compensation has been returned to customers in the year to date (£14m since inception);
- performance for resolving complaints in 20 day and 40 day targets, and customers' satisfaction with quality, outcome, speed and courtesy of complaint handling has exceeded CCWater's Operational Business Plan targets;
- an increase in take up of the WaterSure Tariff for vulnerable customers by 27 per cent this year, taking the total increase in take-up to 197 per cent over the 4 years since CCWater's project to rebrand the scheme and introduce a standard simplified application form;
- during 2011-12 costs to water customers were reduced by a further 10 per cent. CCWater cost £5.13 million, approx. 21p a customer per annum;
- influencing Government to recognise the underinvestment at privatisation in the South West resulting in a £50 per annum subsidy for each household customer of South West Water from April 2013;
- working constructively with Defra and Welsh Government on drafting guidelines for the water companies to follow when developing social tariffs;
- influencing the Veolia Group to commit to returning around £1 million to customers at the next price review 2015-20 from the financial gains arising out of the merger of its three water companies in Southern and Eastern England;
- pursuing business customers' complaints, for example about application of the water meter regulations and the backdating of charges and rebates. Recovered at least £983,000 during 2011-12 for individual business customers by way of compensation and rebates; and
- achieving over 40 per cent more visitors (65,000) to CCWater's Consumer Support Site than last year.

A full commentary on the achievements of the Consumer Council for Water for 2011-12 is published in the Annual Review. These documents are available on CCWater's website.

CCWater continue to focus on what consumers say is most important - a safe and continuous water supply and an effective sewerage system at a fair and affordable price. CCWater monitors its activities against its Forward Work Programme and Operational Business Plan which include measurable performance targets and timings.

CCWater's performance on dealing with complaints about water companies is shown below:

<b>Complaint Handling Performance</b>	<b>2010-11</b>		<b>2011-12</b>	
	<b>Target</b>	<b>Achieved</b>	<b>Target</b>	<b>Achieved</b>
5 day actioned	99.5%	99.9%	99.5%	99.97%
20 day closure	76%	82%	77%	83.9%
40 day closure	90%	93%	90%	93.5%

<b>Customer Satisfaction with all aspects of CCWater's complaint handling</b>	<b>2010-11</b>		<b>2011-12</b>	
	<b>Target</b>	<b>Achieved</b>	<b>Target</b>	<b>Achieved</b>
Outcome	61%	62%	61%	64.2%
Speed	77%	82%	78%	83.3%
Service	65%	75%	72%	74.6%
Courtesy	90%	94%	91%	94.1%

## Trends and Factors

During 2011-12 CCWater provided specialised consumer advocacy and support in a wide number of areas and continued to ensure water consumers' views were central to the way the water industry was managed and regulated. The results achieved for water consumers were recognised by the Defra and Welsh Government Review of Ofwat and Consumer Representation in the Water Sector (the 'Gray Review'), published in 2011, which saw "real value in retaining CCWater in its current role".

There have been four key focuses for CCWater during this year. The first was to continue to press Ofwat to create a customer-centered price setting process. This vision was adopted by Ofwat through its 2011 policy statement on involving customers in the price setting process. CCWater will now work within each water companies' Customer Challenge Group and the Wales PR14 Forum to ensure that the outcomes local customers want and need are heard and accounted for by the water companies as they set their long-term strategic and five-year business plans.

CCWater are continuing to press Ofwat to create regulatory incentives in their price setting regime that complements their words on involving customers and incentivises water companies to engage with their customers – over and above the reputational incentives companies will have by creating plans that their customers find acceptable.

The second focus was on contributing to the Government's consideration of how to address the problem of affordability issues within the water sector. It was disappointing that the Water White Paper did not commit Government funding to support social tariffs, as customers had said this was their preferred option. CCWater has continued to press this point at the EFRA Select Committee hearing and will do so again as the Water Bill is introduced into Parliament. CCWater also look forward to continuing to liaise with the Welsh Government as they develop their Poverty Action Plan.

CCWater were pleased to see Government recognition of the problems of high bills experienced by customers of South West Water due to historic reasons. The lack of satisfaction with value for money by South West Water's customers is an issue CCWater has previously raised with Government, so the £50 per annum for household customers until at least the end of the next spending review - is a positive and welcomed move.

CCWater is also increasing its work on fair charging in response to the recommendations in the Gray Review.

The third focus has been on water resources, both through intensive work with some South East of England companies on how to best implement their compulsory metering programme in a way that customers found acceptable, with support for vulnerable customers – through involvement with communication to consumers about water efficiency advice and on the drought and hosepipe bans in some areas in the South East of England. This work had led to successful implementation of compulsory metering in one company, while another company is working on improving their process.

The fourth focus has been to provide strong representation for those business customers who wish to see competition develop further, while protecting the ineligible customers from any potential undue detriment. Consumer research and business discussion forums were used to inform activity and obtain opinions. This work will intensify as more business customers become eligible to enter the competitive market in England. This follows the Gray Review's recommendations that CCWater should give more support to business customers to avoid the problems experienced by the energy sector – such as mis-selling. CCWater was pleased with the Water White Paper ideas on market reform, and will work to influence the Water Bill to ensure business customers' views are heard and to ensure those customers who cannot switch supplier are not caused undue detriment. The Welsh Government's consultation on its Water Strategy, particularly on the areas on innovation for business customers, is something CCWater is looking forward to as it complements CCWater's work on promoting innovation.

## **Sustainable development**

CCWater has a statutory requirement to address sustainable development and is committed to sustainability through the work it undertakes and how the organisation is managed. The organisation fulfils its duty by balancing the economic, environmental and social aspects in all that it does. CCWater seeks to ensure it adheres to both governments' guiding principles and key priorities in doing this.

CCWater is committed to recycling; paper, glass, batteries, plastic and aluminium cans are recycled at all of its offices. Colour photocopying has reduced by 30 per cent with black and white reducing by 16 per cent. In addition to benefiting the environment this has also saved CCWater almost £1,500. All CCWater's photocopying paper is made from recycled paper. Information on the use of resources within CCWater's offices is provided to the Executive Team and the Board on a quarterly basis.

As CCWater is not the primary occupier in any of its offices it can only encourage its landlords to adopt water saving initiatives. Wherever possible CCWater has introduced energy saving lighting and during this financial year it saw a 4 per cent reduction in electricity consumption across the organisation.

CCWater has also looked for ways to reduce the amount of travelling by making greater use of video and telephone conferencing facilities. These new ways of working plus a reduction in the number of Local Consumer Advocates (LCAs) (54 to 17) and staff (75 to 67) has resulted in just over 24 per cent reduction in the number of miles driven on CCWater's business.

However CCWater makes a more significant impact by encouraging the water companies to adopt more sustainable ways of working. The water industry currently accounts for 5 million tonnes of carbon dioxide emissions per year - almost one per cent of UK greenhouse gas emissions. In the face of the stretching UK target to reduce greenhouse gases by 80 per cent by 2050, the water companies have an important part to play in reducing their carbon emissions.

CCWater has discussed carbon emission reduction plans with companies, and is encouraging the water industry and their regulators to further consider how to replace energy and carbon intensive treatment processes by, for example, using the cleansing power of the natural environment to treat rainwater (sustainable drainage systems), and development catchment management approaches to water resources (to tackle nitrate and pesticide pollution at source).

We continue to encourage and support catchment management programmes which are designed to limit the risks of nitrates and pesticides from agricultural activities polluting the rivers and lakes from which water companies extract water. We also strongly advocate the spread of sustainable drainage systems that use the cleansing power of the natural environment to treat rain water and can be a valuable amenity for local communities.

However, almost nine-tenths of the greenhouse gas emissions associated with water occur in the home, through hot water use – from baths and showers, household appliances and cooking. CCWater is working with Waterwise, the Energy Savings Trust and water and energy companies to inform customers that reducing hot water helps the environment.

## **Social and Community Issues**

CCWater engages with all water consumers, including those who are disabled or chronically sick, of pensionable age, on low incomes, living in rural areas and those unable to switch water suppliers in the limited competitive market. This helps develop a real understanding of their needs and work in line with their specific interests. CCWater acts on behalf of businesses as well as households.

During 2011-12 CCWater has:

- continued to work with companies to help them improve take-up of their WaterSure social tariff. Last year the number of customers helped increased by a further 27 per cent. Overall take-up has now increased by 197 per cent in the four years since CCWater's project to rebrand the scheme and introduce a standard simplified application;
- responded to the Government's consultation on its proposed approach to addressing the problem of water affordability and improving the fairness of charges for customers of South West Water;
- worked with Government to represent customers' views as it has consulted on the development of guidelines for the operation of the local social tariffs enabled by the Floods and Water Management Act 2010;
- worked with United Utilities and Northumbrian Water to help implement Government's guidance on concessionary surface water charges for community groups; and
- worked with companies to increase the number of customers registered to receive the special services provided by companies. 158,495 customers are now registered, a 17.7 per cent rise over the previous year and a total increase of 53 per cent since CCWater began to focus on raising awareness of these services in 2008.

