Committee on Climate Change

annual report & accounts 13/14

Committee on Climate Change

Annual Report and Accounts

1 April 2013 to 31 March 2014

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1. Chairman's foreword

The disruption that the flooding caused to many people's lives last winter demonstrated our vulnerability to extremes in weather. As the climate continues to change, this risk will become more pronounced, with both floods and droughts more likely in future. The appropriate response to this is to cut emissions, which together with similar action in other countries will limit the extent of climate change, as well as preparing for some of the unavoidable effects of climate change.

Our fourth carbon budget review, published in winter 2013, showed that £100bn could be saved by taking early action to build a low-carbon economy, rather than delaying investment until the 2030s. This will also help to reduce our dependence on imported fossil fuels, and allow our manufacturing industries to become leaders in production of low-carbon goods and services.

While our assessment is that good progress has been made in some areas, much more is needed if we are to be on a cost-effective investment path. Any new government will have to make a strong commitment early in the new parliament to tackle a number of challenges if the carbon budgets are to be met.

We continue to develop the evidence base on what is required to prepare for climate change, for example, through measures to conserve water, to ensure resilient infrastructure, to maintain agricultural productivity, and to protect biodiversity. Most recently, we contributed to the debates on funding for flood protection, highlighting the fact that more funding is required to avoid an escalation of flood risk.

The strength of the Committee's independent and evidence-based analysis was recognised in our recent Triennial Review. This concluded that it is vital the UK Government and Parliament continue to receive impartial advice based on evidence and analysis, and that the Committee is best placed to do this.

I am heartened by the efforts of my colleagues at the Committee, by the increasing number of politicians and governments around the world who accept the need to limit climate change, and by those here and in other countries who are investing in low-carbon technologies. I would like to thank both committees and our secretariat for their continued dedication and hard work.

David Kennedy created the team at the Committee on Climate Change, he established its reputation for scientific rigour and accuracy, and he has maintained that reputation throughout his seven years of service. He is the best kind of public servant; intellectually robust and technically proficient, bringing sound judgment and careful evaluation to every issue. We owe him a great debt for a job well done. He leaves the CCC in a very good position and his successor will have the firmest of foundations from which to take the organisation forward. I have very much enjoyed working with David, whose energy and quiet confidence has inspired his team and made the CCC a really good place in which to work.

Lord Deben
Chairman,
Committee on Climate Change
20 June 2014

2. Chief Executive's message

There has been no shortage of debate this year on the action that needs to be taken to both mitigate and adapt to climate change.

Key impacts that we have had this year include the requirement to set a power sector decarbonisation target in 2016 in the Energy Act; a revision of the draft strike prices in the Electricity Market Reform, with a slowing in the rate of price reduction for offshore wind; strengthening the support package for electricity intensive industries; and the redesign of the Energy Company Obligation which follows recommendations that we first made in 2010.

I am confident that the work we have completed this year will have further impacts in future. We have produced major reports on the Electricity Market Reform, the UK's carbon footprint and the impact of low-carbon policies on the UK's competitiveness, and a review of the fourth carbon budget. Our work with the devolved administrations has continued throughout the year; in particular, in March we published our assessment of progress reducing emissions in Scotland.

In the near future we will publish our sixth annual report to Parliament on progress in meeting our carbon budgets. We will then be turning our attention to the setting of a power sector decarbonisation target and to developing our recommendation for the Fifth Carbon Budget (2028 – 2032), which will be an important milestone for both the Committee and the Government. On the adaptation side, we will continue to gather evidence, with our most recent report focusing on business impacts, infrastructure and emergency response. We are just starting work on the second Climate Change Risk Assessment, to be completed by January 2017, and our first statutory report on the National Adaptation Programme which will be published in July 2015.

Of course, much of the impact that the Committee has had reflects the leadership and strategic vision that David Kennedy has provided as Chief Executive, having led the secretariat and the Committee since its inception. As he moves on to a new challenge this year, he will be greatly missed, but we also know that he has established a strong team that is well placed to continue its role to the standard he has set.

Overall, 2014/15 is set to be another challenging year and I would like thank the secretariat, colleagues and stakeholders for their continued contributions.

