
Consumer Council for Water

Annual Report and Accounts 2018-19

For the year ended 31 March 2019

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PERFORMANCE REPORT

Chief Executive's Statement

In 2018-19, the Consumer Council for Water (CCWater) continued to speak up for water consumers, challenging the water industry and working with influential stakeholders in order to secure the best possible outcomes on behalf of consumers. Some of our key achievements from the past year are highlighted below.

The 2018-19 year began shortly after Storm Emma and the 'Beast from the East' wreaked havoc across England and Wales, leaving over 200,000 people without water for up to four hours. To understand the impact this had on consumers, CCWater conducted research in the worst affected areas, contributing its analysis and conclusions to Ofwat's wider review of the incident. This research revealed that consumers felt badly let down by water companies' poor communication, insufficient supply of alternative water supplies and inadequate support for consumers in vulnerable circumstances. CCWater challenged water companies to take on board its recommendations in the action plans they were required to submit to Ofwat in September, and called for Ofwat to take strong action should any of the company plans fail in future.

Further extreme weather brought the water industry under the spotlight once again in summer 2018, with high temperatures and low rainfall bringing issues like leakage, water consumption and resilience to the forefront of political and media scrutiny. CCWater was a vocal advocate for the consumer throughout, using the increased public focus on the industry to shine a light on its recently-published research, including the Water Matters annual tracker survey and a resilience report entitled *Water, water everywhere? Delivering resilient water & waste water services*. During the heatwave, we received extensive media coverage, putting spokespeople forward to appear in national and regional media to discuss the impact that dry weather, hosepipe bans, leakage and shareholder dividends have upon consumer perceptions. Coverage for CCWater included appearances on BBC Breakfast, BBC 5Live Breakfast and *Wake Up to Money*, BBC Radio 4's *Today Programme*, and BBC's *Newsnight*.

Our quick response to unfolding events enabled us to secure unprecedented media coverage for CCWater and its consumer advice in 2018-19, with a total potential audience reach of more than 322 million. In 2018-19, more than 3 million people also interacted with CCWater online by visiting our website or liking and sharing our content on social media. Our online tools have continued to attract a large number of visitors to our website in 2018-19, providing essential help to those who may be struggling financially. Our water meter calculator attracted over 300,000 visits, generating potential customer savings of over £19.7 million since April 2018. In addition to this, our Benefits Calculator helped 3,282 users identify a total of £10.1 million in potential benefit entitlements during the 2018-19 period.

Against the backdrop of increased levels of scrutiny around the legitimacy of the water industry, the 2019 Price Review (PR19) continued to provide an opportunity for CCWater to affect real change on the future of the water sector's consumer landscape, and we have actively participated in this process at both regional and national levels to ensure that consumers' voices are heard as key decisions are made. Supported by its wealth of independent research and bespoke customer acceptability testing, CCWater is able to provide an important consumer perspective to Ofwat on the potential impact of bill levels, financial incentives, affordability schemes and resilience, challenging water companies to show more ambition in delivering the aspects of service customers care about most.

Looking ahead to the next financial year – as this price review draws to a close – CCWater will continue to influence key milestones in the process as part of its overarching mission to ensure that future pricing and investment reflects true value for money for bill-payers.

The end of the 2018-19 year marked the approach of the second anniversary of the opening of the retail water market in England. CCWater has continued to monitor the progress of the market in terms of customer awareness and complaint levels, and has publicly challenged poor performing retailers to improve their marketing – particularly to small, medium and micro businesses – while resolving the root causes of customer complaints. Non-household complaints handled by CCWater more than tripled during the first year of the market and have shown little sign of receding in the past 12 months, with the increase being driven by a small number of poor performing larger retailers. Despite these challenges, almost nine out of ten business customers in England who have switched supplier expressed satisfaction with the process, showing that once retailers reduce complaints and improve customer awareness, confidence and activity in the market should continue to grow.

Securing more help for consumers struggling to pay remains a top priority for CCWater, and our campaign to eradicate water poverty continued through 2018-19 and beyond. We have maintained our pressure on water companies to expand the help available and increase consumer awareness of this assistance. Latest figures from 2018-19 show that the number of customers supported through social tariff schemes increased by 17% to more than 460,000, with around £100m worth of support now being delivered through those schemes on an annual basis. This is encouraging progress, however we still believe that water companies can do more to help those struggling to pay, so as we look ahead to 2019-20, we're calling on them to contribute some of their own funds towards these schemes, rather than relying on funding from other customers' bills.

In addition to holding water companies accountable for delivering value for money, CCWater applies the same high standards to its own operations. On average, CCWater's own cost increases have remained below the retail price index (RPI) for the past eleven years. We have continued to run our operations at a cost of just 21p per bill payer for the eighth consecutive year.

As we look ahead to 2019-20, we are reaffirming our position as a campaigning organisation by focusing our efforts on five key campaigns which address fundamental customer detriments across the water industry in England and Wales. These are: continuing pressure on poor performing water companies; getting companies to share their estimated £500m windfall from financial outperformance¹ with customers to improve service levels or reduce bills; a price review (PR19) that delivers for consumers; securing more help for consumers in vulnerable circumstances and a non-household retail market that works better for customers. We look forward to maintaining a strong industry presence in the coming year, to ensure that the decisions we're influencing today deliver tangible results for all water consumers, now and in the years to come.

Tony Smith
Chief Executive
4 June 2019

¹ This figure relates to the first three years of the current five-year period – April 2015 to March 2018

Statement of purpose, objectives and activities of CCWater

The objective of this Performance Report 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 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, including the risks and uncertainties facing us.

CCWater is a non-departmental public body (NDPB) in England and a statutory body in Wales, sponsored by Defra and Welsh Government respectively. We were 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, 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 consumers 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; and
- to investigate any matters of interest to consumers that are not necessarily the subject of a complaint.

The Water Act 2014 gave CCWater some additional responsibilities, which involve being consulted on:

- the development of market codes and some charging issues in the lead up to the opening of the non-household retail market to greater competition;
- the development of regulations that will set the conditions upon which an incumbent water company will be able to exit the non-household retail market;
- requests by incumbent water companies to exit the non-household retail market;
- charging guidance issued by both the Department for Environment, Food and Rural Affairs (Defra) and Welsh Government;
- water companies' charges schemes;
- the supply of water to water companies by third parties, such as farmers;
- changes to water company licences to allow redress schemes. The Water Redress Scheme, known as WATRS, came into being on 1 April 2015; and
- the UK and Welsh Governments' strategic priorities for Ofwat.

We must also represent the interests of consumers supplied by new entrants to the market; require, when necessary, information from the water supply or sewerage licensee; and deal with complaints from customers of water supply and sewerage licensees. CCWater also has super-complainant status under the Enterprise Act 2002.

Under the Water Industry Act 1991, as amended by the Water Act 2003, the Secretary of State for the Department for the Environment, Food and Rural Affairs (Defra), 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, statement of financial position and cash flows for the financial year.

Alignment with UK Government and Welsh Government strategies

To ensure we play our part in helping deliver on government objectives, CCWater's activities in 2018-19 were aligned with the strategies set out by both Defra and the Welsh Government. These include the [25-year environment plan](#)², [Defra Group Strategy](#) (*Creating a great place for living: together we are building a green and healthy future*³) and in particular the two over-arching priorities of protecting consumers and securing long-term resilience, set out in the Government's Strategic Policy Statement for Ofwat, included in the Government's [Strategic Priorities and Objectives for Ofwat 2017](#)⁴.

About Defra's Strategic Priorities and Objectives for Ofwat:

1. **Protecting customers**

The water sector to go further to identify and meet the needs of customers who are struggling to afford their charges.

CCWater activity: Our strategic priority 'Advocate for affordable charges that all current and future consumers see as fair and value for money', ensures we have a focused look at the needs of customers who are struggling to pay, so we can identify and champion improvements. For example, one of our campaigns focuses on our view that the current social tariff arrangements mean customers face a 'postcode lottery' on whether they are eligible for help to pay.

2. **Assistance**

Companies to improve the availability, quality, promotion and uptake of support to low income and other vulnerable household customers.

CCWater activity: We deliver on this through two of our strategic priorities; the one mentioned above and 'Challenge water companies to provide their service right first-time, protect household and business consumers when things go wrong, and provide an easy-to-access service for all'. We campaign to improve the quality of support for low income and vulnerable household consumers. One way is by holding our successful industry 'affordability and vulnerability' seminars, where we share good practice and innovations. We also publish information to allow companies and wider stakeholders to consider what works, and where some companies need to do more, such as helping transient vulnerable consumers (as identified in our consumer research following the Beast from the East water supply interruptions). The number of people registered with their water company to receive priority services increased by 14.6% from 2016/17 to 2017/18 and we have already seen an additional increase of 8.1%⁵ from April 2018 to September 2018. We also campaign for more companies to input some of their profits into their social tariff pot, so the help can go further. United Utilities, Dŵr Cymru / Welsh Water and Yorkshire Water have all responded to this call, and we are urging others to follow their example.

3. **Securing long-term resilience**

The water sector should plan, invest and operate to meet the needs of current and future customers, in a way which offers best value for money over the long term.

CCWater activity: We primarily help deliver this through our strategic priority 'Press water companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term'. This last year, our efforts to support this objective have been through our work with water companies on their five-year business plan development. We have focused on ensuring they have considered future consumers, as well as meeting the priorities and expectations of consumers now. We have reviewed and challenged water companies' acceptability testing to ensure the results give a fair picture of whether customers think the price is acceptable for the services that will be received. There was mixed acceptability by customers of companies' plans, but we do not think any of the plans are the finished article, and continue to work on this.

² Defra's 25 year environment plan can be accessed online here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693158/25-year-environment-plan.pdf (13/05/19)

³ Defra's Group Strategy can be accessed online here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/753513/defra-group-strategy-2018.pdf (13/05/19)

⁴ Defra's Strategic Priorities and Objectives for Ofwat can be accessed online here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/661803/sps-ofwat-2017.pdf (13/05/19)

⁵ These figures are unaudited

4. **Small Business**

Water companies should have an enhanced focus on the needs of small business customers that may struggle to access the best deals.

CCWater activity: We help deliver this work through our strategic priority 'Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them'. We have used our research and complaints intelligence and first hand experiences of customers and their representative groups to respond to all relevant consultations from government, the regulator and market operator that look at how customers are protected and the market incentivises performance. Following CCWater's advice, the regulator has sought to strengthen protection for retail exit customers and the market operator has increased its focus on how customers ought to benefit from retail performance.

We continue to use channels like the business customer forum and our close working relationship with membership bodies to make sure that we can maintain a dialogue with small businesses.

5. **Making markets work**

The sector should drive innovation and achieve efficiencies in a way that takes account of the need to further: (i) the long-term resilience of water and wastewater systems / services and / or (ii) the protection of vulnerable customers.

CCWater activity: We help deliver this work through our work described above about our challenges to water companies during the price review and on the protection of vulnerable consumers.

6. **Water supply**

The sector should further a reduction in the long-term risk to water supply resilience from drought and other factors, including through new supply solutions, demand management and increased water trading.

CCWater activity: We primarily help deliver this through our strategic priority 'Press water companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term'. We have a history of campaigning on leakage levels, and this year argued that Ofwat's 15% leakage marker meant most companies would only use that base level in their business plans, rather than showing greater ambition. Seven companies have responded to our call and committed to leakage reductions of greater than 15% during the period 2020-2025, but there is more to do. We also engage in water efficiency research and education, often partnering with Waterwise and others.

7. **Wastewater**

Companies should improve planning and investment to meet the wastewater needs of current and future customers.

CCWater activity: We primarily help deliver this through our strategic priority 'Press water companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term'. We were part of the Water UK-led '21st Century Drainage Programme Board' – which is made up of all 12 sewerage companies in the UK and representatives of governments, regulators and environmental groups (see page 20 for more information) – and have used platforms such as conferences to encourage wastewater companies to improve their wastewater planning for current and future consumers. This was also part of our work with wastewater companies during the price review. We have challenged business plan proposals that have not sufficiently considered adequate maintenance, future investment planning or the views of consumers. There was mixed acceptability by customers of companies' plans, but there is still time in the process for companies to revisit their plans, so we continue to work on this.

8. **Resilience**

Water companies should make sure that they assess the resilience of their system and infrastructure against the full range of potential hazards and threats and take proportionate steps to improve resilience where required.

CCWater activity: We deliver this through our strategic priority 'Press water companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term'. This was also part of our work with wastewater companies during the price review. We have challenged business plan proposals that have not sufficiently considered resilience in the face of potential hazards.

We have also argued that companies should further the resilience of ecosystems that underpin the water and wastewater systems, by encouraging the sustainable use of natural capital and by having appropriate regard to the wider costs and benefits to the economy, society and the environment.

About the Welsh Government's objectives

In Wales, we work with the Welsh Government to ensure we play our part in helping it deliver the Water Strategy for Wales⁶, the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016. In the next few years we will work closely with Defra, the Welsh Government and water companies in Wales, on the commencement of the Wales Act 2017 provisions, which will realign the water industry regulatory boundaries in Wales from companies which are wholly or mainly in Wales (and operate under Welsh regulation) or England (and operate under English regulation) to companies which are Wales-only or England-only which, where they operate cross-border, take account of both English and Welsh regulation.

In 2018/19 our Wales region had some specific areas of work that required additional attention and resources from our Wales team:

1. Active participation in PR19 discussions in Wales.
CCWater activity: we have attended all customer challenge groups (CCGs) and Welsh Government PR19 forum meetings, and participated in discussions outside these forums. Our Wales team provided detailed written feedback throughout the process and we held our own bilateral meetings with both companies.
2. Supporting customers during the transition to Hafren Dyfrdwy from July 2018.
CCWater activity: In addition to our regular liaison we had additional meetings to help the new company prepare to make the transition as smooth as possible for its customers. Through our involvement there has been more clarity on communications with customers and we have identified data and reporting issues which the company has agreed to resolve. Through our liaison and PR19 work we have been successful in getting the company to work towards understanding customer issues and needs within its new geographical boundaries with a view to improving their services. When problems have arisen through the transition, the company has been more transparent in its root-cause analysis and mitigation.
3. Managing an increased number of debt management related complaints relating to Dŵr Cymru.
CCWater activity: We have monitored the increase in debt management related complaints from Dŵr Cymru customers to our team and worked with the company to help improve the way the company talks to its customers about debt issues.
4. Advising Hafren Dyfrdwy on the implementation of Welsh Government (non-owner) occupier (bad debt) regulations.
CCWater activity: We have provided detailed feedback on customer communications content, worked with external stakeholders and provided recommendations of good practice to the company in process of the regulations' implementation. Our last meeting in public for 2018/19 was dedicated to raising awareness on the regulations in the company's area.