## **Future Development, Performance and Position**

In 2012-13 CCWater will be undertaking work as outlined in its Forward Work Programme and Operational Business Plan. To ensure performance and delivery is as efficient and effective as possible CCWater will continue the work progress reporting system – together with financial, planning, monitoring, control and reporting mechanisms.

## **Defra / Welsh Government Review of CCWater**

During the year Parliament concluded that CCWater would not be included in Public Bodies legislation which allows the Government to change the number and responsibilities of Arm's Length Bodies (ALBs). However, as part of the wider review of ALBs, Defra and the Welsh Government asked David Gray to consider how effective the current arrangements were in protecting water customers. After his review began, the Government announced its intentions to make changes to the institution landscape of consumer representation.

David Gray supported the retention of CCWater and recognised that were risks in making substantial changes to the approach in the water industry at a time when significant changes to the regulatory arrangements were being considered.

The Water White paper published in January 2012 confirmed that Defra and Welsh Government will maintain CCWater's role until it had completed its current price review work. Before that the UK Government will further consider the benefits of moving CCWater to a new single consumer body.

## **Support Services**

CCWater looks for value for money in all its activities. During 2011-12, CCWater's internal auditors confirmed that it had correctly applied the Government's spending controls.

Since April 2010, with the exception of information technology (IT) and payroll, all support services have been provided in-house. IT Infrastructure is provided under an agreement with Northgate Information Systems. CCWater's web-based complaints management system is provided by Oracle and website and intranet is hosted by Evolve/ Box UK.

During the year, to make better use of resources and to reduce costs, CCWater has co-located three of its offices within other government organisations.

## Financial Commentary

The main financial highlights are summarised below:

<b>Operating costs summary</b>	<b>2011-12</b>	<b>2010-11</b>
	£000s	£000s
<b>Income</b>		
Operating Income	<u>18</u>	<u>26</u>
	18	26
<b>Expenditure</b>		
Operating Costs	<u>4,778</u>	<u>5,307</u>
<b>Net Operating Costs</b>	<b><u>4,760</u></b>	<b><u>5,281</u></b>

The budget for CCWater during 2011-12 was set at £5.48m. CCWater managed this by delegating the budget to individual budget holders, based on Forward Work Programme activities. Expenditure is monitored against budget on a monthly basis with formal quarterly budget holders meetings. During 2011-12 CCWater has looked for new and smarter ways of achieving its FWP objectives. For example by working with others and more targeted research work. As vacancies have arisen CCWater has re-prioritised workloads rather than making new appointments. CCWater has sought out alternative suppliers and different delivery methods. This along with other activities has resulted in reducing its costs by approximately £720k.

## Equal Opportunities Policy

As a public body CCWater ensures equal opportunity for employment, regardless of race, sex, sexual orientation, gender reassignment, age, marriage or civil partnership, disability, pregnancy and maternity and religion or belief. All permanent staff are recruited on merit through fair and open competition.

At the end of the financial year:

- 59 per cent of all staff were women;
- 25 per cent of the Senior Management Team were women;
- 12 per cent of staff declared to be of ethnic minority origin; and
- 1 per cent of staff declared a disability.

## Health and Safety

CCWater recognises and accepts its legal responsibilities in relation to health, safety and welfare of its employees and for all other people using its premises or engaged on its activities. CCWater complies with the Health and Safety at Work Act 1974 and all other relevant legislation as appropriate. CCWater is committed to the positive promotion of accident prevention and the elimination of accidents involving personal injury, illness or damage. At Board level CCWater's Chief Executive is responsible for Health and Safety. Health and Safety is regularly discussed at CCWater Staff Council meetings.

The Health and Safety policy statement describes CCWater's responsibilities and objectives and is available to all those working for CCWater. Health and Safety awareness sessions were delivered to all staff. During the year a Committee member stumbled and fell onto an office chair and this was reported as a RIDDOR incident.

## Payment of Suppliers

CCWater achieved 100 per cent against the Government target for paying agreed invoices within 30 days of receipt during 2011-12. The corresponding figure for 2010-11 was 99 per cent.

In October 2008, Government set a new challenge to pay all suppliers within 10 working days with effect from 1 December 2008. During 2011-12 CCWater paid 97 per cent of undisputed bills within this deadline. The corresponding figure for 2010-11 was 90 per cent. In May 2010 all central government departments were asked to make 80 per cent of undisputed payments within 5 working days. During 2011-12 CCWater achieved 80.58 per cent.

Terms are agreed with each supplier individually (generally over 30 days) with a view to make payment within the Government target of 10 days. Creditors' days were 7.5 days at 31 March 2012 compared to 2.6 days at 31 March 2011.

## Sickness Absences

CCWater encourages a culture where good attendance by staff is expected and valued. However, it recognises that from time to time absences for medical reasons may be unavoidable. CCWater aims to treat its staff who are ill with sympathy and fairness and where possible to provide them with support which will enable them to recover their health and attend work regularly. CCWater has an occupational health service and an employee assistance counselling service. CCWater continues to review its occupational health policies and practices to ensure that sickness absence remains at low levels.

During 2011-12, the number of working days lost was 9.06 per annum per employee compared to 6.91 days for 2010-11. This increase is due to higher long term absenteeism but still compares favourably to the Chartered Institute of Personnel and Development (CIPD) average 9.1 per cent for the public sector.

## Employee Involvement

CCWater attaches great importance to managing, developing and training its staff in accordance with best practice. A staff council exists within the organisation. All new employees recruited into the organisation received full induction training and a programme of specialist training is given to all staff to develop appropriate skills.

## Going Concern

The accounts for 2011-12 have been prepared on a going concern basis. Defra and the Welsh Government have agreed CCWater's 2012-13 budget and there is no reason to believe that future approvals will not be forthcoming.

Tony Smith  
Chief Executive and Accounting Officer  
Consumer Council for Water

12 June 2012

Consumer Council for Water  
Victoria Square House  
1st floor, Victoria Square  
Birmingham  
B2 4AJ

## Remuneration Report

### Senior Management Team

The composition of the senior management team, known as the Executive Team, in the reporting period was as follows:

Tony Smith	Chief Executive
Deryck Hall	Acting Head of Policy & Research
Jane Morris	Acting Head of Corporate Services & Strategy
Carl Pegg	Head of Consumer Relations
Dave Thompson	Head of Public Relations (left 5 August 2011)

The Chief Executive was appointed by the Secretary of State as a member of the Board. His contract is a standard open-ended with a three month notice period. The Chief Executive, on his appointment, was designated as CCWater's Accounting Officer by the Department for Environment, Food and Rural Affairs. The Remuneration Committee, based on performance assessment, decides on any annual increases to the Chief Executive's basic salary and performance bonus.

The contracts of Deryck Hall, Carl Pegg and Jane Morris are standard open-ended contracts with three months notice period.

Senior managers and board members have declared that they held no company directorships or other significant interests that might have caused a conflict with their CCWater responsibilities.

Details of CCWater's Remuneration Committee and its members can be found later in the Annual Report.

### Staff Remuneration

Pay progression for staff is performance related; it is linked to awards assessed at annual appraisal using the personal review system. The Remuneration Committee makes recommendations to the Secretary of State on the percentage of the pay bill that is available for performance awards each year together with the percentage increase award for each representative box mark.

Performance Related Pay (PRP) is contractual and is determined by the appraisal box mark system and is a proportionate share of the total sum available. It is awarded as a percentage increase on basic salary. Performance rated as "not met objectives" does not receive a performance related pay award. The Chief Executive and senior management oversee the consistency and fairness of the PRP process.

New pay awards are based on salaries at 31 July and take effect from 1 August. Staff receive written notification of performance pay awards that should be retained with their Statement of Particulars.

There have been no civil service and other compensation schemes - exit packages awarded to staff during the year.

### Pension Liabilities

The main pension scheme for CCWater staff is the Principal Civil Service Pension Scheme (PCSPS). This is a defined benefit, unfunded scheme. The payments of benefits from the scheme are borne by the Civil Service Superannuation Vote. The pension liabilities arising from CCWater's employees' membership of the PCSPS are not provided for in these accounts in accordance with the Treasury's instructions and as described below.

The following information was subject to audit.