A. R Gault

Adrian Gault
Acting Accounting Officer
20 June 2014

3. Strategic report

3.1 Committee role and structure

The Committee on Climate Change (the CCC) is an independent, statutory non-departmental public body established under the Climate Change Act 2008. Our purpose is to advise the UK Government, Parliament and the devolved administrations on cutting emissions and preparing for climate change.

In fulfilling this role we have four strategic priorities:

- Provide independent advice to government on setting and meeting carbon budgets and preparing for climate change
- Monitor progress in reducing emissions and achieving carbon budgets
- Conduct independent analysis into climate change science, economics and policy
- Engage with a wide range of organisations and individuals to share evidence and analysis

The Committee comprises a Chairman and seven independent members. It is jointly sponsored by the Department of Energy and Climate Change (DECC), the Northern Ireland Executive, the Scottish Government and the Welsh Government.

The Adaptation Sub-Committee (ASC) was also established under the Act to support the Committee in advising and reporting on progress in adaptation. It comprises a Chairman, who also sits on the main Committee, and five independent members. It is jointly sponsored by the Department for Environment, Food and Rural Affairs (Defra), the Northern Ireland Executive, the Scottish Government and the Welsh Government.

More information about the structure of the Committee and the ASC can be found in Chapter 5: Remuneration Report. Details of the funding models can be found in our Corporate Plan (available at: www.theccc.org.uk)

The Audit Committee supports the main Committee and the Chief Executive (as Accounting Officer) in their respective responsibilities for control and governance, risk management and associated assurance.

The Chief Executive leads the secretariat of around 30 staff who provide analytical and corporate support to the Committee.

3.2 Our key performance indicators for 2013-14

Indicator 1: To fulfil our statutory duties as set out under the Climate Change Act 2008, including reporting on the progress made in meeting carbon budgets, review of the fourth carbon budget and preparedness to adapt to climate change.

We have achieved this by:

- Assessing progress against indicators and milestones for meeting carbon budgets including an assessment of progress and next steps on Electricity Market Reform,
- Reviewing the fourth carbon budget, assessing implications of abatement policies for industry costs and competitiveness, including an assessment of leakage and the UK's carbon footprint,
- Responding to ad hoc requests for advice from the national authorities,
- Measuring progress in preparing for the major risks identified by the first Climate Change Risk Assessment. This will form part of the evidence base for the Committee's report on implementation of the UK Government's National Adaptation Programme, and
- Working with the Government to develop a way forward on preparations for the next Climate Change Risk Assessment.

Indicator 2: To ensure that the Committee's governance arrangements remain fit for purpose, enabling it to operate as a responsible and effective NDPB, meeting statutory and other requirements.

We have achieved this by:

- Implementing appropriate financial and risk management, internal controls, and corporate governance to ensure resources are managed efficiently and effectively,
- Ensuring corporate and human resources processes facilitate the hiring, retention and development of a skilled and motivated workforce,
- Operating sustainable and effective environmental policies, and
- Implementing an effective communications strategy for internal and external stakeholders.

More detail and our priorities for 2014/15 can be found in our Corporate Plan. Details of the principle risks and uncertainties faced by the Committee can be found in Chapter 7: Governance Statement.

3.3 Our performance highlights for 2013-14

UK's carbon footprint and competitiveness

In April 2013, the Committee published a report examining both the UK's carbon footprint and the impact of low-carbon policies on the UK's competitiveness.

The report concluded that although domestic emissions have reduced by around 20% in the past two decades, the UK's total carbon footprint has increased by 10% as a result of increased demand for manufactured goods, which are mainly produced abroad. The fall in domestic emissions was not due to offshoring of industry in response to low-carbon policies, and the UK's carbon footprint would have increased more if domestic emissions had not been cut. The Committee highlighted the need for global collaboration to drive down imported emissions.

High costs and risks to competitiveness for energy-intensive industries are often quoted as reasons not to invest in low-carbon technologies. The report however concluded that the risks to competitiveness as a result of low-carbon policies, including Electricity Market Reform, are manageable within existing government policies and funding.

Reforming the electricity market

In May 2013, the Committee published an analysis of the next steps required for the Government's reform of the electricity market.