We have continued to provide quarterly reports to Welsh Government on our activity relating to issues important to water and sewerage customers in Wales.

We also continue to work guided by the Water Strategy for Wales as it outlines an action plan for water resources and water and sewerage services in Wales and provides the context for our work in Wales (see below).

1. Leading on advice on affordable water bills and debt management.
CCWater activity: We work with both water companies in Wales in relation to their social tariffs and affordability assistance. In particular, we have begun a review of assistance schemes and offerings in both company areas triggered by the introduction of a new Wales only company (Hafren Dyfrdwy) and Dŵr Cymru reaching the limit of the cross-subsidy acceptable to its customers in the past. We have commented on and challenged all social tariff related research for both companies.
2. Working with Welsh Government and others on its plan to develop consistent messages to aid customer education on water debt management, water efficiency, and how consumers can engage with their water company.

⁶ The Water Strategy for Wales can be accessed online via the following link: <https://gweddill.gov.wales/docs/desh/publications/150521-water-strategy-for-wales-en.pdf> (13/05/19)

CCWater activity: We worked with both companies and other stakeholders in Wales – for example, Natural Resources Wales, Waterwise and the Welsh Government – to help promote appropriate messages to consumers. We have succeeded in getting Dŵr Cymru to acknowledge the importance of raising awareness of the metering option in Wales. We have raised the importance of reviewing a Waleswater efficiency action plan as part of the Water Strategy for Wales review. We continue to offer to collaborate on the establishment of a Water Efficiency Roundtable in Wales.

3. Ensuring good quality information is available to business customers about who is eligible to participate in the retail market, particularly for those customers in cross-border areas.

CCWater activity: We continue to work with Dŵr Cymru to ensure that it provides appropriate information to business customers and with Hafren Dyfrdwy to inform customers about the new company, which came into effect from 1 July 2018. We commented on most of the letters and material which were circulated to non-household customers by Hafren Dyfrdwy before 1 July 2018. As both companies remain responsible for non-household customers in Wales we continue to monitor non-household customer contact through our quarterly reports and we have incorporated updates from the relevant company teams in our quarterly liaison meetings. We continue with our requests to establish a similar relationship with Cambrian Water.

4. Working closely with the Welsh Government to help:

- a. Monitor the effectiveness of social tariffs
- b. Monitor the costs and benefits of market reform to inform future policy
- c. Understand the options, cost and benefits of transferring ownership of customers' water supply pipes to water companies

CCWater activity:

- a. We provide company performance data including take-up of social tariffs, WaterSure and other assistance and providing quarterly updates on the non-household retail market in England including how retailers are performing on complaints. Uptake on tariffs has increased for both companies in Wales, but we are planning analysis in collaboration with Hafren Dyfrdwy understand the needs of their new customer base in Powys.
- b. Our Regulation and Consumer Relations teams have been reporting on the increase of non-household complaints following the market opening in England to inform the Welsh Government's view on future market reform policy changes. Our Wales team informed the Welsh Government on any feedback identified from the non-household customer data we receive on a quarterly basis.
- c. Through our liaison we understand that there is still intention to explore the option of supply pipe transfer in Wales in the future. No additional data or input has been required by CCWater.

5. Working with other stakeholders to help deliver the aims and review the actions of the Water Strategy

CCWater activity: We participate in the Welsh Government's Wales Water Forum with other stakeholders to identify how best to deliver aspects of the Water Strategy for Wales through collaboration and cooperation. In addition to that our Local Consumer Advocates, Senior Policy Manager and Chair continue to regularly participate in discussions at the Water Health Partnership for Wales and its lead reduction task & finish group, the newly established Wales Water Management Forum (which replaced river basin management panels in Wales), Consumer Protection Partnership meetings and meetings of the Competition and Market Authority in Wales. Our team also delivered an annual stakeholder event and an awareness raising event at the National Assembly for Wales.

Performance Summary

A summary of CCWater's performance during 2018-19:

Challenging companies to provide their service right first time

- We dealt with over **13,000 customer complaints** and enquiries about water companies in 2018-19. This brings the total number of complaints and enquiries we have handled since 2005 to over 400,000. We met our case acknowledgement target but fell short of our case closure targets. This had a knock-on effect on customer satisfaction with various aspects of our service (see table on page 19).
- We continued to press water companies to **improve their performance and to get things 'right first time'** for customers. In September 2018 we reported only four of the water companies in England and Wales had seen an increase in written complaints from household customers. However, nine companies reported an increase in the number of telephone calls made by customers to companies to resolve issues. Although it was 10,000 fewer than the previous year at 2.13 million, there is no evidence of substantial improvement over the last two years. During 2018-19 we put pressure on three companies whose performance was particularly poor to take action to improve and by the end of March 2019 these companies were showing signs of improvement.
- Through direct involvement with non-household membership bodies and the media, we helped raise **awareness of the non-household retail market towards a target of 50%**. Following an initial increase in awareness amongst small and medium enterprises (SMEs), this has plateaued and remains at around 4 in 10 customers.

Advocating for affordable charges that are fair and value for money

- We secured **£2 million in compensation and financial redress** for customers during 2018-19. This brings the total amount we have helped return to household and non-household customers to more than **£29 million** since we were established in 2005.
- Our work to ensure all water companies offer social tariffs and promote these effectively to customers continues to help increase the number of customers receiving assistance. The number of customers supported through social tariff schemes **increased by a further 17% to 460,613** in the first six months of 2018/19. The value of the support being delivered through those schemes is now around **£100 million per annum**.
- Our benefits calculator and grants search tool continued to help low-income customers identify additional income to which they may be entitled. During 2018-19, 3,282 people used our benefits calculator to identify more than **£10.1 million** in potential benefit entitlements. A further 829 people used the grant search tool to find financial help.
- We also helped customers save water and money, with **over 300,000** visits to our water meter calculator in 2018-19. The total potential saving for these customers was estimated at over **£19.7 million**.
- We objected to the proposed licence variation following Severn Trent's takeover of Dee Valley Water because of the detriment to some of the customers affected. Severn Trent subsequently made commitments to Ofwat to keep wastewater bills for the **39,000 customers in parts of Wales flat** indefinitely. The proposed licence variation was approved and the new company, Hafren Dyfrdwy, which serves customers in Wales must now honour those commitments.
- This year, for the eighth consecutive year, our work cost each water bill payer just **21p**. Recent figures show that, on average, CCWater's own cost increases have remained below the retail price index (RPI) for the past ten years, with a keen focus on efficiency and value-generating cost increases that are below the rate of inflation.

Informing and engaging all consumers and stakeholders

- Customer research plays a key part in helping us to reflect customers' views on a wide range of issues. This year we published **4 research reports** which we used to develop our policy lines, to advise or influence the water industry, regulators and governments, and to inform stakeholders about customers' views on water issues, including retail competition and resilience in the water industry.

- Consumers had opportunities to see our messages in print, broadcast and online media with a total reach of more than **322 million** – an unprecedented level of media coverage for CCWater. For national media outlets including BBC TV and radio, The Times and the Financial Times, we have been the ‘go to’ commentator on water consumer issues.

Performance Analysis

CCWater continued to advocate for water and sewerage consumers in England and Wales, providing specialist support across a wide range of sectors. We helped ensure water consumers' views were central to the way the water industry was managed and regulated. Our key performance indicators were set out in our Operational Business Plan (OBP) for 2018-19. This performance analysis shows how we achieved our measures of success for each strand of work.

As part of our Forward Work Programme for 2018-21, we refreshed our strategic aim, which is supported by four strategic priorities, as follows:

Updated strategic aim: **Securing the best outcomes for all water consumers, present and future.**

The strategic priorities are:

- Advocate for **affordable charges** that all current and future consumers see as fair and value for money
- Challenge companies to provide their service **right first time**, protect household and business consumers when things go wrong and provide an easy-to-access service for all
- Press companies for **safe, reliable water and wastewater services** that all consumers can trust now, and in the long term
- Shape the water sector by **informing and engaging** all consumers so that consumers' voices are acted upon by decision-makers and the industry

ADVOCATE FOR AFFORDABLE CHARGES THAT ALL CURRENT AND FUTURE CONSUMERS SEE AS FAIR AND VALUE FOR MONEY.

Affordability

Around half a million low-income households are now receiving lower water bills following CCWater's work with all water companies to establish social tariff schemes and improve the promotion of these to the hardest to reach customers. Take-up of the schemes rose by 49% in 2017-18 and by a further 17% in the first half of 2018-19.

Our report: 'Water for All', published in October 2018 highlighted the progress that has been made by companies in addressing both financial and non-financial vulnerability, and in rising to the challenges we have set them on those issues.

We continue to promote the availability of social tariffs through media campaigns and our online social tariff guide. We have also worked with companies to identify opportunities to widen the scope of their tariffs through increased funding and to press for the adoption of our best practice recommendations, including those that emerged from the cross sector study undertaken by Sheffield Hallam University on behalf of CCWater.

Our affordability and vulnerability seminar in November 2018 brought together stakeholders including water companies, consumer bodies, and organisations which support the financially vulnerable, to share good practice and innovative techniques for delivering and promoting help.

Customers continued to benefit from using two online tools we launched in 2016 in partnership with poverty relief charity Turn2us. Our Benefits Calculator and Grant Search Tool enable consumers to discover whether they are entitled to further welfare benefits or assistance through grants. In 2018-19 3,282 consumers used the Benefits Calculator and identified that they may be eligible for annual benefits totalling more than £10.1 million. 829 customers used our Grants Search Tool to identify other potential sources of financial assistance.

WaterSure

WaterSure is a statutory tariff scheme⁷ that can cap the bills of some metered customers if they are on benefits and need to use a lot of water, either for medical reasons or because their household has a certain number of school-aged children. Our work with companies and our own promotion of the scheme has helped ensure a continued increase in take-up of this assistance.

Take-up of the scheme increased by 16% in 2017-18, and by a further 7% in the first half of 2018-19. More than 148,000 metered customers are now registered for help across England and Wales. Over the last five years the increase of customers registered on the WaterSure scheme has been 65.5%.

Fair charging

In line with the recommendations of the 2011 Review of Ofwat and Consumer Representation in the Water Industry (Gray Review), we continued our work with companies as they developed their annual charges to help ensure their policies were fair and did not lead to significant bill shocks for customers.

In February 2019, water companies announced that the average household water and sewerage bill in England and Wales would rise by £8 to £415 in 2019-20. This includes inflation and is in line with the price limits set by Ofwat, the industry regulator, in 2014. In most cases, companies are cutting bills or increasing them below inflation.

Our campaigning to raise awareness of the options for customers to save money on their bills continued to attract widespread national and regional media coverage, helping households to take more control of their charges. Customers using our meter bill calculator identified potential savings of over £19.7 million if they were to switch to a meter.

Supporting consumers in vulnerable circumstances

Making sure customers in vulnerable circumstances get the support they need from their water company remained high on our agenda in 2018-19. We continued to work closely with water companies to increase the consistency and levels of support that are available to customers with a wide range of additional needs. We also supported the industry's efforts to raise awareness of these schemes.

Our collaboration led to all 21 water companies branding their non-financial assistance scheme 'Priority Services'. Priority Services aim to provide additional, free support to customers who need extra help in accessing a company's services or to provide emergency assistance to vulnerable customers during periods of limited water supply.

The number of consumers registered for water companies' Priority Services rose from 344,164 in 2017-18 to 372,250 in the first half of 2018-19 - an increase of more than 8.2%

A wide range of stakeholders attended our inaugural Vulnerability and Affordability Seminar in November 2018, where we explored issues including good practice and new ideas in informing, supporting and protecting consumers in longer term and transient vulnerable circumstances, utility companies' roles in safeguarding customers and a project led by the UK Regulators Network to inform utility companies of when a power of attorney is in place.

We published two reports specifically focused on supporting customers in vulnerable circumstances. These were:

- [Water for all: affordability and vulnerability in the water sector 2017-2018](#)⁸
- [Vulnerability in the water sector – informing, supporting and protecting consumers](#)⁹

⁷ Water Sure is the brand name for The Water Industry (Charges) (Vulnerable Groups) Regulations 2015, which can be found online at: <http://www.legislation.gov.uk/ukxi/2015/365/made>

⁸ This report can be accessed online at the following URL: <https://www.ccwater.org.uk/research/water-for-all-affordability-and-vulnerability-in-the-water-sector-2017-18>

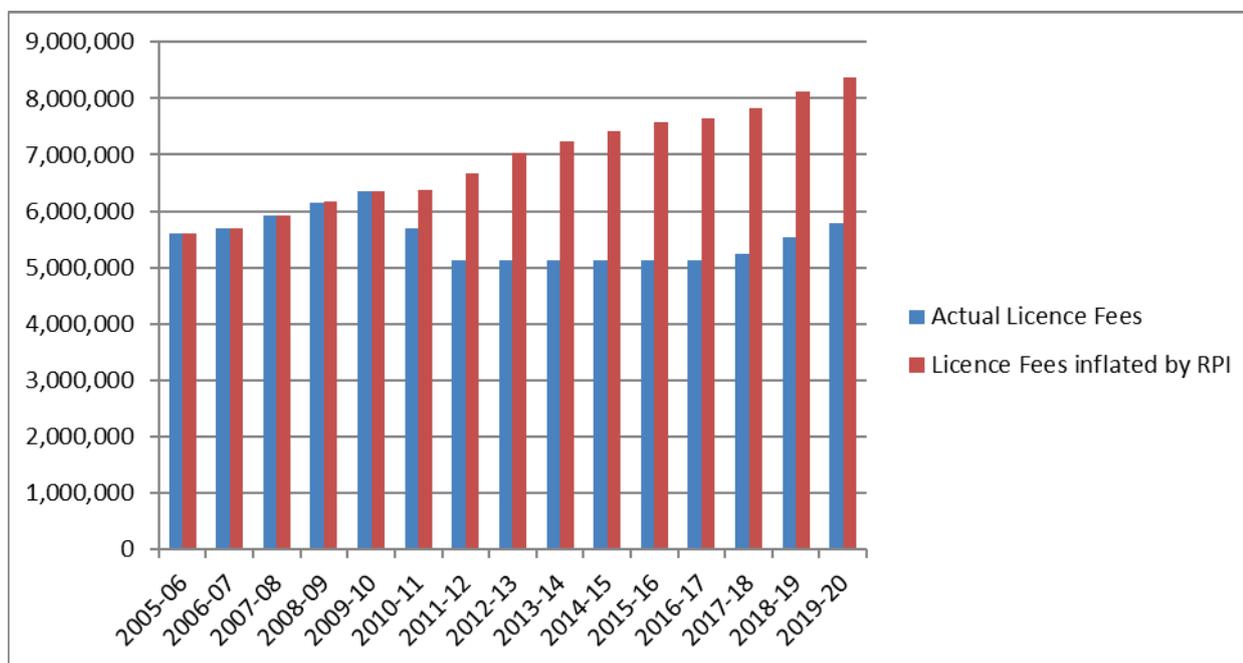
⁹ This report can be accessed online at the following URL: <https://www.ccwater.org.uk/research/vulnerability-in-the-water-sector-informing-supporting-and-protecting-consumers>

The severe freeze/thaw weather event of March 2018 impacted on many customers, and CCWater was quick to react to the water supply incidents suffered by many. We were in contact with companies and their customers during and after the incidents, and conducted research on customers’ experiences of the communication and service they received from their water company both during and after the incidents. Our report¹⁰ revealed that customers who self-identified as facing vulnerable circumstances felt they did not have access to the support they needed during the incidents. The report also highlighted several key service improvements that companies need to make.