### Remuneration of Board Members

	2011-12		2010-11	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Dame Yve Buckland (Chair)	45-50	1,900	45-50	1,700
Dame Yve Buckland (Central & Eastern Chair)*	0-5	-	-	-
Sir James Perowne - left 30 September 2010	-	-	15-20**	900
David Bland	35-40	-	35-40	-
Andrea Cook	35-40	-	35-40	-
Charles Howeson	35-40	300	35-40	-
Diane McCrea	35-40	200	35-40	300
Michael Barnes	5-10	700	5-10	1,200
Colette Isaaks	5-10	600	5-10	900
Timothy Hornsby	5-10	600	5-10	700
Narendra Makanji	5-10	900	5-10	1,400

\* From 1 December 2011 Dame Yve Buckland received one additional day remuneration per week for covering the Central and Eastern Chair post.

\*\* £35-40(full year equivalent)

Board members were appointed by the Secretary of State on or shortly after 1 October 2005, for periods of up to four years. The Chair's appointment is for four years. The level of salary depends on the amount of work each Board member is involved in. The appointment periods and functions of the Board Members are disclosed earlier.

Board member posts are non-pensionable.

### Remuneration of Senior Managers

Disclosure of Salary Information 12 months ended 31 March 2012:

Name	2011-12			2010-11		
	Salary (exec. Non- consolidated performance pay £000)	Bonus Payments £000	Benefits in kind (to nearest £100)	Salary (exec. Non- consolidated performance pay £000)	Bonus Payments £000	Benefits in kind (to nearest £100)
Tony Smith Chief Executive	105-110	5-10	100	100-105	10-15	-
Deryck Hall Acting Head of Policy & Research	55-60	-	-	15-20 (full year equivalent 55-60)	-	-
Jane Morris Acting Head of Corporate Services & Strategy	65-70	-	-	55-60 (full year equivalent 60-65)	-	-
Carl Pegg Head of Consumer Relations	55-60	-	-	55-60	-	-

Dave Thompson Head of Public Relations (left 5 August 2011)	15-20 (full year equivalent 45-50)	-	-	45-50	-	-
<b>Total</b>	<b>300-305</b>	<b>10-15</b>	<b>100</b>	<b>280-285</b>	<b>10-15</b>	<b>-</b>

### Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the CCWater and treated by the HM Revenue and Customs as a taxable emolument.

Payments to the Board members were net of tax and the tax amounts were paid over to HM Revenue and Customs. Items that fell into this category were travel and subsistence incurred whilst attending meetings at Victoria Square House.

### Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. The bonuses reported in 2011-12 relate to the achievements of performance targets in 2010-11, and the comparative bonuses reported for 2010-11 relate to the performance in 2009-10.

### Median total remuneration

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in CCWater in the financial year 2011-12 was £110k to £115k (2010-11, £110k to £115k). This was 4.3 times (2010-11, 4.8) the median remuneration of the workforce, which was £24,002 (2010-11, £23,125).

In 2011-12, 0 (2010-11, 0) employees received remuneration in excess of the highest-paid director.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions."

The median total remuneration has increased due to a fluctuation in change in staff numbers.

	2011-12	2010-11
Band of Highest paid Executive Team	110-115	110-115
Total Remuneration (£000)		
Median Total Remuneration	24,002	23,125
Ratio	4.7	4.9

**Senior Managers Disclosure of Pension Information 12 months ended 31 March 2012**

Name	Real increase in Pension and related sum at age 60	Accrued pension at age 60 at 31 March 2012 and related lump sum	CETV at 31 March 2012	CETV at 31 March 2011*	Real increase in CETV funded by employer
	£000	£000	£000	£000	£000
Tony Smith - Chief Executive	0-2.5	20-25	426	370	21
Deryck Hall – Acting Head of Policy & Research	2.5-5.0 Lump sum 10-12.5	20-25 Lump sum 70-75	438	338	71
Jane Morris - Acting Head of Corporate Services & Strategy	2.5-5.0 Lump sum 7.5-10	25-30 Lump sum 85-90	506	423	47
Carl Pegg - Head of Consumer Relations	0-2.5	25-30	399	367	(1)
Dave Thompson - Head of Public Relations to 5 August 2011	0-2.5	0-5	48	44	4

\*The actuarial factors used in the calculation of Cash Equivalent Transfer Values (CETVs) were changed during 2011.

**Civil Service Pensions**

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Retail Prices Index (RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for **classic** and 3.5 per cent for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three year's pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is up-rated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted, is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Tony Smith  
Chief Executive and Accounting Officer  
Consumer Council for Water

12 June 2012

## Statement of Accounting Officer's Responsibilities

The Consumer Council for Water (CCWater) is a non-departmental public body established on 1 October 2005 under the Water Act 2003 to represent consumers of water and sewerage services in England and Wales. It replaced the WaterVoice committees, which were part of the industry economic regulator, the Office of Water Services (Ofwat), to become an independent statutory consumer body.

This annual report and accounts covers the period 1 April 2011 to 31 March 2012.

Under the Water Act 2003, the Secretary of State for the Environment, Food and Rural Affairs with the consent of HM Treasury has directed CCWater to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of CCWater and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

CCWater is a non-departmental public body with an English regional and Welsh structure to reflect the significant geographic variations in water and sewerage provision and to keep in touch with consumers in their local communities. It has offices in Cardiff, Cambridge, Birmingham, Darlington, Manchester, London, Bristol and Exeter. The headquarters of the organisation are in Birmingham and it has four regional committees in England and one in Wales.

The joint sponsors of the organisation are the Department for Environment, Food and Rural Affairs (Defra) and the Welsh Government (WG). The Council is funded by water consumers through a charge to water and sewerage companies in England and Wales by Water Services Regulation Authority (Ofwat). The amount is then passed to Defra and WG to fund CCWater's operations.

The Water Act 2003 gives the Council the following functions and duties:

- to have regard to the interests of consumers of water and sewerage services in England and Wales, including certain vulnerable customers and customers that are not able to switch suppliers under the Act's competition measures;
- to handle and investigate consumer complaints in respect of water and sewerage companies;
- to obtain and keep under review information about consumer matters and the views of consumers on such matters;
- to make proposals, provide advice and information and represent the views of consumers to public authorities, water and sewerage companies and others whose activities may affect the interests of consumers;
- to provide advice and information to consumers;
- to publish statistical information about complaints to and about water companies;
- to investigate any matters of interest to consumers that are not necessarily the subject of a complaint.

The Council also has super complainant status under the Enterprise Act 2002.

The English Regional Committees and the Welsh Committee of the Council have the following functions:

- to provide advice and information to the Council on consumer matters affecting the areas of the water and sewerage undertakers allocated to it;
- to handle and investigate consumer complaints in respect of water and sewerage undertakers allocated to it;
- to audit the customer complaint systems of water and sewerage undertakers allocated to it; and
- any other functions delegated to it by the Board of the Council.