Decarbonising the power sector is central to achieving a UK-wide reduction in emissions and meeting the 2050 emissions reduction target. The Government recognised this, and also that low-carbon investment was unlikely to be forthcoming under the existing electricity market arrangements. They therefore developed a package of measures, based on recommendations from the Committee, which provide long-term contracts for low-carbon generation. In the context of discussions about the enabling legislation the Committee published its report *Next Steps on Electricity Market Reform – securing the benefits of low-carbon investment*, considering the cost-effective path to a low-carbon power sector and the actions that the Government should take to deliver this in practice.

The report concluded that there are significant economic benefits from investing in a portfolio of low-carbon technologies through the 2020s, rather than investing in natural gas. A focus on low-carbon technologies could deliver savings of £25-45 billion to consumers in a central case, rising to £100 billion with higher gas and carbon prices (in net present value terms over the lifetimes of investments).

The report highlighted the risk that this desirable investment would not be forthcoming due to the lack of government commitment for the power sector beyond 2020. The Committee recommended a package of measures to address this. This package included setting a target, this Parliament, in the Energy Bill to reduce the carbon intensity of power generation from current levels of 500 gCO_2/kWh to around 50 gCO_2/kWh in 2030, with some flexibility to adjust this in light of new information. The Government accepted the need for a target and took powers in the Energy Act to set a target in 2016.

Following recommendations from the Committee, the Government amended its approach to offshore wind in the Electricity Market Reform Delivery Plan to include a slower rate of reduction in strike prices (the Government guaranteed price per unit of electricity produced from offshore wind) and increased ambition.

Progress towards reducing emissions

In its 2013 Progress Report, published in July, the Committee found that the UK has made good progress on some measures; reducing its greenhouse gas emissions and comfortably achieved the first carbon budget (2008 to 2012). However, there is a need to significantly accelerate the pace of emissions reductions to achieve future carbon budgets.

Areas where the UK has made the most progress were in boiler replacement, and insulating lofts and cavity walls in residential buildings. There were also record levels of new wind generation capacity, improvements in the efficiency of new cars and a reduction in emissions from waste.

Areas where the UK has not been making adequate progress include solid wall insulation, low-carbon heat, and energy efficiency improvements in non-residential buildings.

Policy strengthening is required to sustain progress in those measures which have moved forward, and to kick-start progress on measures which have stalled.

The Government responded to the Committee's report in October 2013. It accepted the need to increase the rate of decarbonisation and outlined actions that should be taken across the economy.

Managing the land in a changing climate

The Adaptation Sub-Committee published its annual progress report on England's preparedness for climate change in July 2013. The report focused on the risks to the natural environment, farming and forestry.

The sub-committee warned that, without increased incentives to build more on-farm reservoirs and promote water efficiency, water scarcity from climate change could undermine our ability to meet increased food demand during the coming decades. Following the committee's advice, the 2014 Water Act will make it easier for farmers to sell excess water from on-farm reservoirs direct to water companies, which should provide strong incentives to increase the uptake of this important adaptation measure.

The report found that rising sea levels are putting at risk more than three-quarters of coastal habitats that provide natural flood defenses, such as saltmarsh and sand dunes. To compensate for the expected loss, the area of coastal habitat being created needs to double to 300 hectares each year.

The report also found that the majority of England's peatland is in a degraded condition, thereby reducing its ability to regulate the flow of water and hence increasing the risk of flooding. Peatland is also a large store of carbon, and the erosion and burning of peat is resulting in carbon dioxide being released into the atmosphere. To mitigate these risks, the area of degraded peatland undergoing restoration must triple. In December, the Government announced it would increase the proportion of Common Agricultural Policy funding being made available to agri-environment schemes, which will include action to restore degraded peat habitats. Despite this, the Government remains behind its targets to improve the condition of these important natural habitats.

Review of the fourth carbon budget

To meet a government commitment, the Committee carried out a review of the fourth carbon budget to assess whether the targets set to reduce emissions were still appropriate.

Carbon budgets are a set of five-year legally-binding caps on UK greenhouse gas emissions, designed to prepare for the statutory target to reduce emissions by at least 80% from 1990 levels by 2050. The fourth carbon budget covers the period 2023 to 2027 and requires a 50% reduction in emissions relative to 1990.