We will use the recommendations set out in the report to encourage the industry to make improvements to the planning and preparations needed to ensure consumers are not left ‘high and dry’ again during a major incident.

Our Costs

We believe that keeping our costs to a minimum is important, as they are charged to consumers through water companies’ bills. For 2018-19 our licence fee was £5.53m. This cost each bill payer 21p and has remained the same since 2011/12. We have consistently kept our costs low by identifying savings that help us to avoid inflationary pressures, whilst still investing in our services. The graph below shows our actual licence fee year-on-year, compared to an inflation increase at the Retail Price Index (RPI) rate. The increase in our costs is less than RPI by an average of 3.3% per year. This means that in 2018-19 it was £2.6m lower than if we had applied the RPI inflation in each year.



CHALLENGE COMPANIES TO PROVIDE THEIR SERVICE RIGHT FIRST TIME, PROTECT HOUSEHOLD AND BUSINESS CONSUMERS WHEN THINGS GO WRONG AND PROVIDE AN EASY-TO-ACCESS SERVICE FOR ALL.

In 2018-19, we continued to press companies to improve their service and reduce the number of complaints they receive from customers. Based on data from our Household Complaints Report, published in September 2018, we identified concerns with three companies relating to how they compared to the rest of the industry for their written complaints and unwanted telephone contacts and their lack of improvement since the previous year. Our Regional Chairs asked Southern Water, SES Water and Bristol Water to provide us with quarterly updates on what actions they were taking to reduce their complaints or unwanted contacts. At the end of the year all companies reported improvements.

¹⁰ This report can be accessed online at the following URL: <https://www.cewater.org.uk/research/customers-experiences-of-water-supply-interruptions-following-the-freeze-thaw-events-of-march-2018>

By the end of quarter 4, we had received more than 13,000 consumer complaints and enquiries about water companies and retailers. This is a decrease of 24% compared to 2017-18 and gives the impression of a quieter year, but this is not the case.

Complaints

Looking at complaints, we received 17% more complaints in 2018-19 than the year before. Most of this has been driven by sustained high complaint numbers from non-household customers, with complaints about retailers increasing by 45% compared to 2017-18. We saw these customer complaint numbers increase in the latter half of 2017-18 and there has not been a decline in the increased contact levels. The majority of complaints are from a handful of retailers, with whom we have worked throughout the year to address root causes of issues and help the retailers resolve customer issues directly at first point of contact. We have also seen an increase, albeit smaller, from domestic customers about wholesalers, with numbers increasing by 4.5% year on year.

Enquiries

Turning to enquiry contacts, the number of enquiries we have registered in 2018-19 is notably lower than that of 2017-18; some 7,000 fewer enquiries (-78%). We changed our telephone reporting capabilities early in 2018-19 so no longer record transactional enquiries (such as asking for company contact details) on our CRM system. Last year, over 80% of our enquiries were received by telephone (7,678 enquiries), this year only 40% of our enquiries have been received by telephone (812 enquiries). However, our incoming telephone traffic has not decreased; we took 25,700 calls in 2017-18 and 28,000 in 2018-19. So whilst we have not created cases for brief enquiries, we have still taken the telephone calls that led to them in previous years.

Contacts to CCWater from Customers	2018-19	2017-18	2016-17	2015-16
Enquiries	2,019 ¹¹	9,165	10,699	8,453
Complaints	11,254	9,650	8,715	9,991
Formal Investigations ¹²	65	29	7	18

Our performance against our OBP targets in dealing with complaints about water companies (wholesale and retail companies) is shown in the table overleaf.

We exceeded our complaint acknowledgement target but failed to meet our targets for closing complaints in 20 and 40 working days. The sustained, increased complaint levels that we experienced throughout 2018-19 left us with a backlog of complaints that, despite bringing in additional resource, took us until Q3 to catch up with. This had an inevitable effect on our closure targets and also on customer satisfaction with our service. We have enhanced our reporting and forecasting to allow us to better plan for high levels of contact – be they predicted or not. We have also improved our ability to deploy additional resource at short notice to enhance both our telephony and complaints handling, through contracts and secured additional funding. We ended the 2018-19 year with no complaint backlog and achieving the 20 and 40 day targets. This puts us in a strong position going into 2019-20.

	2018-19		2017-18		2016-17		2015-16 ¹³	
	OBP target	Achieved	OBP target	Achieved	OBP target	Achieved	OBP target	Achieved
Acknowledged in 5 working days	99.5%	99.7%	99.5%	99.7%	99.5%	99.6%	99%	99.9%
Closed in 20 working days	80%	76.4%	80%	80.0%	80%	80.4%	78%	82.4%
Closed in 40 working days	91%	88.7%	91%	92.4%	91%	92.1%	90%	92.6%

During the year we surveyed up to 100 customers a month to find out how satisfied they were with all aspects of our service. We exceeded our target for customer satisfaction with our courtesy but fell short of our targets for

¹¹ Substantial decrease due to a change in reporting rather than a decrease in contact. Please see commentary for details.

¹² We conduct a formal investigation into a complaint if it has exhausted a company's complaints procedure but we are unhappy with the outcome and see an avenue for challenge.

¹³ We reduced our OBP targets in 2015-16 slightly from the previous year to reflect potential disruption and skills loss during the restructure of our complaints handling function. We increased our targets again in 2016-17

overall satisfaction with service, complaint outcome and speed, Naturally, we are disappointed with this performance.

A combination of factors across the first half of the year, including higher than expected complaint contact and getting additional resource in place to meet business need, resulted in low satisfaction levels in quarters one and two. However, work that we undertook during that period, to better forecast contact levels and in having greater flexibility to adjust resource quickly and appropriately, have meant that satisfaction with our service has increased month on month since September 2018. We ended Q4 exceeding our OBP target for satisfaction with the quality of our overall service (77% satisfaction against a 75% target). We have also seen improvement across our other satisfaction measures.

We believe that the changes we have made during 2018-19 puts us in a stronger position to meet and/or exceed our OBP performance and satisfaction targets in 2019-20.

Customer satisfaction with all aspects of CCWater's complaint handling	2018-19		2017-18		2016-17		2015-16 ¹⁴	
	OBP target	Achieved	OBP target	Achieved	OBP target	Achieved	OBP target	Achieved
Outcome of the complaint	61%	54.7%	61%	63.5%	61%	62.5%	58%	60.4%
Speed	80%	66.4%	80%	69.1%	80%	77.2%	79%	81%
Service	75%	67.9%	75%	73.3%	75%	75.9%	72%	73.8%
Courtesy	93%	93.7%	93%	93.5%	93%	93.6%	90%	92.8%

Complaints to the Parliamentary and Health Service Ombudsman

If a consumer remains dissatisfied about the way CCWater has dealt with a complaint they can, with the support of their MP, refer the matter to the Parliamentary and Health Service Ombudsman (PHSO). The PHSO has not informed us of any investigations it has made into our case handling in 2018-19.

Water Redress Scheme (WATRS)

If a case has exhausted a water company complaint procedure and CCWater feels there is nothing further it can achieve, a consumer who remains dissatisfied with the outcome can refer their complaint to the Water Redress Scheme (WATRS). This is an independent adjudication scheme. At the end of 2018-19, 451 consumers had approached WATRS. This is around 4% of all complaints that we closed in the year. Consumers have six months from the time we close their case to go to WATRS, so this number may increase over the coming months. Of the applications received and closed by WATRS, 122 customers (27% of cases) received a decision that required their company to take further action to resolve the case.

PRESS COMPANIES FOR SAFE, RELIABLE WATER AND WASTEWATER SERVICES THAT ALL CONSUMERS CAN TRUST NOW, AND IN THE LONG TERM.

Helping consumers to use water wisely

For the second consecutive year, we were one of the sponsors of Water Saving Week, a week-long campaign organised by Waterwise every Spring to encourage people to value water and use it wisely. This year, we sponsored Toilet Tuesday and were active on social media, providing advice on increasing water efficiency by checking for leaks.

Working alongside other industry stakeholders including water companies, academics and environmental organisations, CCWater has actively participated in the development of an industry-wide 'LoveWater' campaign, which is jointly led by the Environment Agency and Water UK, and aims to encourage people to change behaviour in relation to the way they value, consume and protect water. The partnership will develop and implement an umbrella communications campaign using a shared identity and common messaging to maximise reach and impact. The campaign is due to be launched in summer 2019, with CCWater represented on several workstreams.

¹⁴ We reduced our OBP targets in 2015-16 slightly from the previous year to reflect potential disruption and skills loss during the restructure of our complaints handling function. We increased our targets again in 2016-17

Leakage

Our water resilience report – entitled *Water, Water, Everywhere: delivering resilient water and waste water services* – was published in August 2018 and revealed that the amount of water lost through leaky pipes had risen for the second consecutive year during 2017-18. This was a 1.5% increase compared to the previous year, with water companies in England and Wales losing 3.17 billion litres of water every day. We used the publication of the report to challenge the companies to start making changes to reduce leakage immediately, rather than waiting until 2020, the start of the next price review period. Our report also warned water companies that they risked dampening consumers' enthusiasm to use water wisely unless they did more to address this issue. We will continue to keep pressing companies to reduce leakage.

Supply interruptions

The average amount of time consumers were left without running water rose to 22 minutes per property in 2018-19 (from 10 minutes 45 seconds in the previous year), primarily because of the widespread supply interruptions experienced during the 'Beast from the East' weather event in early 2018. We worked with Ofwat on their review of water companies' responses to this, carrying out customer research to find out how consumers were affected, and conducting analysis for Ofwat in the areas of compensation and vulnerability. Our input highlighted the importance of water companies providing support to all consumers, looking beyond the Priority Services Register to include those who found themselves in vulnerable circumstances either temporarily or unexpectedly. As a result, Ofwat called for all water companies to publish 'action plans' outlining how their approach to preparing for operational failures has improved, and we shall continue to challenge companies to deliver on these plans.

While interruptions to supply still occur, we will continue to:

- Push companies to keep this to a minimum;
- Monitor the poorer performing companies and challenge any upward trends; and
- Press companies to communicate effectively with customers to avoid unnecessary disruption.

Wales Water Forum & PR19 Forum

We contributed to both Wales Water Forum events which the Welsh Government held in 2018-19. There were fewer meetings this year because of Government officials' increased workload associated with EU Exit and Ofwat's 2019 Price Review. Matters discussed included the weather events of 2018 (Storm Emma and the dry summer); catchment management; Drainage & Wastewater Management Plans (DWMPs); Natural Resources Wales' Area Statements and State of Natural Resources Report; climate change adaptation; the Welsh Government's national flood strategy; and the role of the new National Infrastructure Commission for Wales.

With regard to Ofwat's 2019 Price Review, we contributed to the Welsh Government's PR19 Forum, which took place on three occasions during 2018-19. There were two events in July, examining with each of the water companies in Wales the ongoing development of their business plans. In August we took part in a follow-up event, which afforded an opportunity for key stakeholders including ourselves and the quality regulators – the Drinking Water Inspectorate and Natural Resources Wales – to compare notes and discuss any outstanding concerns about the companies' business plans, without them being present. The companies' plans – and the reports of their Customer Challenge Groups – were to be submitted to Ofwat in early September.

Sewer flooding

We were part of the Water UK-led '21st Century Drainage Programme Board' which is made up of all 12 sewerage companies in the UK and representatives of governments, regulators and environmental groups. In October 2017 the group set out how it proposes to ensure that the UK's drainage systems will meet the twin challenges of climate change and population growth over the next 25 to 50 years. We were encouraged by the progress made by this group across several areas that would benefit consumers and those customers who are affected by flooding from sewers. We are therefore very disappointed that the Board was disbanded in 2019.

We were helping to lead the strand of work to reduce sewer misuse, which can lead to flooding. Water and Sewage companies (WaSCs) spend around £90 million per year unblocking sewers and drains that had clogged up because of inappropriate items being flushed down the toilet or poured down the sink. During 2018-19 we continued to press for a national campaign, involving water companies as well as environmental and customer groups. We are disappointed that little progress has been made in this area but we will continue to press companies. We are however, pleased that there has been progress in developing a Water Industry Standard and test for wet wipes. One manufacturer has already been awarded the "Fine to Flush" standard and we hope that many more will begin giving consumers the choice to purchase products that do not block sewers and drains. We are also pleased with the progress companies have made in developing a framework for Drainage and Wastewater Management Plans. We will continue to work with the steering group during 2019-20.

We again worked with Southern Water on their ‘The Unflushables’ campaign, which helps consumers understand the impact of flushing wet wipes and sanitary products and the simple steps they can take to help stop it. The campaign won an award last year and we hope this year it will receive similar plaudits.