## GOVERNANCE STATEMENT

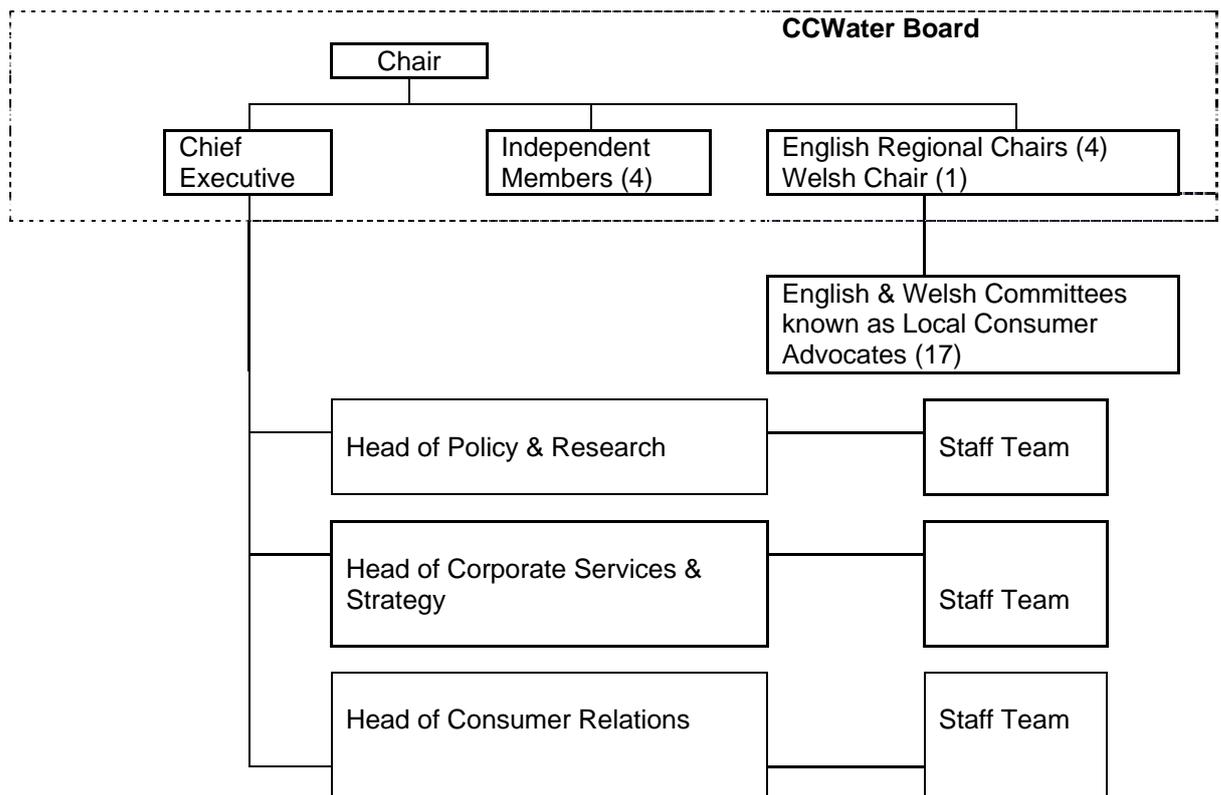
### Funding and Classification

The joint sponsors of the organisation are the Department for Environment, Food and Rural Affairs (Defra) and the Welsh Government. CCWater is funded by water consumers through a charge to water and sewerage companies in England and Wales by Ofwat. The amount is then passed to Defra and Welsh Government. CCWater draws its funds through Grant in Aid from Defra and is included in Defra's accounts.

For policy and administrative purposes CCWater is classified both as an executive non-departmental public body of Defra and a Welsh Government sponsored public body. For national accounts purposes, CCWater is classified as part of the central government sector.

### Organisational Structure

CCWater consists of a national Council, known as the Board, four English Committers and a committee for Wales. CCWater has a network of local offices in Cardiff, Cambridge, Birmingham, Darlington, Manchester, London, Bristol and Exeter. The headquarters of the organisation are in Birmingham. Each committee has between three and five members, known as Local Consumer Advocates.



## **The Board**

The membership of the Board as at 31 March 2012 was:

Council Chair	Dame Yve Buckland	Appointed: 1 April 2005	Re-Appointed: 1 April 2009	Term: 4 yrs open ended
Chief Executive	Tony Smith	1 December 2005		

### **English Regional Committees Chairs:**

Central and Eastern	Dame Yve Buckland <sup>1</sup>	1 October 2010		
Northern	Andrea Cook OBE	1 October 2005	1 July 2009	4 yrs
London and South East	David Bland OBE	1 December 2007	1 September 2008	4 yrs
Western	Charles Howeson	1 October 2005	1 July 2009	4 yrs

### **Wales Committee Chair:**

Diane McCrea	1 October 2005	1 October 2009	4 yrs
--------------	----------------	----------------	-------

### **Independent Members:**

Michael Barnes	1 November 2005	1 November 2009	4 yrs
Timothy Hornsby CBE	1 October 2005	1 July 2009	4 yrs
Colette Isaaks	1 September 2008		4 yrs
Narendra Makanji	1 November 2005	1 November 2009	4 yrs

## **Board Appointments**

The English Regional Committee Chairs and Independent Members were appointed by the Secretary of State. Welsh Ministers appoint the Wales Committee Chair. All appointments were made in line with the Code of Practice issued by the Commissioner for Public Appointments.

## **Board Register of Interests**

CCWater maintains a register of Board members interests, which is available on CCWater's website [www.ccwater.org.uk](http://www.ccwater.org.uk)

## **Board Responsibilities**

The CCWater Board is the governing body of the organisation and carries responsibility for setting policy priorities and for promoting the efficient and effective use of staff and other resources, whilst ensuring that it fulfils the aims and objectives of Defra and the Welsh Government, as set out in the agreed Framework Document.

The Board is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of CCWater consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State;
- ensuring that the responsible minister is kept informed of any changes which are likely to impact on the strategic direction of CCWater or on the attainability of its targets, and determining the steps needed to deal with such changes;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by Defra and WG;

<sup>1</sup> Dame Yve Buckland is covering the Central & Eastern Committee Chair position.

- ensuring that the Board receives and reviews regular financial information concerning the management of CCWater; is informed in a timely manner about any concerns about the activities of CCWater; and provides positive assurance to Defra and Welsh Government that appropriate action has been taken on such concerns;
- demonstrating high standards of corporate governance at all times, including by using the independent Audit Committee to help the Board to address key financial and other risks;
- set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilisation of public resources;
- conforming with the terms of the Welsh Language Scheme it has produced in accordance with Part II of the Welsh Language Act 1993, thereby giving effect to the principle that the Welsh and English languages should be treated on a basis of equality when operating in Wales.

### **Standing Committees**

CCWater has three sub committees reporting directly to the Board:

- Audit and Risk Management Committee;
- Finance and Resources Committee; and
- Remuneration Committee.

The membership of the committees as at 31 March 2012 was:

#### **Audit and Risk Management Committee**

##### Independent Members

Michael Barnes – Chair  
Narendra Makanji

##### Regional & Wales Chairs

David Bland  
Diane McCrea

##### In attendance

Chief Executive & Accounting Officer  
Head of Corporate Services  
Board Secretary  
Finance & Resource Manager  
External Audit Representative(s)  
Internal Audit Representative(s)

Membership is reviewed and confirmed by the Board annually at the end of the financial year. The committee met four times in the period to 31 March 2012.

The role of the committee is to:

- promote the highest standards of propriety in the use of public funds by CCWater including its regional committees and the Committee for Wales, and encourage proper accountability for the use of those funds;
- advise CCWater on anything that affects the financial health, probity or external reputation of the organisation;
- ensure the system of internal controls of CCWater complies with HM Treasury requirements; and
- ensure that the internal systems within the organisation, at national and regional levels promote a climate of financial discipline and internal control which will help to reduce the opportunity for financial mismanagement and will satisfy CCWater that it will achieve its key objectives and targets, and is operating in a manner which will make most economic and effective use of resources available.

The Audit and Risk Management Committee supports the Accounting Officer by offering objective advice on issues concerning the control and governance of CCWater. The Audit and Risk Management Committee is chaired by a non-executive Board member and its role and composition is in line with the HM Treasury's best practice guidance.

#### **Finance and Resources Committee**

##### Independent members

Timothy Hornsby – Chair  
Colette Isaaks

##### Regional / Wales Chairs

Charles Howeson  
Diane McCrea

##### In attendance

Chief Executive & Accounting Officer  
Head of Corporate Services  
Board Secretary  
Finance & Resource Manager

Membership is reviewed and confirmed by the Board annually at the end of each financial year. The Committee met three times in the 12 month period to 31 March 2012.

The role of the Committee is to:

- oversee the use of CCWater's resources via the corporate planning process; and
- oversee arrangements for staffing and the Human Resources strategy of CCWater.

The Committee reports back to the full Board on its oversight of the organisation's budgetary and administrative controls. There have been no areas of concern.

### Remuneration Committee

#### Independent Members

Narendra Makanji – Chair  
Colette Isaaks

#### Regional Chairs

Andrea Cook  
Charles Howeson (from 1 October 2010)

#### In attendance

Board Secretary  
Other individuals by invitation

Membership is reviewed and confirmed by the Board annually at the end of the financial year. The committee met twice in the 12 month period to 31 March 2012.

The role of the committee is to:

- advise CCWater on the initial appointment, remuneration terms and performance objectives of the Chief Executive;
- receive from the Chair, who is responsible for the monitoring and evaluation of the Chief Executive, recommendations with regard to performance objectives, any changes to the salary and performance bonus of the Chief Executive and then to determine on behalf of CCWater the performance objectives and whether the Chief Executive should receive any increases in salary or performance bonus subsequent to this initial appointment and the amount of any such increases;
- act on behalf of Council in relation to policy on staff remuneration, including: staff pay, terms and conditions of staff (in addition to those relating directly to the Chief Executive), redundancy and redeployment, job evaluation; and
- receive and review at suitable intervals, not less than once a year, a report by the Chief Executive on the performance of senior executives reporting directly to him/her in order to give any comments to be considered by the Chief Executive in any future appraisals.

The Committee reports back following its meetings to the full Board on its oversight of the organisation's remuneration issues. During the year it has overseen the submissions to Defra on matters relating to pay for staff and the Chief Executive bonus. The Committee has also reviewed with the Chief Executive with the performance of the Executive Team.

### Board & Standing Committees Attendance

	Council Meetings	Audit & Risk	Finance & Resources	Remuneration
Yve Buckland	15/15	--	--	--
Tony Smith	13/15	4/4	3/3	--
Andrea Cook	13/15	--	--	2/2
David Bland	15/15	4/4	--	--
Charles Howeson	14/15	--	3/3	2/2
Diane McCrea	14/15	4/4	3/3	--
Mike Barnes	15/15	4/4	--	--
Colette Isaaks	15/15	--	3/3	2/2
Narendra Makanji	15/15	4/4	--	2/2
Timothy Hornsby	12/15	--	3/3	--

### Board's Performance

The Board set itself seven key objectives for 2011-12. These objectives and evidence of achievement are set out below:

- 1 To ensure that CCWater continues to improve its ability to reflect and represent the interests of water customers in England and Wales and maintains or where possible enhances its good reputation.
  - The Council and its members continue to be very active in representing water customers' interests. It has had several meetings with the English and Welsh Ministers plus Shadow Ministers to discuss issues including affordability, compulsory metering, water scarcity, competition, regulation and the Water White Paper. Feedback from stakeholders needs to be obtained and reported to the Board by 31 March 2012.
  - Following recommendations made by the Board to Ofwat the next price review process (PR14) will involve much greater customer engagement. The Board agreed its detailed plan for customer involvement in Price Reviews in July 2011.
  - During the year Defra & Welsh Government completed a review on how effective the arrangements were in protecting water consumers and ensuring that their views influence the way the water sector is managed and regulated. Having taken views from various stakeholders, the review supported the retention of CCWater until at least 2014 in England and then any changes to CCWater must retain CCWater's expertise and deliver improved outcomes for water customers. The Welsh Government said that CCWater should be retained to provide a clear focus for the interest of customers in Wales.
  - CCWater used its research on customer views and analysis of customer complaints on Value for Money, Water Resources, Metering, Competition and Social Tariffs to ensure that customers' views were taken into account in the Water White Paper published January 2012.
  - Research published included consumers views into the Transfer of Private Sewers and Lateral Drains into Company Ownership in January 2012 and CCWater's Annual Tracking Survey in March 2012.
- 2 To put in place a new strategic framework for consumer representation both locally and nationally in England and Wales that represents customers as effectively as possible and delivers beneficial outcomes for them.
  - When Committee members' appointments expired at the end of November 2011, seventeen were selected to become CCWater's Local Consumer Advocates (LCAs). These LCAs play a crucial role both locally and in supporting the Board.
  - Agreed to some refocus of resources on the forthcoming price review on business customers, tariffs and analysis (including social tariffs) to reflect the recommendation of the Gray Review and Defra's guidance on Social Tariffs
  - During the year the Board has overseen how the Government spending controls have been introduced. They have supported the co-location of three of CCWater's local offices with other government organisations. This has resulted in financial and sustainability savings.
  - The Board agreed a new communications plan in April 2011 which confirmed that CCWater would continue commenting on the activities of water companies, Ofwat and the other regulators, being proactive and having strong campaigns on main customer issues (as set out in the Forward Work Plan), and advising UK Parliament and Welsh Government on key issues by providing customers' views on the issues and possible decisions being made – not lobbying or trying to recommend policy.
- 3 To ensure that CCWater fulfils its statutory duties effectively: works within its statutory framework and guidance issued by its sponsors: and assesses, measures and, wherever possible, improves the performance of the organisation.
  - CCWater's Internal Audit and the National Audit Office continue to be pleased with the assurances and processes that support CCWater's activities.
  - This year CCWater's Framework Document and Code of Conducts were reviewed and updated.
  - CCWater's Executive Team regularly reviews progress against its Operational Business plan (OBP) and Forward Work Programme (FWP). The Chief Executive reports on progress (including a scorecard) and any exceptions, as part of his update at public Board meetings. In addition the Board reviews performance against FWP objectives at the end of each financial year.
  - Feedback is obtained from sponsors at meetings and reported as a standing Board item under the heading 'Round the table discussions'. Positive feedback on CCWater's performance was obtained as part of the Gray review.
  - Comment from stakeholders on the performance of individual board members are sought as part their individual appraisal.

- 4 To identify and understand the strategic challenges and risks affecting CCWater and decide what action to take to mitigate or eliminate those risks.
- The Board holds quarterly Informal Board meetings to discuss strategic issues. Items discussed during 2011-12 include PR14, social tariffs, metering, market reform, water resources and efficiency plus affordability. Each Board paper includes a risk assessment.
  - The Board receives quarterly updates from all its standing committees at its public meetings.
  - The Board discusses the strategic issues for next years Forward Work Programme (FWP) in spring. It is actively involved in the creation of the draft, considers stakeholders comments, and approves the final document for publication at the end of March.
  - The Audit Committee regularly reviews CCWater's Risk Registers and reports to the full Board.
- 5 To oversee the management of the approved budget and ensure any necessary budget reductions are achieved.
- The Board receives a formal update on expenditure against budget at every public Board meeting. The Finance & Resources Committee updates the Board on its budget monitoring.
  - The Finance & Resources Committee undertakes a budget and expenditure review at every meeting. The Chief Executive reports expenditure against budget as part of his report at each Public Board meeting.
- 6 To assist and monitor the Executive Team in its delivery of the OBP/FWP, adding value wherever possible.
- The Board members act as champions for areas such as affordability, sustainability, complaint handling, and company finances.
  - The Executive Team attend all Board meetings and work with individual Board members on a variety of projects e.g. consumer complaints, surface water sewerage, affordability.
  - The Board receives regular updates on the process of CCWater's operational business plan including a report against each objective every six months.
- 7 To provide good governance.
- The full Board has approved all key policy decisions. The timing of some decisions necessitated the use of formal delegated powers e.g. the purchase of IT software, transfer of Ofwat casework. These decisions were reported to the next Board meeting as required under CCWater's governance arrangements.
  - Minutes from each Committee meeting are presented at the public Board meeting. At each Board meeting, Committee Chairs have the opportunity to report on local issues.
  - CCWater operates an intranet which contains up to date policy positions and lines to take. All staff and Local Consumer Advocates receive a monthly team brief identifying issues. This ensures consistency of messages throughout CCWater.
  - The Board holds at least four meetings in public to ensure both accountability and transparency.

### **Board Discussions**

In addition to reviewing CCWater's performance, finance and governance controls, the Board has been considering how best to ensure consumer views are taken into account by water companies, regulators and governments. During the year the Board has discussed and agreed policies on how customers should be more engaged in future price reviews, the development of competition in England, the impact of companies charges and tariffs, companies' communications relating to the transfer of private sewers, and the introduction of compulsory metering in the South East.

### **Regional and Welsh Committees**

CCWater has four English Committees, each with three Local Consumer Advocates, the Welsh Committee has five Local Consumer Advocates.

The English Regional Committees and the Welsh Committee have the following functions:

- to provide advice and information to CCWater on consumer matters affecting the areas of the water and sewerage undertakers allocated to it;

- to handle and investigate consumer complaints in respect of water and sewerage undertakers allocated to it;
- to assess the customer complaint systems of water and sewerage undertakers allocated to it; and
- any other functions delegated to it by the Board of CCWater.

## **Committee Members**

To enable CCWater to operate more effectively in the changing regulatory environment the Council agreed to refocus and reduce the number of committee members. Of the 54 existing committee members whose appointments were due to expire, 17 were selected following interviews for appointment from 1 December 2011 as CCWater's new Local Consumer Advocates. The selection process and the appointments were agreed by the full Council.

## **The Executive**

The Chief Executive was appointed by the Secretary of State as a member of the Board. Tony Smith took up his appointment as Chief Executive on 1 December 2005. The Chief Executive, on his appointment, was designated as the Accounting Officer by the Accounting Officer of the Department for Environment, Food and Rural Affairs.

## **Executive Team**

The Executive Team comprises of CCWater's Head of Policy & Research, Head of Consumer Relations and the Head of Corporate Service & Strategy. Its role is to assist the Chief Executive in the day-to-day running of the business. It meets weekly and decides, subject to the overall direction and control of the Council, on all matters relating to management and resources.

## **Audit Assurances**

### **Internal Audit**

CCWater's internal auditors undertake a work programme to review risk management, internal control and governance. The Head of Internal Audit produces periodic reports on Internal Audit's findings, their assessment of risk management, corporate governance and control standards in the key corporate risks and delivery areas, and areas where action is required to address shortcomings. The Head of Internal Audit meets the Chief Executive and the Audit and Risk Committee quarterly to discuss the reports and consider progress in addressing major concerns. An annual report is also prepared which includes a professional opinion on the effectiveness of the overall systems of internal control and risk management within CCWater.