As part of our work on Ofwat’s Price Review we have reviewed water companies’ business plans for 2020-25, and are generally encouraged by the overall commitment to sustainable drainage systems, innovation such as smart sewer schemes and that some companies are leading on groups to work in partnership with other stakeholders. We will continue to press companies to work harder to eradicate sewer flooding and the misery it causes to the families and communities that it affects.

Sustainable drainage systems (SuDS)

SuDS offer a way to reduce the volume of surface water entering sewerage systems by directing it to, for example, specially built ponds and grassed swales. They can also reduce the risk of sewer flooding. The UK Government’s strategic priorities and objectives for Ofwat (covering water companies wholly or mainly in England) set out how companies are expected to develop a mix of solutions to meet current and future water management needs. Water and sewerage companies have committed to delivering SuDS projects as part of their PR19 business plans.

There are actions in the UK Government’s 25 Year Environment Plan for England (entitled *A Green Future: Our 25-year plan to improve the environment*¹⁵) to amend the National Planning Policy Framework, the Planning Practice Guidance and in the longer term, consider how amendments to the Building Regulations in England could encourage the uptake and long term maintenance of multiple benefit SuDS. Welsh Government announced that the Commencement Order for the implementation of SuDs on new developments was signed on 1 May 2018. This means that Schedule 3 of the Flood and Water Management Act 2010 became law as from 7 January 2019. From this date local authorities will act as SuDs Approving Bodies (SABs) and national standards for SuDs design will be mandatory. A revised National Planning Policy Framework was also published in July 2018.

Sustainable Development

CCWater has a statutory requirement to address sustainable development. This means that we actively encourage water companies to develop policies and approaches that aim to meet the needs of the current generation without compromising the ability of future generations to meet their own needs. Over the past year, we have taken this approach in all areas of our work but especially as follows:

- In our affordability work, we try to ensure that future generations will not have to pay too much for water by asking water companies to plan for the long term and to phase investments. We have challenged companies to develop their business plan proposals for 2020-25 within the context of a long-term strategy that will serve the needs of both current and future customers.
- Through our work with companies on their water resource and drought management plans, we ask them to consider how to meet the needs of customers in the future without having an unacceptable impact on the environment.
- By actively encouraging customers to use water wisely, this will help to secure water supplies for the future as we face growing pressures on our available water resources.
- By promoting customer behavioural change in the way that they dispose of fats, oils and grease, we aim to ensure that the sewerage system is used appropriately and will remain fit for purpose for the next generation and beyond.
- By actively encouraging water companies to adopt more sustainable ways of working. We support their increasing use of renewable energy as a means to reduce their greenhouse gas emissions, and encourage partnership working with other sectors to help reduce pollution in water sources.

¹⁵ The Government’s 25-year environment plan can be accessed online here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693158/25-year-environment-plan.pdf (13/05/19)

SHAPE THE WATER SECTOR BY INFORMING AND ENGAGING ALL CONSUMERS SO THAT CONSUMERS' VOICES ARE ACTED UPON BY DECISION-MAKERS AND THE INDUSTRY**Non-household retail competition**

On 1 April 2019, retail competition for non-households in England marked its second anniversary. Our assessment of the market so far is that it has yet to convince many business customers, small and medium sized enterprises (SMEs) in particular, that it has benefits to offer.

Of those customers who have switched supplier, nine out of ten expressed satisfaction with the process, however after non-household (NHH) complaints to CCWater tripled in the first year of the market, they increased again by more than 50% in 2018-19. The number of complaints to the largest retailers was disproportionately higher than their market share, which has done little to improve market reputation. Some complaints are taking too long to resolve as some retailers and wholesalers rely too heavily on the completion of standard forms rather than entering into open dialogue.

While we targeted some of the worst performers in our July 2018 NHH complaints report and in the trade media, we think some retailers (and wholesalers) could be straying close to breaching the codes that underpin the market.

Our research has revealed that few customers have realised any significant benefits. As yet, added value services, particularly around water efficiency have not been offered, or taken up by most customers. Positively, we have seen a commitment from most trading parties to work toward greater consistency. Wholesalers have welcomed our advice on moving to policies that would mean that retailers and customers across England all receive a similar service. We have been working to get the industry to adopt good practice.

The market operator, MOSL, and CCWater continue to work together. CCWater has been calling on MOSL to put out more market intelligence around trading parties who aren't meeting performance requirements, such as reading meters in a timely manner.

Engaging stakeholders to produce benefits for customers

In 2018-19, we revised our Stakeholder Engagement Strategy to support CCWater's external communications activity and to strengthen the organisation's influence with key contacts in Parliament, local government, the water sector and the wider business community. The revised plan segments and prioritises key stakeholder groups and defines key objectives for each, to allow the impact of our engagement activity to be evaluated periodically. We have also taken proactive steps to further cement our strong relationships with key industry stakeholders – including Ofwat, the Drinking Water Inspectorate, company Customer Challenge Groups and the Environment Agency – for the benefit of water consumers.

Despite our opportunities to engage directly with Parliamentarians being limited by EU Exit, we have held several productive meetings with MPs and members of the House of Lords. Similarly, we have restricted our engagement with sponsorship teams in Defra and Welsh Government because of their workloads relating to EU Exit. On a number of occasions, we have assisted by providing information directly to Ministers and other Government departments in order to help Defra manage its additional workloads.

In July 2018, we provided written and oral evidence to the Environment, Food and Rural Affairs Select Committee in response to its inquiry into the regulation of the water industry. The committee's report reflected our views on the need for water companies to show more ambition in tackling leakage – as well as the scope for shortening the complaints process – while the Government's response supported CCWater's calls for a phased approach to compulsory metering.

We undertook a programme of meetings with key stakeholders, including Age UK, the Local Government Association (LGA), and our counterparts in Scotland and Northern Ireland to explore options for working more closely together on issues affecting consumers. We have also invited key water industry stakeholders along to our private Board meetings to discuss matters of common interest, and have hosted networking sessions for Board members of Ofwat and the Environment Agency to learn more about the others' work.

Additionally, because of the increased focus on the water industry in relation to its transparency and credibility in the eyes of consumers, we have engaged with a range of stakeholders including Government, HM Opposition, Water UK, campaigning organisations and trade unions.

CCWater's direct engagement with the public increased in 2018-19, with the introduction of 'vox pops' allowing members of the public to submit questions for water company leaders to answer during our public Board meeting in March 2019. Earlier in the year, we participated in a public engagement exercise on the Isles of Scilly, visiting five islands alongside other key stakeholders – including the Duchy of Cornwall and the Council of the Isles of Scilly – to discuss South West Water's plans to extend its licence area to adopt the current public water and wastewater infrastructure on the islands.

In Wales, we continue to maintain close links with Welsh Assembly Members, some of whom have attended our Wales Committee Meetings in Public. We also met privately with Welsh Government Ministers to discuss a range of topics including the 2019 Price Review, the transition from Dee Valley Water to Hafren Dyfrdwy and regulations that apply to landlords in Wales.

Communication

We used a mix of communication channels to inform consumers about issues that are important to them:

Media: In 2018-19 CCWater, our consumer advice and messages featured in media with a total potential audience reach of more than 322 million. This was spread across more than 2,158 pieces of media coverage online, in print and broadcast. This was the most media coverage CCWater has secured in a single year since our inception in 2005, surpassing the previous year's record of 218 million.

Website: We provide consumer support and information via our website and in 2018-19, the site attracted more than 436,000 visitors, exceeding our target of 400,000. Our increased presence on social media and TV coverage of our Water Meter Calculator helped our website to attract 22% more visitors than the previous year.

Water meter calculator: Our water meter calculator remains an invaluable tool in helping customers to identify whether they can save money by paying for their water by meter. Extensive media exposure and campaigning helped drive 300,000 visits to the online tool, helping customers identify potential savings of £19.7 million, £5.2 million more than in the previous year.

Social media: We continued to increase our activity and engagement across social media during the year in line with our social media strategy. In 2018-19, 2.58 million people interacted with our messages on social media through visiting our pages, liking or sharing our content. Our largest social media footprint remains on Twitter, where we attracted more than 1,470 new followers during the year.

In April 2018, we launched a new Instagram channel, which has continued to make steady progress, attracting more than 260 followers over the course of the year. Our messages on Instagram have reached more than 119,150 people and have been liked or shared over 3,037 times.

Stakeholder events: In 2018-19, we hosted two customer issues workshops, which enabled us to engage with a wide range of stakeholders from the water sector, Governments, regulators, and environmental and consumer bodies in England and Wales. London's event incorporated presentations from Defra, Ofwat and the National Infrastructure Commission, with a breakout session facilitating open discussion about a range of issues including water industry legitimacy and lessons learned by water companies on how best to support consumers in vulnerable circumstances during supply interruptions such as the 'Beast from the East'.

In Cardiff, the discussion also explored what, if any, impact the opening of the retail water market in England had upon non-household complaints in Wales, and how service for business customers in Wales compares. Stakeholders' views helped to shape our Forward Work Programme for 2019-22, which we published in March 2019.

In addition to this activity, CCWater representatives have delivered key presentations at a number of industry conferences including WWT Wastewater Conference, Future of Utilities: Water 2018 and Credit Strategy's Household Credit Conference.

STRATEGIC RISK

Information about the link between our performance outcomes and the strategic risks facing CCWater during 2018-19 is highlighted in the 'Managing risk' section of the Governance Statement on page 38.

Financial Summary

The main financial highlights are summarised below:

Operating Cost Summary	2018-19	2017-18
	<u>£000s</u>	<u>£000s</u>
Income		
Operating Income	-	-
	-	-
Expenditure		
Operating Costs	5,527	5,160
Net Operating Cost	<u>5,527</u>	<u>5,160</u>

The revenue budget for CCWater during 2018-19 was £5.69m. In addition to the £5.527m of revenue expenditure, we spent £26k on new assets, bringing our total in-year spend to £5.552m. CCWater managed this by delegating the budget to individual budget holders, based on our Forward Work Programme priorities and activities. Expenditure is monitored against budget on a monthly basis with formal quarterly budget holders' meetings.

Tony Smith
Chief Executive and Accounting Officer
Consumer Council for Water

4th June 2019

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

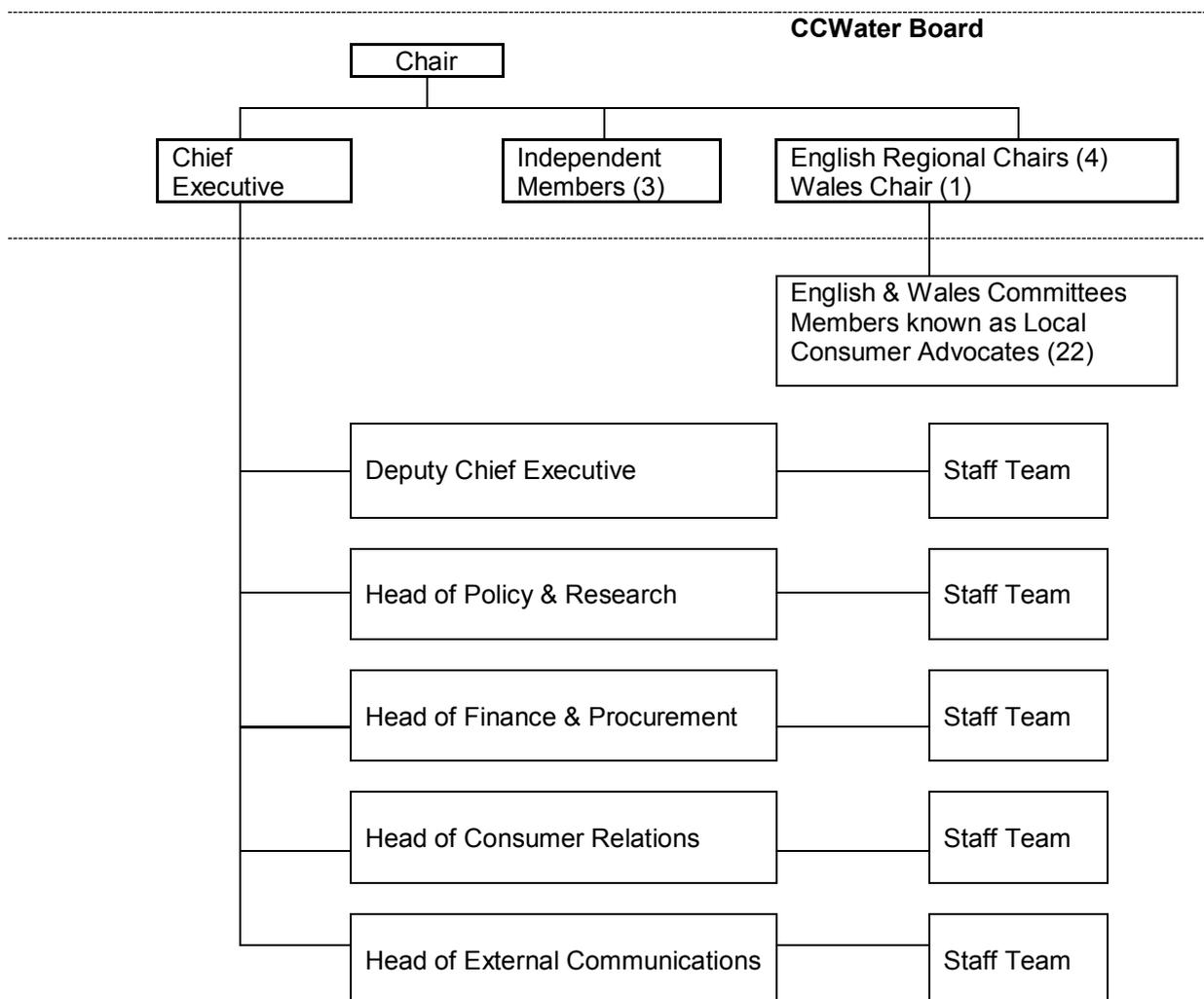
ACCOUNTABILITY REPORT

Corporate Governance Report

Directors’ Report

Organisational structure

CCWater consists of a national Council, known as the Board, four committees for England and a committee for Wales. Each committee has between three and five members, known as Local Consumer Advocates. The chart below shows the structure of the organisation at the year end.