Internal audit services during 2011-12 were provided by KPMG. The service provided an independent appraisal service for management by measuring and auditing the adequacy, reliability and effectiveness of management and financial control systems. KPMG made recommendations based on the appraisal of each system reviewed; these included CCWater's procurement, anti fraud, internal controls and financial systems. All these audits were rated as 'Good' with just low priority recommendations. These recommendations have all been implemented. The cost of the internal audit for 2011-12 was £13,635.

### **External Audit**

The accounts have been audited by the Comptroller and Auditor General in accordance with the Water Industry Act 1991. The Audit Certificate is on pages 24 to 25. The cost of providing audit services in respect of the Annual Report and Accounts 2011-12 was £32,000. There was no external auditor remuneration for non-audit work.

In so far as the Accounting Officer is aware, there is no relevant audit information of which CCWater's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that CCWater's auditors are aware of that information.

## **Operational Assurances**

The Chairs of CCWater's Standing Committees (Audit & Risk, Finance & Resources, and Remuneration) have all confirmed that they are satisfied that the highest standard of corporate governance have been observed at all times.

Each Executive Team member has confirmed that they and their teams have complied with the CCWater's policies and procedures relating to planning, financial and staff management,

## **Corporate Governance**

### **Code of Governance**

CCWater's Code of Governance, which was updated in August 2010, sets out the Council's responsibilities regarding proper Conduct of Business, Strategic Planning, Monitoring Performance, Finance, Staffing, Health and Safety plus Whistleblowing procedures. The Code has been followed and there have been no departures. Internal and External Audit have confirmed that they are satisfied with how the organisation is managed and that there are no governance issues.

### **Ministerial Directions**

There have been no Ministerial Directions during 2011-12. Defra and CCWater agreed a new Governance Framework, including delegated authorities, to replace the organisation's Financial Memorandum and Management Statement.

### **Managing Risks**

CCWater has an established risk management strategy and a risk register for the management and mitigation of risk. In addition, CCWater projects and Board papers contain risk evaluations.

CCWater's risk register is a live document managed by the Executive Team of the organisation and considers strategic, operational, financial and external risks. The risk register is also reviewed closely by the Audit and Risk Management Committee at each quarterly meeting and discussed by the Board.

CCWater's Risk and Assurance Framework was designed to provide assurance to the Board and CCWater stakeholders through the implementation of continuous review throughout the operating cycle. The system contained five main elements:

**Accountability** - ensuring that this was established at the correct level of authority and took into account the operational process within CCWater.

**Processes** - designed to ensure that continuous monitoring and assurance was conducted in a consistent and rigorous manner, taking account of CCWater's capacity and capability to achieve its objectives. All project managers submit structured monthly 'traffic light' reports to the executive team which tracks a number of delivery parameters including an overall risk score. The Executive Team members monitor individual project risks, and identify those which required management outside the individual project, at corporate level.

**Capability** - that achieved objectives and maintained financial control were established through rigorous budget setting and resource management processes as well as the implementation of a work prioritisation process, embedded within the operational business plan, which was used to agree resource limits and specifications at the outset of work. A key risk for CCWater is that of key personnel leaving or being demotivated by the uncertainty surrounding CCWater's future. This is mitigated with continuity plans to deal with the loss of key staff along with regular updates to staff on both potential consultation on CCWater's merger with another consumer body and the Government's review of public bodies.

**Government Spending and Transparency Controls** - in response to the Government's restrictions on spending and transparency CCWater put in place controls to ensure compliance and that staff were knowledgeable about the restrictions. These controls were subject to internal audit and were rated as good. The Office of Government Commerce (OGC) framework contract clauses are being used in new contracts as necessary.

**Outcomes** - are agreed at an operational and corporate level and then regularly monitored to ensure that they are achieved.

The amount of risk that the organisation is prepared to accept, tolerate, or be exposed to at any point in time, is determined by the organisation's Board and Executive Team, having both used appropriate escalation processes and being prepared to use further escalation processes.

### **Strategic Risks for CCWater**

In relation to 2011-12, the main risk identified is the uncertainty and potential impact on CCWater's ability to influence partners to bring about change that will benefit water customers due to the review regarding CCWater's future.

New or more significant risks that were identified during 2011-12 are set out below.

CCWater will need to change to:

- reflect the changing regulatory environment;
- ensure that it can continue to demonstrate exceptional value for money; and
- continue to deliver clear improvements for water customers.

Ongoing risks and uncertainties that might affect CCWater's long-term position include:

- CCWater's uncertain future undermines its ability to deliver the Forward Work Programme;
- that there is a loss of key staff as a result of the continuing uncertainty of CCWater's future; and
- the organisation does not fully deliver its Forward Work Programme.

CCWater managed these risks effectively and they did not impact on the organisation's ability to deliver its Forward Work Programme or its relationship with stakeholders.

The Audit and Risk Committee were content with the way the organisation managed its risks and did not identify any areas of concern.

### **Information Management and Data Security**

CCWater's information and data security policy aims to ensure that all official information is safeguarded and kept securely. To manage this, CCWater has implemented a series of actions to ensure that information risks are identified and managed and personal information is protected. These are:

- accidental disclosure of personal or business data has been included in CCWater's risk register along with appropriate controls and assurance. The risk register is reviewed regularly by CCWater's Executive, CCWater's Audit & Risk Management Committee and CCWater's Board;
- an Information Asset Officer has been appointed and responsibilities have been assigned;
- CCWater participates in Defra's quarterly information risk assessments;
- managing information risk is integrated into CCWater HR processes and all members of staff are aware of their responsibilities;
- CCWater has an Information Charter which explains how it handles personal data;
- personal information held by CCWater is identified, clearly marked and subject to controlled storage and disposal;
- the use of removable media for transfer of information is restricted to public domain information; and
- information risk awareness training takes place every year for all staff. All CCWater staff have undertaken an on-line E Learning Data Handling assessment and all new staff receive data security information as part of their induction process.

There were no losses of data or any protected personal data related incidents that required reporting to the Information Commissioner's Office in 2011-12.

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of Consumer Council for Water for the year ended 31 March 2012 under the Water Industry Act 1991. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Water Industry Act 1991. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Consumer Council for Water's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Consumer Council for Water; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Consumer Council for Water's affairs as at 31 March 2012 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Water Industry Act 1991 and the Secretary of State directions issued thereunder.

### Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under by Water Industry Act 1991; and
- the information given in the Introduction and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

13 June 2012

**Statement of Comprehensive Net Expenditure**

for the year ended 31 March 2012

	Note	2011-12	2010-11
		<u>£000s</u>	<u>£000s</u>
<b>Expenditure</b>			
Staff costs	2.1	2,986	3,215
Depreciation	3	25	36
Other Expenditures	3	1,767	2,056
		<u>4,778</u>	<u>5,307</u>
<b>Income</b>			
Other Income	4	18	26
		<u>18</u>	<u>26</u>
<b>Net Expenditure</b>		(4,760)	(5,281)
<b>Total Comprehensive Expenditure for the year ended 31 March 2012</b>		<u>(4,760)</u>	<u>(5,281)</u>

The notes on pages 30 to 39 form part of these accounts.

There is no other comprehensive expenditure.

**Statement of Financial Position**

as at 31 March 2012

	Note	31-Mar 2012 £000s	31-Mar 2011 £000s
<b>Non-current assets:</b>			
Property, plant and equipment	5	87	103
Intangible assets	6	46	41
Trade and other receivables			
<b>Total non-current assets</b>		133	144
<b>Current assets:</b>			
Other current assets	7	205	205
Cash and cash equivalents	8	1,658	1,367
<b>Total current assets</b>		1,863	1,572
<b>Total assets</b>		1,996	1,716
<b>Current liabilities</b>			
Trade and other payables	9	(331)	(303)
<b>Total current liabilities</b>		(331)	(303)
<b>Non-current assets plus current assets</b>		1,665	1,413
<b>Non-current liabilities</b>			
Provisions	10	(23)	(95)
Early departure	10	(21)	(38)
Other payables	9	(65)	(94)
<b>Total non-current liabilities</b>		(109)	(227)
<b>Assets less liabilities</b>		<b>1,556</b>	<b>1,186</b>
<b>Taxpayers' equity</b>			
General reserve		1,556	1,186
		<b>1,556</b>	<b>1,186</b>

The financial statements on pages 26 to 29 were approved by the Board on 12 June 2012 and were signed on its behalf by;

*Tony Smith*  
Chief Executive and Accounting Officer

12 June 2012

The notes on pages 30 to 39 form part of these accounts.

**Statement of Cash Flows**

for the year ended 31 March 2012

	Note	2011-12	2010-11
		<u>£000s</u>	<u>£000s</u>
<b>Cash flows from operating activities</b>			
Net Deficit after cost of capital and interest		(4,760)	(5,281)
Adjustments for non-cash transactions	3	55	166
(Increase)/Decrease in trade and other receivables	7	-	57
Increase/(Decrease) in trade payables	9	(1)	(184)
Use of provisions	10	(92)	(52)
<b>Net cash outflow from operating activities</b>		<u><b>(4,798)</b></u>	<u><b>(5,294)</b></u>
<b>Cash flows from investing activities</b>			
Purchase of Property, plant and equipment	5	(9)	-
Purchase of Intangible assets	6	(32)	-
<b>Net cash outflow from investing activities</b>		<u><b>(41)</b></u>	<u><b>-</b></u>
<b>Cash flows from financing activities</b>			
Grants from sponsoring department		5,130	5,700
<b>Net financing</b>		<u><b>5,130</b></u>	<u><b>5,700</b></u>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>291</b>	<b>406</b>
<b>Cash and cash equivalents at the beginning of the period</b>	8	1,367	961
<b>Cash and cash equivalents at the end of the period</b>	8	<u><b>1,658</b></u>	<u><b>1,367</b></u>

The notes on pages 30 to 39 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2012

	<u>General Reserve</u>	<u>Total Reserves</u>
	<u>£000s</u>	<u>£000s</u>
<b>Balance at 31 March 2010</b>	<u>767</u>	<u>767</u>
<b>Changes in taxpayers' equity for 2010-11</b>		
Grant from Sponsoring Department	5,700	5,700
<b>Comprehensive Expenditure for the year</b>	(5,281)	(5,281)
<b>Balance at 31 March 2011</b>	<u>1,186</u>	<u>1,186</u>
<b>Changes in taxpayers' equity for 2011-12</b>		
Grant from Sponsoring Department	5,130	5,130
<b>Comprehensive Expenditure for the year</b>	(4,760)	(4,760)
<b>Balance at 31 March 2012</b>	<u>1,556</u>	<u>1,556</u>

The notes on pages 30 to 39 form part of these accounts.

## Notes to the Accounts

### 1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Consumer Council for Water for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Consumer Council for Water are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets.

#### 1.2 Property, plant and equipment

As permitted by the FReM, non current assets are no longer re-valued on an annual basis using indices. Depreciated historical cost is now used as a proxy for current fair value as this realistically reflects consumption of the assets. Revaluation would not cause a material difference. The minimum level for the capitalisation of tangible fixed assets is £2,000.

Tangible non-current assets consist of furniture fixtures and fittings, office machinery, leasehold improvements and IT. Intangible non current assets comprise of purchased software licences and website developments.

#### 1.3 Depreciation

Depreciation is provided at rates calculated to write-off the value of tangible non current assets by equal instalments over their estimated useful lives, to their estimated residual values. Asset lives are within the following ranges:

Asset classification	Asset life
Furniture, fixtures and fittings	10 years
IT equipment	3 to 5 years
Office machinery and telecoms	5 years
Leasehold improvements	Life of the lease

Software licences and website costs are amortised over the shorter of the term of the licence or the useful economic life from the date the asset is brought into service.

#### 1.4 Leases

CCWater had no finance leases as at 31 March 2012 (31 March 2011: nil). Rentals due under operating leases are charged over the lease term on a straight-line basis or on the basis of actual rental payable where this fairly reflects usage.

#### 1.5 Grants receivables

CCWater is financed by grant in aid from Defra and the Welsh Government and is accounted for as it is received. The grant in aid received is used to finance activities and expenditure which support the statutory and other objectives of the organisation and is treated as financing, which is credited to the General Reserve.

#### 1.6 Value added tax

CCWater is not registered for VAT. VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non current assets.

## 1.7 Provisions

CCWater provides for legal or constructive obligations, which are of uncertain timing, or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury discount rate (currently 3.2 per cent).

## 1.8 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, CCWater discloses for Parliamentary reporting and accountability purposes statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Government Accounting.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

## 1.9 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). This is an unfunded multi-employer defined benefit scheme, and CCWater is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

## 2 Staff numbers and related costs

### 2.1 Staff costs comprise:

	2011-12		2010-11	
	Total	Permanently employed staff	Others	Total
	£000s	£000s	£000s	£000s
Wages and salaries	2,460	2,198	262	2,661
Social security costs	172	172	-	186
Other pension costs	354	354	-	368
Total net costs*	<u>2,986</u>	<u>2,724</u>	<u>262</u>	<u>3,215</u>

\*Of the total no charge has been made to capital

### 2.2 Average numbers of persons employed

The average number of whole-time equivalent persons employed during the year was as follows. These figures exclude CCWater Local Consumer Advocates.

	2011-12	2010-11
<b>Number</b>		
Directly Employed	<u>66</u>	<u>75</u>
*Others	<u>1</u>	<u>-</u>
Total	<u><b>67</b></u>	<u><b>75</b></u>

\*This includes staff on secondment.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but CCWater is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

## Salary

“Salary” includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. Agency, Board members, casuals and CCWater Local Consumer Advocates are included in the other staff costs in the table above.

## Pension

For 2011-12, employers’ contributions of £353,530 were payable to the PCSPS (2010-11 £368,366) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands. £20k (2010-11 £52k) was payable in early retirement benefits during the year. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2011-12 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers’ contributions of £10,273 (2010-11 £10,948) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £750 (2010-11 £805), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £834 (2010-11 £918). Contributions prepaid at that date were nil.

There were no compensation scheme payments in year.

### 3 Other Expenditure

	2011-12		2010-11	
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b>Running Costs</b>				
<b>Rentals under operating leases:</b>				
Accommodation	579		586	
IT software	152		259	
Office equipment	<u>9</u>		<u>8</u>	
		740		853
<b>Non cash items:</b>				
Depreciation	25		36	
Amortisation	27		31	
(Profit)/Loss on disposal of assets	-		-	
Early retirement provision provided in year	2		2	
Office relocation provision	-		95	
Unwinding of discount	1		2	
Permanent diminution of assets	<u>-</u>		<u>-</u>	
		55		166

**Other expenditure:**

Research & consultancy	164	209
Training	34	37
Travel and subsistence	115	132
Rates	160	158
Hire and maintenance	85	71
Seminars, meetings and conferences	19	26
Publications, books & periodicals	68	93
Postal services and couriers	7	9
Telecommunications	69	54
Auditors' remuneration*	32	34
Other accommodation costs	125	156
Recruitment costs	18	-
Website	17	16
Other	84	78
	997	1,073
	1,792	2,092

\* During the year there was no remuneration for non-audit work.  
All expenditure is classified as Programme spend.

**4 Income**

	2011-12	2010-11
	£000s	£000s
Other Income	18	18
SLA Income	-	8
<b>Total</b>	<b>18</b>	<b>26</b>

Other income is derived from sub-letting parts of the Bristol office.

**5 Property, plant and equipment**

	Furniture fixtures and fittings	Office machinery	Leasehold works	IT equipment	Total
	£000s	£000s	£000s	£000s	£000s
<b>Cost or valuation</b>					
At 1 April 2011	-	-	304	41	345
Additions	-	-	9	-	9
Disposals	-	-	-	-	-
Revaluations	-	-	-	-	-
<b>At 31 March 2012</b>	<b>-</b>	<b>-</b>	<b>313</b>	<b>41</b>	<b>354</b>
<b>Depreciation</b>					
At 1 April 2011	-	-	203	39	242
Charged in year	-	-	24	1	25
Disposals	-	-	-	-	-
Revaluations	-	-	-	-	-
<b>At 31 March 2012</b>	<b>-</b>	<b>-</b>	<b>227</b>	<b>40</b>	<b>267</b>
<b>Carrying amount at 31 March 2012</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>1</b>	<b>87</b>
<b>Carrying amount at 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>101</b>	<b>2</b>	<b>103</b>
	Furniture fixtures and fittings	Office machinery	Leasehold works	IT equipment	Total
	£000s	£000s	£000s	£000s	£000s
<b>Cost or valuation</b>					
At 1 April 2010	-	-	313	41	354
Additions	-	-	-	-	-
Disposals	-	-	(9)	-	(9)
Revaluations	-	-	-	-	-
<b>At 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>304</b>	<b>41</b>	<b>345</b>
<b>Depreciation</b>					
At 1 April 2010	-	-	177	38	215
Charged in year	-	-	35	1	36
Disposals	-	-	(9)	-	(9)
Revaluations	-	-	-	-	-
<b>At 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>203</b>	<b>39</b>	<b>242</b>
<b>Carrying amount at 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>101</b>	<b>2</b>	<b>103</b>
<b>Carrying amount at 31 March 2010</b>	<b>-</b>	<b>-</b>	<b>136</b>	<b>3</b>	<b>139</b>

All assets were owned.