Board Appointments

The membership of the Board during 2018-19 was:

		Appointed:	Re-Appointed:	Expires:
Council Chair	Alan Lovell	1 April 2015		31 March 2019
Chief Executive	Tony Smith	1 December 2005	1 December 2009 1 December 2013 1 December 2017	30 November 2021

England Regional Committees Chairs:

Northern	Robert Light	1 June 2015		31 May 2019
Western	David Heath	1 June 2015		31 May 2019
Central and Eastern	Bernard Crump	1 February 2013	1 February 2017	31 January 2021
London and South East Chair and Vice Council Chair	Tony Redmond	1 March 2013	1 March 2017	28 February 2021

Wales Committee:

Wales Chair	Tom Taylor	1 October 2015	30 September 2019	31 December 2018 (resigned)
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Independent Members:

Julie Hill	1 February 2014	1 February 2018	31 January 2021
Philip Johnson	1 February 2014	1 February 2018	30 May 2018
Alison Austin	1 July 2018		30 June 2022
Robert Wilson	1 July 2018		30 June 2022

During 2018-19 Defra appointed two new independent members, Alison Austin and Robert Wilson. These 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 reviewed annually and is available on CCWater's website www.ccwater.org.uk. CCWater also maintains a register of interests for its Local Consumer Advocates and Executive Team which are also updated on an annual basis.

The senior management team

The composition of the senior management team, known as the Executive Team, during 2018-19 was:

Tony Smith	Chief Executive
Phil Marshall	Deputy Chief Executive
Mike Keil	Head of Policy & Research
Carl Pegg	Head of Consumer Relations
Marie Perry	Head of Finance & Procurement
Amanda Caton	Head of External Communications

The Chief Executive was appointed by the Secretary of State as a member of the Board. His contract as Chief Executive is a standard open-ended contract with a six-month notice period. Defra reappoints the Chief Executive to the Board every four years. The Chief Executive, on his appointment, was designated as CCWater's Accounting Officer by Defra. The Human Resources and Remuneration Committee, based on performance assessment, decides on any annual increases to the Chief Executive's basic salary and performance bonus.

The contracts of Phil Marshall, Carl Pegg, Mike Keil, Marie Perry and Amanda Caton are standard open-ended contracts with a three-month notice period. Senior managers have declared that they held no company directorships or other significant interests that might have caused a conflict with their CCWater responsibilities.

Support services & spending control compliance

Since April 2010, with the exception of information technology (IT), internal audit and payroll, all support services have been provided in-house. IT infrastructure services were tendered during the year and Capita were re-appointed. Our web-based complaints management system is provided by Capventis. Our website and intranet are hosted by DXW. Payroll services are provided by CGI. In 2018-19, we have continued to operate within the Government's spending controls. Our CEO has delegated authority to approve external staff recruitment.

Payment of suppliers

CCWater achieved 100% against the Government target for paying agreed invoices within 30 days of receipt during 2018-19 (99.86% in 2017-18). 85% were paid within 5 working days compared to a target of 80% (87.6% in 2017-18). Creditor days were 2.77 days at 31 March 2019 and 1 day at 31 March 2018.

Health and Safety

CCWater is committed to the health and safety of its staff, visitors and any contractors working on its premises. We follow and encourage an open participative approach and staff are invited to take any concerns on health and safety matters direct to the Health and Safety manager or a Staff Council representative. We continue to promote safe and effective working practices for our home working colleagues during the year. We comply with the Health and Safety at Work Act 1974 and all other relevant legislation as appropriate. We are committed to the positive promotion of accident prevention and the elimination of accidents involving personal injury, illness or damage. At Board level, our Chief Executive is responsible for Health and Safety. Our Board sub-Committees and Staff Council meetings regularly discuss Health and Safety. There were no RIDDOR reportable incidents in 2018-19 and no working days lost to occupational illnesses or injuries. There were four internal accident forms completed.

Important events affecting CCWater

The industry's trade body, Water UK, appointed the Consumer Dispute Resolution Centre at Queen Margaret University (QMU) in Edinburgh to undertake an independent review of the final two stages of the industry's complaints handling process, namely CCWater and the Water Redress Scheme (WATRS).

CCWater has considered the report's specific recommendations to improve the customer experience in the post-company complaints process. On the whole we found the recommendations to be sensible and aimed at improving things for customers, which will continue to be CCWater's priority. We have commenced discussions with the body that oversees WATRS, Resolving Water Disputes (RWD), WATRS provider the Centre for Effective Dispute Resolution (CEDR) and water sector trade body, Water UK, to look to begin implementing the report recommendations in 2019-20.

Political donations

During the financial year 2018-19 CCWater made no donations to political parties.

Personal Data Related Incidents

There were no ICO reportable personal data breaches during the year.

Directors' statement and going concern

The Directors at the time of the approval of this report confirm that:

- so far as they are aware, there is no relevant information of which the Auditor is unaware; and
- all steps have been taken in order to make the Auditors aware of any relevant information and to establish that the Auditor is aware of that information.

The accounts for 2018-19 have been prepared on a going concern basis. Defra and the Welsh Government have agreed CCWater's 2019-20 revenue budget. CCWater is in a net asset position 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

4th June 2019

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

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 2018 to 31 March 2019.

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, statement of financial position, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the '2018-19 Government Financial Reporting Manual' (FRoM), and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the FRoM, have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going-concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Principal Accounting Officer for Defra has designated the Chief Executive of CCWater as the Accounting Officer for the organisation. The Accounting Officer is responsible for the propriety and regularity of the public finances. This includes keeping proper records and for safeguarding CCWater's assets, as set out in *Managing Public Money* published by the HM Treasury.

Accounting Officer's statement and going concern

The Accounting Officer at the time of the approval of this report confirms that:

- so far as he is aware, there is no relevant information of which the Auditor is unaware; and,
- all steps have been taken in order to make the Auditors aware of any relevant information and to establish that the Auditor is aware of that information.
- the Annual Report and Accounts as a whole is fair, balanced and understandable and takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement

This statement explains CCWater's governance arrangements, describes how risk is managed, and outlines our system of internal control and the stewardship of resources. It describes the effectiveness of these arrangements and how they support the Accounting Officer's responsibilities for the use of resources by CCWater.

Funding and classification

The joint sponsors of the organisation are Defra and the Welsh Government. CCWater is funded by water customers through a charge by Ofwat to water and sewerage companies in England and Wales. The charge is passed to Defra and the Welsh Government and CCWater draws its funds through grant-in-aid from Defra.

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

The organisational structure and Board appointments are shown in the Directors' report.

Board responsibilities

The CCWater Board is the governing body of the organisation and carries responsibility for setting strategic priorities and for promoting the efficient and effective use of staff and other resources, while ensuring that it fulfills 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 and the Welsh Ministers;
- ensuring that the responsible UK Minister and the Welsh Ministers are 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 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 departments of Defra and the Welsh Government, 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 the Welsh Government;
- 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 the Welsh Government that appropriate action has been taken on such concerns;
- demonstrating high standards of corporate governance at all times, including by using the Audit and Risk Management Committee to help the Board to address key financial and other risks;
- setting performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public resources; and
- conforming with CCWater's Welsh Language obligations in line with the Welsh Language Standards under the Welsh Language (Wales) Measure 2011.

Board membership

During 2018-19 the Board consisted of the Chair, four regional Chairs for England (one of whom has been appointed as Deputy Chair), a Wales Chair, three independent members and the Chief Executive. Appointments to the Board are made by the Secretary of State for Environment, Food and Rural Affairs; the Wales Chair is appointed by the Welsh Assembly Ministers. All appointments are for terms no longer than five years and Board members may be reappointed as their terms expire, but there is no automatic right to this.

Board members, the Board Committees that they served on and their attendance during the year are set out in the following table:

Name	Date of appointment	Board & Committee membership/attendance (number of meetings attended / eligible to attend)			
		Board	Audit and Risk Management Committee	Human Resources and Remuneration Committee	Advisory Committee
Alison Austin**	1/9/18	7/7	3/3 (Ch)		0/0
Bernard Crump	1/2/17	10/10		4/4	
David Heath	1/7/15	10/10		4/4	
Julie Hill****	1/2/18	10/10	4/5	4/4	1/1
Philip Johnson*	1/2/18	2/2	1/1 (Ch)		0/0
Robert Light	1/7/15	10/10	5/5		
Alan Lovell	1/4/15	10/10			
Tony Redmond****	1/3/17	10/10	2/2****	4/4 (Ch)	1/1 (Ch)
Tony Smith (Chief Executive and Accounting Officer)	1/12/05	10/10			
Tom Taylor***	1/10/15	6/8	2/3		
Robert Wilson**	1/9/18	7/7	2/3	3/3	0/0

Ch – Committee Chair

- * Philip Johnson's appointment to the Board and as Chair of the Audit and Risk Management Committee finished on 31 May 2018 (four month extension to previous appointment ending 31/1/18).
- ** Alison Austin and Robert Wilson were appointed to the Board from 1 July 2018 for four years
- *** Tom Taylor resigned from the Board on 31 December 2018, his appointment to the Audit and Risk Management Committee finished at the same time.
- **** Tony Redmond was appointed to the Audit and Risk Management Committee and left the Advisory Committee on 1 January 2019. At this time Julie Hill replaced by Tony Redmond as Chair of the Advisory Committee.

The Chair and Chief Executive are not members of any Board Committee but are invited to attend relevant meetings. Members of the Executive are invited to attend all Board meetings and relevant committee meetings. All Board members are required to declare potential conflicts of interest on appointment and at the beginning of each meeting they attend. They must also confirm annually that the register of their interests is up to date. Where actual or potential conflicts of interests are identified, Board members take no part in any discussion and are not involved in any decisions that relate to those interests.

The Register of Interests is published online at

<https://www.ccwater.org.uk/aboutus/our-people/board/boardregisterofinterests/>

Board discussions

Notwithstanding general customer service and affordability issues and the performance and legitimacy of the water companies and regulation, the Board's primary focus during 2018-19 has been on: the 2019 Price Review (PR19), oversight of the performance of the non-household retail water market, reinforcing customer priorities in tariff setting, long term water resources planning, oversight of CCWater's research programme and oversight of the CCWater governance arrangements.

Board Committees: responsibility and work

During the year ending 31 March 2019 the Board had the following committees:-

Audit and Risk Management Committee

The role of the Audit and Risk Management Committee is to:

- promote the highest standards of propriety in the use of public funds and encourage proper accountability for those funds;
- advise on matters that affect the financial health, probity or external reputation of the organisation;
- ensure the system of internal control complies with HM Treasury requirements; and
- ensure the internal systems promote a climate of financial discipline and internal control that help reduce the opportunity for financial mismanagement, will satisfy the organisation that it will meet its key objectives and targets and is operating in a manner that will make the most economic and effective use of resources available.

Human Resources and Remuneration Committee

The role of the Human Resources and Remuneration Committee is to:

- advise the Board on the initial appointment, remuneration terms and performance objectives of the Chief Executive;
- receive from the Chair recommendations in relation to performance objectives, salary changes and performance bonus of the Chief Executive and to determine on behalf of the Board if the Chief Executive should receive an increase in salary or performance bonus and the amount of any such increases
- act on the Board's behalf in relation to staff remuneration; and
- carry out monitoring and provide oversight of human resources matters.

Advisory Committee

The role of the Advisory Committee is to provide advice and assurance on national matters that form part of the Board's responsibilities and to undertake independent reviews of CCWater's complaint handling that may be required.

Regional and Wales Committees

During the year CCWater had four Regional Committees for England and a Committee for Wales. The Committees for England have between three and six members known as Local Consumer Advocates, one for each company within their respective regions. The Committee for Wales has five members to reflect the greater interaction with Government and stakeholders in Wales.

The primary role of the Local Consumer Advocates is to:

- advise and inform the Board on consumer matters in their local area;
- work at the local level, to develop implementation plans on key issues within a framework of priorities and policy positions established by the CCWater Board;

- liaise with and influence water companies on behalf of consumers to put consumers at the heart of their strategies and operations;
- engage with customers, consumers and communities at the local level to ensure their interests can be fully represented; and,
- develop local stakeholder relationships with those key agencies and organisations (including planning forums) whose decisions will have an impact on water consumers.

<u>Local Consumer Advocates 2018-19</u>				
Central & Eastern	London & South East	Northern	South West	Wales
Graham Dale	Claire Keatinge	Bhupendra Mistry	Mike Bell	Ronnie Alexander
Yvonne Davies	Penny Shepherd	Susan Waterson (appointed 3 September 2018)	Veronica O’Dea	Angela Davies-Jones
Gill Holmes	Ingrid Strawson	Colin Wilkinson (resigned 31 December 2018)	Gudrun Limbrick	Robert Gilchrist
Paul Quinn	Doug Thomas (appointed 15 October 2018)		Mike Short	Lee Gonzales
	Alison Thompson			Sian Phipps
	Caroline Warner			

Local Consumer Advocates are recruited in line with best practice in public appointments via fair and open competition and serve a maximum of ten years. They are expected to give a time commitment of four days per month and receive an annual remuneration of £4,510.

In 2018-19 CCWater undertook a total of two fair and open recruitment processes for Local Consumer Advocates. The recruitment panels included a Committee Chair and a CCWater Independent member.

Executive Team

The Executive Team is chaired by the Chief Executive and comprises CCWater’s Deputy Chief Executive, the Head of Policy & Research, the Head of Consumer Relations, the Head of External Communications and the Head of Finance & Procurement. The role of the Executive Team is to assist the Chief Executive in the day-to-day running of the business. The Executive usually meets weekly and decides, subject to the overall direction and control of the Board, on all matters relating to management and resources, as well as implementing the strategy and policy agreed by the Board.

Board’s performance

For 2018-19, the Board set itself six key objectives, as distinct from the organisation’s objectives set out in our Forward Work Programme and Operational Business Plan. The objectives and the Board’s assessment of its achievement against them is set out in the table below:-

Objective	Achievement
<p>1) Demonstrate strategic leadership and direction by:</p> <ul style="list-style-type: none"> - in line with CCWater’s strategic objectives and bearing in mind the views, priorities and 	<ul style="list-style-type: none"> - The Board held two half day strategy events that covered topics including PR19, the approach to company challenge at CCWater’s Board meetings in public, trust in the water sector,

<p>expectations of water consumers and other stakeholders and taking account of known and potential future challenges affecting water consumers, CCWater and/or the water sector:-</p> <ul style="list-style-type: none"> • Set the vision, aim and strategic policy direction for CCWater • Check that CCWater’s Forward Work Programme can deliver outcomes that will benefit water consumers while keeping CCWater costs affordable; <ul style="list-style-type: none"> - provide effective oversight of CCWater’s governance arrangements; - individually, provide oversight and challenge to the specialist area allocated [see table at end] <p><u>OUTCOME: CCWater is evidence-based and forward-looking, with clear strategic objectives and priorities, backed up by sound governance arrangements.</u></p>	<p>priorities for stakeholder management, the future of CCGs and CCWater’s response to Ofwat’s strategy refresh. The Board also carried out horizon scanning to inform its work planning and prioritisation.</p> <ul style="list-style-type: none"> - The Board agreed the 2019/22 Forward Work Programme that was drawn up taking into account the findings of CCWater research in relation to customer priorities and expectations. The programme was subject to formal consultation, and comments received during the consultation processes were taken on board in the final draft which was subject to challenge from the Board before approval. - The Board approved CCWater’s research and consultancy programme. - Throughout the year the Board maintained oversight of CCWater’s governance arrangements including:- an update in on its financial position at each of its meetings, consideration of issues around PR19 at each meeting, the annual review of the Code of Governance and oversight through its Audit & Risk Management and Human Resources & Remuneration Committees. The Board also received regular updates on non-household complaints to CCWater and progress against the stakeholder engagement plan. - In its deliberations the Board places an emphasis on the long term. - Individually board members have supported the work areas allocated to them, including providing advice and challenge to the research programme and attendance at research events, through membership of the Market Reform Strategy Group and PR19 Steering Group, IT Project Steering Group and working with WATRS.
<p>2) Further improve our relationships with stakeholders, both nationally in England and Wales and regionally</p> <p>While acting at all times in line with CCWater’s corporate values and behaviours:</p> <ul style="list-style-type: none"> - represent CCWater to stakeholders to deliver consumer outcomes in particularly:- <ul style="list-style-type: none"> • positively influence their views and perceptions of CCWater and its work. • hear about and address any relevant concerns raised by them. 	<ul style="list-style-type: none"> - The Board approved the 2018-19 stakeholder engagement plan - During the year the Board held five meetings in public (one in each of the four English regions and one in Wales) to engage with stakeholders on a range of topics including: the relationship between the water industry, tourism and agriculture, the challenges of pollution in the northern region, legitimacy and transparency in the water sector, issues around to water transfers for Welsh water companies and issues around social tariff harmonisations.

<ul style="list-style-type: none"> • articulate our aims and priorities and seek to achieve greater buy-in to our Forward Work Programme. • promote CCWater’s consumer advocacy role and its successes for water consumers. • build our regional and local stakeholder network and seek to identify suitable opportunities for partnership working. • promote innovation in the water sector. • influence the approach to any alternative industry model to deliver positive benefits for consumers. • maintain oversight of issues around the legitimacy of the water sector. • emphasise the national and regional focus of CCWater. <ul style="list-style-type: none"> - Regional/Wales Chairs add value to the Board’s work through the delivery of their local engagement plans and engagement with water companies - Independent members check that any apparent variations across regions are reasonable/justified <p><u>OUTCOME: CCWater is seen as a professional consumer body operating both nationally in England and in Wales and regionally that delivers outcomes for water consumers</u></p>	<ul style="list-style-type: none"> - Customers joined the Board meetings in public in the London and South East Region to ask a question of their water company and a ‘vox pops’ session at the Central and Eastern meeting gave customers the opportunity to put questions to companies by video. - During the period a number of initiatives have taken place to improve CCWater’s relationships with stakeholders nationally and regionally including for example:- <ul style="list-style-type: none"> • national stakeholder events; • Regional Committee meetings; • quarterly reporting to Defra and Welsh Government; • Welsh Government liaison meetings; and • attendance at the Wales Water Forum. - The Board met with the Chief Executive of Ofwat and the Chief Inspector of Drinking Water and some of the EA Board. - The Chair and Wales Chair met with Hannah Blythyn AM, Deputy Minister for Environment (Welsh Government). - The Chair and Chief Executive have met with a number of stakeholders including with the Ofwat Chair and Chief Executive; Luke Pollard, Shadow Minister for Flooding and Coastal Communities and Parliamentary Private Secretary to Shadow Environment, Food and Rural Affairs Secretary and the Chair and Chief Executive of Water UK. - The Chief Executive appeared before the Efra Committee to talk about the regulation of the water industry. - Regional/Wales Chairs have been interviewed by the media on a number of occasions including on several BBC local and independent commercial radio and TV stations in relation to the annual Customer Complaints Report, a fine for Thames Water for polluting of a tributary of the Thames and a fine for Northumbrian Water for water quality breaches.
<p>3) Provide support to the Executive Team by:</p> <ul style="list-style-type: none"> - providing guidance, advice, suggestions and critical challenge in relation to matters of policy development and practice. - acting as ‘critical friend’ to individual Executive Team members or senior managers. - providing feedback on the performance and behaviours of Executive Team members and other senior managers where appropriate. 	<ul style="list-style-type: none"> - The Board has considered and challenged significant policy matters during the year providing insight and guidance for the organisation. - Issues considered at the Board’s meetings in private in this period included non-household retail complaints to CCWater, freeze/thaw, water company financial performance, operation of the non-household market, water companies’

<ul style="list-style-type: none"> - supporting the Executive team in its review of the results of the Staff Survey and implementation of any actions. - encourage Executive Team members to empower senior managers. <p><u>OUTCOME CCWater Executive and Senior Managers are empowered and supported when developing policy positions and ideas.</u></p>	<p>Charges Schemes; and the post company complaints process.</p> <ul style="list-style-type: none"> - Board members provide critical friend support to members of the Executive Team as necessary throughout the year. - The Board considered the findings of the annual employee survey and monitored the implementation of the action plan arising from it. The Human Resources and Remuneration Committee also provided oversight to this matter.
<p>4) Achieve high-class Board behaviours by:</p> <ul style="list-style-type: none"> - act at all times in line with CCWater’s corporate values and behaviours. - adapt communication styles to reflect the preferences of others. - afford other Board Members and attendees at Board meetings the opportunity to speak openly and contribute fully. - contribute to robust Board debate and challenge in a courteous and respectful manner. - close out discussions, coming to firm conclusions and agreeing actions with realistic timescales that can be monitored and reported. - take collective responsibility for agreed Board outcomes and decisions. - Board members elevate interesting, unusual or controversial issues, with significant customer implications to the Board for discussion. - where they see and/or hear of concerns or possible problems, independent members challenge the Regional Chairs’ relationships with water companies to avoid capture. - promote equality, diversity and inclusion at all levels of the organisation. <p><u>OUTCOME: The Board is seen by CCWater staff and Executive as a cogent, high-performing team and not as a group of individuals.</u></p>	<ul style="list-style-type: none"> - The Board’s membership is drawn from a wide range of relevant backgrounds. - Board members act in line with CCWater’s corporate values and behaviours and the seven principles of public life. - Board members offer other members and those attending Board meetings to speak openly and contribute fully. - The Board takes collective responsibility for agreed outcomes and decisions. - The Board has carried out an annual review of its effectiveness and an action plan has been drawn up to address the issues arising from it. - Regional/Wales Chairs raise issues for Board discussion through their regional roundups.
<p>5) PR19</p> <ul style="list-style-type: none"> - Help deliver CCWater’s objectives for the 2019 price review, agreed at the September 2017 Board meeting, through: <ul style="list-style-type: none"> • Influencing Ofwat, governments and companies by articulating the need for customers’ priorities to drive decisions; 	<ul style="list-style-type: none"> - The Board has agreed CCWater’s priorities and objectives for PR19. - The Regional Chairs and Wales Chair are members of CCGs and challenge companies’ business plan proposals and check that they reflect the priorities and expectations of customers.

<ul style="list-style-type: none"> • Playing a leading role in contact with each water company and through membership of the CCGs so that companies are challenged to demonstrate that their proposals are reflective of customers’ priorities and expectations; • Influencing statutory programmes so that they are delivered in an efficient and sustainable way; and • Ensuring CCWater is well-equipped to deliver its PR19 objectives. <p>- Provide guidance, advice, suggestions and critical challenge to the Policy & Research Team in respect of:</p> <ul style="list-style-type: none"> • PR19 specific customer research; • Cost of Capital assessments/reports; and • Other regulatory issues for which CCWater might commission papers. <p><u>OUTCOME: CCWater is able to deliver its objectives for the 2019 price review.</u></p>	<ul style="list-style-type: none"> - The Regional and Wales Chairs have submitted reports to the Board each month reflecting PR19 progress and any issues arising in their areas. After Ofwat published its Initial Assessment of Plans the Regional/Wales Chairs reported to the Board on any issues arising from this for their companies. - The Regional and Wales Chairs maintained oversight of company PR19 plans particularly how they will deliver for customers, identifying any issues for CCWater where further consideration was needed. - The Board has received and discussed PR19 updates and reports, and has reviewed the PR19 dashboard on a monthly basis. - When signing off the CCWater 2019/22 Forward Work Programme the Board took into consideration the pressures of PR19 and ensured that these could be accommodated in the plan.
<p>6) Market Reform</p> <ul style="list-style-type: none"> - Set CCWater’s objectives for engagement with governments, regulators, the Market Operator, wholesalers and retailers about: <ul style="list-style-type: none"> • The non-household retail market, operative in England from 1 April 2017; • The potential development of a household retail market; and • Upstream competition, including the development of markets for water resources and bio-resources (sludge). - At a local level, represent customers’ interests to those wholesalers and retailers allocated to Committees - Assist the Market Reform Team in monitoring the operation of the non-household retail market through: <ul style="list-style-type: none"> • Customer research • Complaints – received by retailers and by CCWater. <p><u>OUTCOME: CCWater delivers its objectives in relation to market reform.</u></p>	<ul style="list-style-type: none"> - The Board has agreed arrangements for liaising with non-household (NHH) retailers. - Individual Regional Chairs have taken responsibility for liaising with retailers largely based in their areas. - The Board has received NHH retail complaints updates and reports regularly. - The Board has agreed a process for taking escalated action against those retailers performing poorly on complaints. - The Board has agreed to hold a meeting in public with NHH retailers to explore the retailer/wholesaler working relationship in the NHH retail market in England, common issues that are causing complaints and what is / can be done to resolve these and work together more effectively.

Board performance and assessment of its own effectiveness

In 2018-19, in line with good practice, a review of the effectiveness of the CCWater Board was completed. The review examined the Board’s performance against recognised good practice for public sector boards.

The review found that the Board was regarded as effective by its members. Identified strengths were:

- The Board has developed a strategy for the organisation that is central to the way it is managed and aligned to its remit and resources. The strategy is updated to respond to changes to the organisation's remit or the external environment.
- The collective responsibility taken by the Board for the performance of the organisation;
- The arrangements in place to allow the Audit and Risk Management Committee to discharge its monitoring and oversight role effectively; and
- the cohesive behaviour of the Board that combines support to management with appropriate challenge.

Areas for improvement identified included:

- awareness of the performance of CCWater relative to other bodies;
- awareness of the CCWater scheme of delegation;
- reporting of post-evaluation reviews for major projects and programmes to the Board; and
- Board diversity.

The Board has agreed a number of actions to address the areas for improvement identified.

Audit assurances

Internal audit

CCWater's internal auditors, RSM, undertake a work programme to review risk management, internal control and governance. The Head of Internal Audit, a role fulfilled by RSM's Risk Assurance Director 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 or a nominated deputy meets the Audit and Risk Management Committee quarterly to discuss the reports and consider progress in addressing major concerns. The internal auditors prepare an annual report which includes a professional opinion on the effectiveness of the overall systems of internal control and risk management within CCWater. The internal audit opinion is that 'The organisation had an adequate and effective framework for risk management, governance and internal control.'

RSM has been CCWater's Internal Auditor since 2012-13 and were re-appointed during 2017-18 following a competitive tender process. They provide an independent appraisal service for management by measuring and auditing the adequacy, reliability and effectiveness of management and financial control systems. During 2018-19, RSM reviewed the following areas of work:

- Governance – Policy Review;
- Value for Money;
- GDPR & FOI;
- Forward Plan Delivery;
- Key Financial Controls; and
- IT Project Management

Across all Audits there were 14 medium recommendations and six low recommendations. The cost of the internal audit for 2018-19 was £16,128 (2017-18, £17,702).

External audit

The accounts have been audited by the Comptroller and Auditor General in accordance with the Water Industry Act 1991, as amended by the Water Act 2003. The Audit Certificate is on pages 48 to 50. The cost of providing audit services in respect of the Annual Report and Accounts 2018-19 was £24,000 (2017-18, £23,000). There was no external auditor remuneration for non-audit work.

Operational assurances

The Chairs of the Board Committees (Audit & Risk Management Committee, Advisory and Human Resources and Remuneration) have all confirmed that they are satisfied that, to the best of their knowledge, the highest standards of corporate governance have been observed at all times.

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

Corporate Governance

Code of Governance

CCWater's Code of Governance sets out the Board's responsibilities regarding proper conduct of business, strategic planning, monitoring performance, finance, staffing, health and safety, and whistleblowing. The HMT Code of Good Practice has been followed and there have been no departures.

Counter fraud, bribery and corruption

CCWater continues to take positive action to prevent fraud, bribery and corruption. During 2018-19, policies and procedures relating to procurement have been updated to ensure that the opportunity for fraud in this area of the organisation is minimised. Training on fraud, bribery and corruption is mandatory for all CCWater staff, Board members and LCAs. Staff have also been reminded about the need to be alert to these issues and what to do in the event of suspicion of fraud and the Finance team have received specific training on counter fraud and cyber security.

Effectiveness of whistleblowing arrangements

CCWater has had a Whistleblowing policy in place since 2011 and the policy was last updated in 2015. In 2018-19 no complaints were made under this policy. The policy is freely available to all staff via the intranet pages and forms part of the staff handbook. Staff were reminded about the policy and the protections in place for those who 'blow the whistle' on two occasions in 2017.

Ministerial Directions

There have been no Ministerial Directions in 2018-19.

Managing risk

CCWater has adopted a risk assurance approach to the management of risk. The assurance framework helps to increase the visibility of the assurance being provided in respect of key risks, to evaluate more effectively the appropriate level of assurance needed and to ensure that the internal audit programme focuses on the right things. In 2016-17 the Board agreed a risk appetite for CCWater and reviewed its risk management policy. The risk register is a live document that is reviewed regularly by the Executive Team. The register considers strategic, operational, financial, staffing and external risks. The risk register is reviewed regularly by the Audit and Risk Management Committee and the highest risks are considered by the Board annually.