**6 Intangible assets**

	Software Licences	Website	Total
	£000s	£000s	£000s
<b>Cost or valuation</b>			
At 1 April 2011	152	-	152
Additions	22	10	32
Disposals	-	-	-
Revaluation	-	-	-
<b>At 31 March 2012</b>	<b>174</b>	<b>10</b>	<b>184</b>
<b>Amortisation</b>			
At 1 April 2011	111	-	111
Charged in year	27	-	27
Disposals	-	-	-
Revaluation	-	-	-
<b>At 31 March 2012</b>	<b>138</b>	<b>-</b>	<b>138</b>
<b>Carrying amount at 31 March 2012</b>	<b>36</b>	<b>10</b>	<b>46</b>
<b>Carrying amount at 31 March 2011</b>	<b>41</b>	<b>-</b>	<b>41</b>
<b>Cost or valuation</b>			
At 1 April 2010	152	-	152
Additions	-	-	-
Disposals	-	-	-
Revaluation	-	-	-
<b>At 31 March 2011</b>	<b>152</b>	<b>-</b>	<b>152</b>
<b>Amortisation</b>			
At 1 April 2010	80	-	80
Charged in year	31	-	31
Disposals	-	-	-
Revaluation	-	-	-
<b>At 31 March 2011</b>	<b>111</b>	<b>-</b>	<b>111</b>
<b>Carrying amount at 31 March 2011</b>	<b>41</b>	<b>-</b>	<b>41</b>
<b>Carrying amount at 31 March 2010</b>	<b>72</b>	<b>-</b>	<b>72</b>

**7 Trade receivables and other current assets**

	2011-12	2010-11
	<u>£000s</u>	<u>£000s</u>
<b>Amounts falling due within one year:</b>		
Advances*	7	6
Prepayments and accrued income	198	199
	<b><u>205</u></b>	<b><u>205</u></b>
<b>Amounts falling due after more than one year:</b>		
Prepayments and accrued income	-	-
	<u>-</u>	<u>-</u>

\*Advances comprise of 11 travel season ticket loans.

**7.1 Intra-Government Balances**

	Amounts falling due within one year		Amounts falling due after more than one year	
	2011-12	2010-11	2011-12	2010-11
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Balance with other central government bodies	1	-	-	-
Balance with local authorities	12	13	-	-
Subtotal: intra-government balances	13	13	-	-
Balances with bodies external to government	192	192	-	-
<b>Total debtors at 31 March</b>	<b><u>205</u></b>	<b><u>205</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

**8 Cash and cash equivalents**

	2011-12	2010-11
	<u>£000s</u>	<u>£000s</u>
Balance at 1 April	1,367	961
Net change in cash and cash equivalent balances	291	406
Balance at 31 March	<b><u>1,658</u></b>	<b><u>1,367</u></b>
The following balances at 31 March were held at :		
Government Banking Services	1,658	1,367
Balance at 31 March	<b><u>1,658</u></b>	<b><u>1,367</u></b>

**9 Trade payables and other current liabilities**

	2011-12	2010-11
	<u>£000s</u>	<u>£000s</u>
<b>Amounts falling due within one year:</b>		
Trade payables	36	15
Accruals*	197	187
Other tax and social security	63	66
Other payables	35	35
	<u>331</u>	<u>303</u>
<b>Amounts falling due after more than one year:</b>		
Accruals*	65	94
	<u>65</u>	<u>94</u>

\*Within accruals £94k (2010-11 £123k) relates to rent free premises for Victoria Square House of which £65k relates to falling due after one year.

**9.1 Intra-Government Balances**

	Amounts falling due within one year		Amounts falling due after more than one year	
	2011-12	2010-11	2011-12	2010-11
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Balance with other central government bodies	100	74	-	-
Balance with local authorities	-	-	-	-
Subtotal: intra-government balances	100	74	-	-
Balances with bodies external to government	231	229	65	94
<b>Total creditors at 31 March</b>	<u>331</u>	<u>303</u>	<u>65</u>	<u>94</u>

**10 Provisions for liabilities and charges**

	<u>£000s</u>
Balance at 1 April 2011	95
Provided in year	-
Provision not required written back	-
Provision utilised in year	(72)
Unwinding of discount	-
<b>Balance at 31 March 2012</b>	<u>23</u>
Balance at 1 April 2010	-
Provided in year	95
Provision not required written back	-
Provision utilised in year	-
Unwinding of discount	-
<b>Balance at 31 March 2011</b>	<u>95</u>

Provision provided for office relocation costs.

**10.1 Early departure costs**

	<u>£000s</u>
Balance at 1 April 2011	38
Provided in year	2
Provision not required written back	-
Provision utilised in year	(20)
Unwinding of discount	1
<b>Balance at 31 March 2012</b>	<b><u>21</u></b>

Analysis of expected timing of discounted cash flows

	<u>£000s</u>
Not later than one year	8
Later than one year and not later than five years	13
Later than five years	-
<b>Balance at 31 March 2012</b>	<b><u>21</u></b>

	<u>£000s</u>
Balance at 1 April 2010	86
Provided in year	2
Provision not required written back	-
Provision utilised in year	(52)
Unwinding of discount	2
<b>Balance at 31 March 2011</b>	<b><u>38</u></b>

Analysis of expected timing of discounted cash flows

	<u>£000s</u>
Not later than one year	18
Later than one year and not later than five years	20
Later than five years	-
<b>Balance at 31 March 2011</b>	<b><u>38</u></b>

The Early Retirement provision relates to the costs of pensions for individuals who have retired early. We meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. We provide for this in full when the early retirement programme becomes binding on us by establishing a provision for the estimated payments discounted by the Treasury pension rate of 2.8 per cent in real terms.

**11 Capital commitments**

	2011-12	2010-11
	<u>£000s</u>	<u>£000s</u>
Contracted capital commitments at 31 March for which no provision has been made	-	-
	<u>-</u>	<u>-</u>

**12 Commitments under leases**

## Operating leases

The total future minimum lease payments under operating leases are given in the table below for each of the following periods. The building costs include a service charge and insurance. This is based on the current information available and these estimates may be revised under the lease.

	2011-12	2010-11
	<u>£000s</u>	<u>£000s</u>
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	569	673
Later than one year and not later than five years	894	1,535
Later than five years	-	-
	<u>1,463</u>	<u>2,208</u>
Other:		
Not later than one year	156	81
Later than one year and not later than five years	65	-
Later than five years	-	-
	<u>221</u>	<u>81</u>

**13 Contingent liabilities disclosed under IAS 37**

There are no contingent liabilities as at 31 March 2012.

**14 Losses and special payments**

There were no losses or special payments reportable during the year.

**15 Events after the reporting period**

There were no reportable events after the reporting period.

**16 Financial instruments**

As the cash requirements of CCWater are met through Grant in aid provided by Defra and the Welsh Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the CCWater's expected purchase and usage requirements and CCWater is therefore exposed to little credit, liquidity or market risk.

**17 Related Party Transactions**

CCWater receives grant in aid from Defra. Defra and Welsh Government are CCWater's sponsoring departments

CCWater has had a small number of transactions with other government departments and central government bodies.

CCWater sublets parts of the Bristol offices to Consumer Focus and receives rental income; during 2011-12 £18k was received.

CCWater has a Memorandum of Terms of Occupation (MOTO) agreement for the Wales and Cambridge Office with Department for Works and Pensions, London Office with DEFRA, Darlington office with the Department of Education and the Exeter office with Natural England. No Council Board member, key manager or other related parties has undertaken any material transactions with CCWater during the year.





Published by TSO (The Stationery Office) and available from:

Online [www.tsoshop.co.uk](http://www.tsoshop.co.uk)

Mail, telephone, fax and email

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/general enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

Email: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone: 0870 240 3701

The Parliamentary Bookshop

12 Bridge Street, Parliament Square, London SW1A

2JX

Telephone orders/general enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: [bookshop@parliament.uk](mailto:bookshop@parliament.uk)

Internet: <http://www.bookshop.parliament.uk>

TSO@Blackwell and other accredited agents

ISBN 978-0-10-297845-2



9 780102 978452