Strategic risks for CCWater

In 2018-19 the most significant risks facing CCWater related to:

- a risk that CCWater does not demonstrate to Government the need for an effective, robust and independent representative body for water consumers;
- a risk that CCWater becomes marginalised by other bodies or other organisations encroach on its remit causing it to be less influential;
- external industry factors result in increased consumer contacts to CCWater that impact Consumer Relations performance; and
- changes in Government create uncertainty over CCWater's role

CCWater managed all of its risks effectively in 2018-19 and they did not impact on the organisation's ability to deliver its Forward Work Programme or its relationship with stakeholders. During the year the Audit and Risk Management Committee was content with the way the organisation managed its risks and did not identify any areas of concern.

Information management and data security

CCWater's approach to information and data security is proportionate to the nature of the risks and the level of sensitive information held.

CCWater carried out a project in 2018 to identify any areas where it was not compliant with the General Data Protection Regulation (GDPR). This included a gap analysis undertaken by an external consultancy which identified various actions that we have addressed to ensure compliance.

In line with the Data Protection Act 2018, all known data breaches and near misses have been recorded. None of the breaches were considered to have put the data subject at any risk. None of the incidents required reporting to the Information Commissioner's Office (ICO).

Our policies and procedures are designed to ensure that all personal and sensitive information is safeguarded and kept securely. Our IT security is reviewed on an ongoing basis and audited on a periodic basis to ensure that it is robust and fit-for-purpose. Our ICT policies and procedures are reviewed at least every three years.

We also have a number of controls in place to help ensure that information risks are identified and managed and that personal and other sensitive information is protected:

- The corporate risk register includes an operational risk relating to the accidental disclosure of personal or business data, and this identifies the gross and net risk scores, controls and three levels of assurance. The risk register is normally reviewed by our Executive Team every six weeks, by the Audit & Risk Management Committee every quarter and by the Board annually;
- Managing information risks is incorporated within our Human Resources processes and all members of HR staff are made aware of their responsibilities. The induction process for new starters includes training on their responsibilities under the GDPR;
- We have a Data Protection Officer who is our point of contact to the ICO and advises staff of our obligations under the GDPR, assesses potential data risks within the organization and advises staff accordingly. Our Information Team deals with all Freedom of Information Act (FOIA) requests, Subject Access Requests (SARs) and requests under the Environmental Information Regulations (EIR).
- Our Privacy Policy explains how we handle personal data, together with our Freedom of Information Policy and Procedure and our Publication Scheme on our website;
- The personal information we hold is identified, marked and subject to controlled storage and disposal; and
- All members of staff undertake mandatory Civil Service Learning (CSL) e-learning on information and data handling and risk awareness, and must complete an assessment to pass the course. Training on GDPR will be carried out annually for all staff.

The Accounting Officer's review of effectiveness

As the Accounting Officer, I am responsible for reviewing the effectiveness of our governance system. I base my review on the work of the internal auditors and the Executive Team who are responsible for developing and maintaining the governance system, and on the comments the external auditors make in their management letter and other reports.

This year, we have continued to monitor and improve our governance system. The internal audit opinion of RSM was that our organisation had an adequate and effective framework for risk management, governance and internal control. The Board and Audit & Risk Management Committee reviewed and agreed our strategic risks. The Executive Team regularly reviews resources and progress made towards objectives. It also regularly identifies and evaluates the associated risks. No problems with our governance system have been identified during the financial year.

Tony Smith
Chief Executive and Accounting Officer
Consumer Council for Water

4 June 2019

Remuneration and Staff Report

Staff remuneration

Pay progression for staff is performance related. It is assessed annually using CCWater's personal appraisal system. The percentage increase to CCWater's pay bill that is available for individual performance awards is agreed by Defra in line with Treasury's pay remit guidance. The percentage increase awarded for each of CCWater's four performance bandings is agreed by the Remuneration Committee.

Performance Related Pay (PRP) is contractual and is determined by the appraisal performance banding and is a proportionate share of the total sum available. It is awarded as a percentage increase on basic salary. Performance rated as "not achieved objectives" does not receive a performance-related pay award. The senior management team oversees the consistency and fairness of the PRP process.

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

All staff and public appointees (Board members and Local Consumer Advocates) are paid through CCWater's payroll.

Pension liabilities

The main pension scheme for CCWater staff is the Principal Civil Service Pension Scheme (PCSPS). This is an unfunded, multi-employer, defined benefit scheme in which CCWater is unable to identify its share of the underlying assets and liabilities. 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. CCWater's public appointments, Board and Local Consumer Advocates, are non-pensionable.

Remuneration of Board members

These tables are subject to audit.

The following sections provide details of the remuneration of CCWater's Board Members.

Remuneration (salary and benefit in kind)

Single total figure of remuneration						
	Salary (£'000)		Benefits in kind (to nearest £100)		Total (£'000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Council Chair						
Alan Lovell Left 31/3/19	50-55	50-55	3300	3,200	50-55	50-55
Regional and Wales Chairs						
Bernard Crump	35-40	35-40	800	900	35-40	35-40
David Heath	35-40	35-40	-	-	35-40	35-40
Robert Light	35-40	35-40	-	-	35-40	35-40
Tony Redmond	35-40	35-40	-	-	35-40	35-40
Tom Taylor Left 31/12/18	25-30	35-40	1500	2400	25-30	35-40
Independent members						
Philip M. Johnson Left 31/5/18	1-5	5-10	1400	2,100	0-5	5-10
Julie Hill	5-10	5-10	450	200	5-10	5-10
Alison Austin Started 1/7/18	5-10	-	800	-	5-10	-
Robert Wilson Started 1/7/18	5-10	-	500	-	5-10	-

fye = full year equivalent

Board member positions are non-pensionable.

Remuneration of Senior Managers

Disclosure of remuneration and pension interest of senior management (subject to audit). Whilst these posts are not civil service staff, we are required to disclose the equivalent civil service band.

Single total figure of remuneration										
Name, Role and Senior Civil Service Band Equivalent	Salary (£'000)		Bonus and Performance Payments (£'000)		Benefits in kind (to nearest £100)		Pension Benefits (to nearest £'000)		Total (£'000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Tony Smith Chief Executive SCS2	110-115	110-115	10-15	10-15	100	100	24,000	5,000	145-150	125-130
Phil Marshall Deputy Chief Executive SCS1	85-90	85-90	0-5	0-5	-	-	34,000	35,000	120-125	120-125
Deryck Hall Head of Policy & Research SCS1 Leaver May 2017	-	10-15	-	--	-	-	-	1,000	-	10-15
Carl Pegg Head of Consumer Relations SCS1	70-75	65-70	-	0-5	-	-	10,000	9,000	80-85	75-80
Marie Perry Head of Finance & Procurement SCS1	45-50*	40-45*	0-5	0-5	-	-	19,000	18,000	65-70	60-65
Mike Keil Head of Policy & Research SCS1 Started May 2017	70-75	60-65	-	-	100	100	29,000	25,000	100-105	85-90
Amanda Caton – Head of External Communications SCS1 Started March 2018	70-75	0-5**	-	-	-	-	29,000	-	100-105	0-5

*FTE of this post is 70-75, the post is 0.6 FTE

** Full year effect of this salary is £70-75k

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus the real increase in any lump sum (classic and classic plus only) less the contributions made by the individual in the period. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Salary

'Salary' includes gross salary, overtime, 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. Salary disclosures are based on accrued payments made by CCWater and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by CCWater and treated by the HM Revenue and Customs as a taxable emolument. Payments to the Board members for home to office expenses were paid gross 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 their normal place of work.

Bonuses and Performance Payments

The Chief Executive is entitled to a contractual bonus payment. This relates to the achievement of his objectives. The bonus reported in 2018-19 relates to the achievements of performance targets in 2017-18. The comparative bonuses reported for 2017-18 relate to the performance in 2016-17.

Pay multiples

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 2017–18 was £120,000 – £125,000 (2017-18, £120,000 – £125,000). This was 4.3 times (2017-18, 4.6 times) the median remuneration of the workforce, which was £28,629 (2017-18, £26,699). In 2018-19, nil (2017-18, nil) employees received remuneration in excess of the highest paid director. Remuneration ranged from £17,400 to £123,914 (2017-18 £17,271 to £122,949).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value (CETV) of pensions. These tables have been subjected to audit.

Senior managers disclosure of pension information 12 months ended 31 March 2019

Name	Accrued pension at pension age as at 31 March 2019 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2019	CETV at 31 March 2018	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Tony Smith – Chief Executive	40-45	0-2.5	824	753	24
Phil Marshall – Deputy Chief Executive	15-20	0-2.5	234	183	19
*Deryck Hall – Head of Policy & Research leaver May 2017	-	-	-	679	-
Carl Pegg – Head of Consumer Relations	40-45	0-2.5	827	734	9
Marie Perry – Head of Finance & Procurement	0-5	0-2.5	34	20	9
Mike Keil – Head of Policy	0-5	0-2.5	35	14	13
Amanda Caton – Head of External Communications	0-5	0-2.5	15	0	9

CETV – Cash Equivalent Transfer Value

* These figures are gross value at 31/5/17 and will be reduced due to early retirement

Contingent labour - temporary staff

During 2018-19 CCWater spent £178k (2017-18, £276k) on temporary staff to cover vacancies and consultancy costs.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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, nuvos and alpha are increased annually in line with

Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for employees show pension earned in PCSPS or alpha – as appropriate. Where the employee has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of classic, premium, classic plus, nuvos and alpha. 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 years' initial 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% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for employees show pension earned in PCSPS or alpha – as appropriate. Where the employee has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.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 member 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 worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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.

Staff numbers and related costs (this information has been subject to audit).

Analysis of Board members and staff, by gender and ethnicity

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. CCWater operates a guaranteed interview scheme, which guarantees an interview to anyone with a disability whose application meets the minimum criteria for the post. Once in post, employees with disabilities are provided with reasonable adjustments they may need to carry out their role. All permanent staff are recruited on merit through fair and open competition.

As at 31 March 2019:

Number of :	Staff (incl. SCS grades)	Board (excl CEO)	Local Consumer Advocates	SCS Equivalent
Total	76	8	21	6
Women	48	2	12	2
Ethnic minority	11	0	1	0
Disability	6	1	1	0

As at 31 March 2018:

Number of :	Staff (incl. SCS grades)	Board (excl CEO)	Local Consumer Advocates	SCS Equivalent
Total	71	8	22	6
Women	44	1	13	2
Ethnic minority	10	0	1	0
Disability	3	1	1	0

Staff costs comprise:

	2018-19			2017-18
	Permanently Employed Staff**	Others***	Total	Total
	£000s	£000s	£000s	£000s
Wages and salaries	2,434	464	2,898	2,725
Social security costs	249	25	274	256
Other pension costs	493	-	493	458
Total net costs*	3,176	489	3,665	3,439

* Of the total, no charge has been made for capital projects

** Includes Casual staff

*** Includes Public Appointees, Local Consumer Advocates and Agency costs

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. Board members and CCWater Local Consumer Advocates are included in the others column in the table above.

Pension

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 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2018-19, employers' contributions of £486,860 were payable to the PCSPS (2017-18, £448,461) at one of four rates in the range 20% to 24.5% of pensionable pay, based on salary bands. 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 2018-19 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 £8,862 (2017-18, £8,718) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £296 (2017-18, £292), 0.8% 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 £1,131 (2017-18, £730). Contributions prepaid at that date were nil.

There were no compensation scheme payments made for early departure in this year or the previous year. There were no early retirements on ill health grounds during 2018-19 (Nil in 2017-18). Ill health retirement costs are met by the pension scheme.

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 and Board members.

	2018-19	2017-18
Number		
Directly Employed	73	70
Total	<u>73</u>	<u>70</u>

Average number of public appointees

	2018-19	2017-18
Number		
Board	8	8
Local Consumer Advocates	21	22
Total	<u>29</u>	<u>30</u>

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 whilst, where possible, providing support which will enable them to recover their health and attend work regularly. CCWater has an occupational health service and an employee assistance programme.

During 2018-19 the number of working days lost was 7.58 per annum per employee compared to 5.18 days for 2017-18. This compares to the Chartered Institute of Personnel and Development (CIPD) average of 8.5 days for the public sector (CIPD Health & Wellbeing at Work 2018).

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 induction training, and a programme of specialist training is given to all staff to develop appropriate skills.

Reporting of Civil Service and other compensation schemes - exit packages

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Ill-health retirement costs are met by the pension scheme and are not included in the table.

The following information was subject to audit.

Exit package cost band	Number of compulsory redundancies	2018-19 Number of other departures agreed	Total number of exit packages by cost band	2017-18 Total number of exit packages by cost band
<£10,000	-	-	-	-
£10,000 - £25,000	-	-	-	-
£25,000 - £50,000	-	-	-	-
£50,000 - £100,000	-	-	-	-
£100,000- £150,000	-	-	-	-
£150,000- £200,000	-	-	-	-
Total number of exit packages	-	-	-	-
Total resource cost /£000	-	-	-	-

Off-payroll engagements

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, CCWater is required to publish information on our highly paid and/or senior off-payroll engagements.

There were no off-payroll engagements as of 31 March 2019, for more than £245 per day and that had lasted for longer than six months. (2017-18 Nil)

There were no new engagements of over six months in duration, for more than £245 per day in the period between 1st April 2018 and 31st March 2019. (2017-18 Nil)

There were no off payroll engagement of Board members or senior officials with significant financial responsibility, during the financial year. (2017-18 Nil)

The total number of individuals on payroll that have been deemed Board members and / or officials with significant financial responsibility is 15 (15 in 2017-18)

Compensation for loss of office (this section was subject to audit)

Voluntary exits

There were no voluntary exits during 2018-19. (2017-18 Nil)

Compulsory exits

There were no compulsory exits in 2018-19. (2017-18 Nil)

Parliamentary Accountability and Audit Report

The following notes were subject to audit:

Regularity of Expenditure

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding CCWater's assets, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum and *Managing Public Money*, issued by HM Treasury.

Losses and Special Payments

There were no losses or special payments reportable during the year (nil during 2017-18).

Remote Contingent Liabilities IAS 37

In addition to contingent liabilities reported within the meaning of IAS 37, the NDPB also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. CCWater does not have any remote contingent liabilities as at 31 March 2019.

Tony Smith
Chief Executive and Accounting Officer
Consumer Council for Water

4 June 2019

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the Consumer Council for Water for the year ended 31 March 2019 under the Water Industry Act 1991 as amended by the Water Act 2003. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Consumer Council for Water's affairs as at 31 March 2019 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Water Industry Act 1991 as amended by the Water Act 2003 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consumer Council for Water's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Water Industry Act 1991 as amended by the Water Act 2003.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consumer Council for Water's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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.

Other Information

The Chief Executive as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Water Industry Act 1991 as amended by the Water Act 2003;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

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 parts of the Accountability Report to be audited are not in agreement with the accounting records and 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.

Gareth Davies
Comptroller and Auditor General

Date 13 June 2019

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure

for the period ended 31 March 2019

	Note	2018-19	2017-18
		£000s	£000s
Staff costs	2.1	3,665	3,439
Purchase of goods and services	3	1,804	1,700
Depreciation, amortisation and impairment charges	3	58	21
Total operating costs		5,527	5,160
Comprehensive net expenditure for the year		5,527	5,160

There is no other comprehensive net expenditure.

The notes on pages 55 to 63 form part of these accounts.

Statement of Financial Position

as at 31 March 2019

	Note	2018-19 £000s	2017-18 £000s
Non-current assets			
Property, plant and equipment	4	180	64
Intangible assets	5	191	-
Total non-current assets		371	64
Current assets			
Other current assets	6	129	77
Cash and cash equivalents	7	517	572
Total current assets		646	649
Total assets		1,017	713
Current liabilities			
Trade and other payables	8,9,11.2	(518)	(467)
Total current liabilities		(518)	(467)
Total assets less current liabilities		499	246
Non-current liabilities			
Provisions	9	(75)	(69)
Lease Liability	11.2	(246)	-
Total non-current liabilities		(321)	(69)
Total assets less total liabilities		178	177
Taxpayers' equity and other reserves:			
General fund		178	177
Total equity		178	177

The financial statements on pages 51 to 63 were approved by the Board on 4 June 2019 and were signed on its behalf by;

Tony Smith
Chief Executive and Accounting Officer

4 June 2019

The notes on pages 55 to 63 form part of these accounts.

Statement of Cash Flows

for the period ended 31 March 2019

	Note	2018-19	2017-18
		<u>£000s</u>	<u>£000s</u>
Cash flows from operating activities			
Net operating cost		(5,527)	(5,160)
Adjustments for non-cash transactions	3	67	23
(Increase)/decrease in trade and other receivables	6	(52)	28
Increase/(decrease) in trade and other payables	8	(10)	(160)
Increase/(decrease) in provisions	9	2	8
Net cash outflow from operating activities		<u>(5,520)</u>	<u>(5,261)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	-	(9)
Purchase of intangible assets	5	(26)	-
Net cash outflow from investing activities		<u>(26)</u>	<u>(9)</u>
Cash flows from financing activities			
Capital element of payment in respect of finance lease		(36)	-
Grants from sponsoring department		5,527	5,240
Net financing		<u>5,491</u>	<u>5,240</u>
Net increase/(decrease) in cash and cash equivalents in the period		(55)	(30)
Cash at the beginning of the period	7	572	602
Cash at the end of the period	7	<u>517</u>	<u>572</u>

The notes on pages 55 to 63 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the period ended 31 March 2019

	General Fund
	£000s
Balance at 31 March 2017	95
Grant from sponsoring department	5,240
Comprehensive net expenditure for the year	(5,160)
Non-cash adjustments	
Notional charge and other non cash items	2
Balance at 31 March 2018	177
Grant from sponsoring department	5,527
Transfers between reserves	-
Comprehensive net expenditure for the year	(5,527)
Non-cash adjustments	
Notional charge and other non cash items	1
Balance at 31 March 2019	178

The notes on pages 55 to 63 form part of these accounts.

Notes to the Accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2018-19 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. Leased assets are valued at the net present value (NPV) of future lease payments. The minimum level for the capitalisation of tangible fixed assets and intangible assets is £2,000.

Tangible non-current assets consist of furniture, fixtures and fittings, office machinery, leasehold improvements and leased and owned IT equipment. Intangible non-current assets comprise of leased or purchased software licences. Website developments are no longer capitalised.

1.3 Depreciation

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

<u>Asset classification</u>	<u>Asset life</u>
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 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 has one finance lease as at 31 March 2019 (nil at 31 March 2018). The finance lease liability is recognised as the net present value (NPV) of future lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

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.

1.8 Contingent liabilities IAS 37

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 has 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 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation www.civilservice-pensions.gov.uk.

There were no compensation scheme payments for early departure in this year or previous year.

2 Staff costs

Full details of staff costs and numbers and relevant disclosures are shown in the Remuneration and Staff Report.

2.1 Staff costs comprise:

	2018-19			2017-18
	Permanently Employed Staff**	Others***	Total	Total
	£000s	£000s	£000s	£000s
Wages and salaries	2,434	464	2,898	2,725
Social security costs	249	25	274	256
Other pension costs	493	-	493	458
Total net costs*	3,176	489	3,665	3,439

* Of the total, no charge has been made for capital projects

** Includes Casual staff

*** Includes Public Appointees, Local Consumer Advocates and Agency costs

3 Programme Costs

	2018-19	2017-18
	<u>£000s</u>	<u>£000s</u>
Rentals under operating leases:		
Accommodation	270	323
IT software	76	158
Office equipment	3	2
	<u>349</u>	<u>483</u>
Non cash items:		
Depreciation	36	21
Amortisation	22	-
(Profit)/Loss on disposal of assets	8	-
Notional charge	3	2
Increase/(decrease) in Provision	-	8
	<u>69</u>	<u>31</u>
Other expenditure:		
Research & consultancy	545	461
Personnel Overheads	234	243
Training	80	35
Publicity, Library & Parliament	102	97
Computer Services	171	68
Office Support costs	162	148
Auditors' remuneration*	24	23
Other accommodation costs	126	132
	<u>1,444</u>	<u>1,207</u>
Total	<u>1,862</u>	<u>1,721</u>

* During the year there was no remuneration for non-audit work (nil 2017-18).

4 Property, plant and equipment

	Leased IT Hardware £000s	Furniture fixtures and fittings £000s	Leasehold improvements £000s	IT equipment £000s	Total £000s
Cost or valuation					
At 1 April 2018	-	11	287	89	387
Additions	160	-	-	-	160
Disposals	-	(9)	(2)	(89)	(100)
At 31 March 2019	160	2	285	-	447
Depreciation					
At 1 April 2018	-	1	233	89	323
Charged in year	17	1	18	-	36
Disposals	-	(2)	(1)	(89)	(92)
At 31 March 2019	17	-	250	-	267
Carrying value at 31 March 2019	143	2	35	-	180
Carrying value at 31 March 2018	-	10	54	-	64
Asset financing:					
Owned	-	2	35	-	37
Finance Leased	143	-	-	-	143
Carrying value at 31 March 2019	143	2	35	-	180

	Leased IT Hardware £000s	Furniture fixtures and fittings £000s	Leasehold improvements £000s	IT equipment £000s	Total £000s
Cost or valuation					
At 1 April 2017	-	11	278	89	378
Additions	-	-	9	-	9
Disposals	-	-	-	-	-
At 31 March 2018	-	11	287	89	387
Depreciation					
At 1 April 2017	-	-	215	87	302
Charged in year	-	1	18	2	21
Disposals	-	-	-	-	-
At 31 March 2018	-	1	233	89	323
Carrying value at 31 March 2018	-	10	54	-	64
Carrying value at 31 March 2017	-	11	63	2	76
Asset financing:					
Owned	-	10	54	-	64
Finance Leased	-	-	-	-	-
Carrying value at 31 March 2018	-	10	54	-	64

5 Intangible assets

	Leased Software Licences £000s	Software Licences £000s	Total Software Licences £000s
Cost or valuation			
At 1 April 2018	-	172	172
Additions	187	26	213
Disposals	-	(172)	(172)
At 31 March 2019	187	26	213
Amortisation			
At 1 April 2018	-	172	172
Charged in year	19	3	22
Disposals	-	(172)	(172)
At 31 March 2019	19	3	22
Carrying value at 31 March 2019	168	23	191
Carrying value at 31 March 2018	-	-	-
Asset financing:			
Owned	-	23	23
Finance Leased	168	-	168
Carrying value at 31 March 2019	168	23	191
Cost or valuation			
At 1 April 2017	-	172	172
Additions	-	-	-
Disposals	-	-	-
At 31 March 2018	-	172	172
Amortisation			
At 1 April 2017	-	172	172
Charged in year	-	-	-
Disposals	-	-	-
At 31 March 2018	-	172	172
Carrying value at 31 March 2018	-	-	-
Carrying value at 31 March 2017	-	-	-

6 Trade receivables, financial and other assets

	2018-19 £000s	2017-18 £000s
Amounts falling due within one year:		
Other receivables	5	-
Advances*	6	5
Prepayments and accrued income	118	72
	129	77

*Advances comprise of 8 travel season ticket loans (2017-18, 8 travel season tickets)

7 Cash and cash equivalents	2018-19	2017-18
	<u>£000s</u>	<u>£000s</u>
Balance at 1 April	572	602
Net change in cash balances	<u>(55)</u>	<u>(30)</u>
Balance at 31 March	<u>517</u>	<u>572</u>

All cash balances are held with the Government Banking Service

8 Trade payables and other current liabilities	2018-19	2017-18
	<u>£000s</u>	<u>£000s</u>
Amounts falling due within one year:		
Trade payables	42	2
Accruals and deferred Income*	284	342
Other tax and social security	74	70
Finance lease (current element)	65	-
Other payables	53	49
	<u>518</u>	<u>463</u>
Amounts falling due after more than one year:		
Accruals and deferred Income*		
Finance lease	246	-
	<u>246</u>	<u>-</u>

*Within accruals £4k (2017-18 £4k) relates to rent free premises for Victoria Square House of which nil relates to falling due after one year.

9 Provisions for liabilities and charges

	Leasehold Property Dilapidations	Service Charges	Total
	£000s	£000s	£000s
Balance at 1 April 2018	67	6	73
Provided in year	2	6	8
Provision not required written back	-	(6)	(6)
Provision utilised in year	-	-	-
Unwinding of discount	-	-	-
Balance at 31 March 2019	69	6	75

Analysis of expected timing of cash flows

	£000s
Not later than one year	75
Later than one year and not later than five years	-
Later than five years	-
Balance at 31 March 2019	75

	Leasehold Property Dilapidations	Service Charges	Total
	£000s	£000s	£000s
Balance at 1 April 2017	65	-	65
Provided in year	2	6	8
Provision not required written back	-	-	-
Provision utilised in year	-	-	-
Unwinding of discount	-	-	-
Balance at 31 March 2018	67	6	73

Analysis of expected timing of discounted cash flows

	£000s
Not later than one year	4
Later than one year and not later than five years	69
Later than five years	-
Balance at 31 March 2018	73

9.1 Leasehold Property Dilapidations

The provision for leasehold property dilapidations relates to the leased office premises in Birmingham, which on termination of the lease would have to be restored to their original state. The provision is an estimate of the cost of these works. The lease expires in April 2021.

10 Capital commitments

	2018-19	2017-18
	£000s	£000s
Capital commitments as at 31 March not otherwise included in these financial statements		
Leasehold improvements	-	-
	-	-

11 Commitments under leases**11.1 Operating leases**

Total future minimum lease payments under operating leases are given in the table below for each of the following periods. The building costs is relating to rent for Victoria Square House and Cardiff office. From the 15 October 2018 Government Property Agency share 12.64% of Victoria Square House. This is based on the current information available.

	2018-19	2017-18
	<u>£000s</u>	<u>£000s</u>
Obligations under operating leases for the following periods comprise:		
Buildings		
Not later than one year	183	202
Later than one year and not later than five years	184	413
Later than five years	-	-
	<u>367</u>	<u>615</u>
Other		
Not later than one year	2	64
Later than one year and not later than five years	4	6
Later than five years	-	-
	<u>6</u>	<u>70</u>

11.2 Finance Leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods.

	2018-19	2017-18
	<u>£000s</u>	<u>£000s</u>
Obligations under finance leases for the following periods comprise:		
ICT Hardware and Software future lease obligations		
Not later than one year	76	-
Later than one year and not later than five years	264	-
Later than five years	-	-
	<u>340</u>	<u>-</u>
Less: interest element	(29)	-
Present Value of obligations	<u>311</u>	<u>-</u>

In addition to the above lease elements the contract includes hosting, servicing and maintenance to a value of £524k over the lease period.

Other under Operating lease represents the expired agreement with Capita for the IT managed service and the printer / photocopier contract.

12 Contingent liabilities disclosed under IAS 37

There are no contingent liabilities as at 31 March 2019 (nil as at 31 March 2018).

13 Losses and special payments

There were no losses or special payments reportable during the year (nil during 2017-18).

14 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 CCWater's expected purchase and usage requirements and CCWater is therefore exposed to little credit, liquidity or market risk.

15 Related party transactions

CCWater received grant-in-aid from Defra during 2018-19 of, £5.527m (2017-18: £5.24m). Defra and the Welsh Government are CCWater's sponsoring departments.

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

CCWater had a Memorandum of Terms of Occupation (MOTO) agreement with Defra for the use of the Birmingham and Cardiff offices, the Birmingham MOTO was amended during the year due to the Government Property Agency sharing part of the space in the Birmingham offices.

No Board member, key manager or other related parties has undertaken any material transactions with CCWater during the year.

16 Events after reporting period date

There were no reportable events after the 31 March 2019.

The Accounting Officer duly authorised the issue of these financial statements on the date of the Comptroller and Auditor General's audit certificate.

17 Accounting Standards in Issue, not yet effective

IFRS 16 – Leases - becomes effective from April 2020 onwards. The main impact is that most leases will be re-assessed as finance leases, recognising the asset and associated lease liability on the Statement of Financial Position. The current lessee accounting treatment for operating leases and finance leases under IAS 17 will no longer apply.

Exemptions are expected to be applied for the two accommodation leases that CCWater currently classes as operating leases as lease term remaining will be less than 12 months and for the operating lease for print devices, which will be considered low value.

An assessment has been completed to determine if any other contracts have leases, and none have been identified.

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