The Committee provided the advice in two parts, published in November and December 2013.

The first part considered climate science, and the situation in the EU and internationally. The developments in these areas tend to reinforce the need for deep cuts in UK emissions in the 2020s.

The second part of the advice considered how the budget could be met and what the impacts of meeting the budget might be on, for example, fuel poverty and economic competitiveness. It concluded that the budget continues to be achievable and shows that there are significant savings associated with early action. Impacts, on areas such as fuel poverty and competitiveness, continue to be manageable.

Overall therefore, the Committee concluded that the budget should not and cannot be changed at this time under the terms of the Act. The Government is currently considering the findings of the review.

Spending gap on flood defences

In January 2014, the Committee published the findings of its analysis which found that current spending is more than half a billion pounds behind the amount needed to avoid flood risk in England increasing over time. Even using modest assumptions, the amount of money being spent over the current period means that in the future we can expect an extra £3 billion of property damage, which could have been avoided.

Additionally, the Committee advised that the Government should improve the 'Flood Re' subsidised insurance scheme for high risk households so that it helps promote action to tackle flood risk. As a result of the Committee's advice, households will be given information about their flood risk and what can be done to help reduce it. The Government is also working with the insurance industry to create stronger incentives to encourage the uptake of cost-effective flood protection measures, such as door guards and air-brick covers.

3.4 Sustainability

Our aim is for the Committee to follow sustainable business practices and be a low-carbon, resource efficient organisation by:

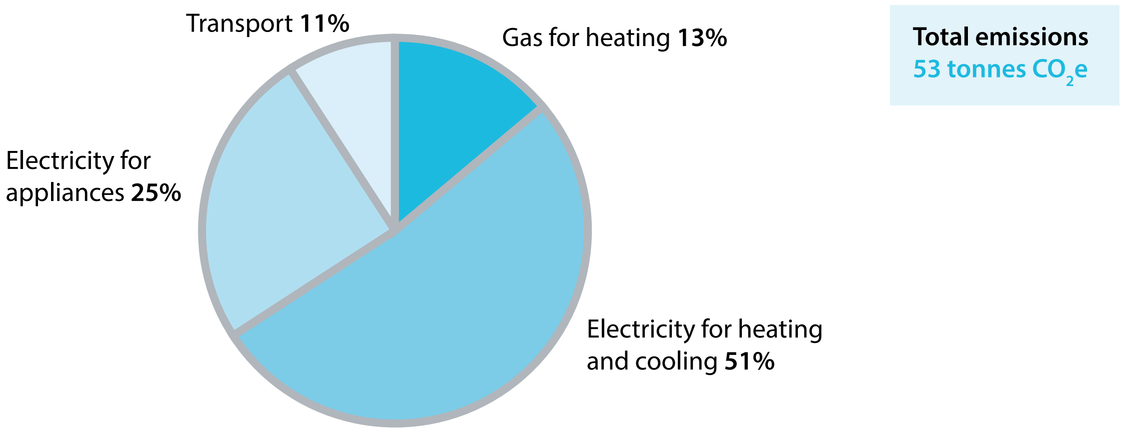
- Measuring, monitoring, reducing and off-setting our carbon emissions,
- Engaging in sustainable procurement practices, and
- Reducing waste and increasing recycling.

Measuring, monitoring, reducing and off-setting our carbon emissions

Committee's emissions in 2013-14: We estimate that the Committee's activities resulted in emissions of **53 tonnes CO_2e** in 2013-14, a decrease of 6% over 2012-13[1] mainly due to lower heating requirements in the mild winter, and changes in the conversion factors for calculating emissions.

Figure 1 shows how the emissions produced are split between gas used for heating, electricity used for heating, cooling and appliances (computers, lights, etc), and business travel[2].

Figure 1: The Committee's emissions (1 April 2013 to 31 March 2014)



1 Our carbon footprint has been restated for 2012/13 in order to account for the material changes to the conversion factors provided by Defra for company reporting purposes.

2 This includes travel by members of the Secretariat for business purposes and excludes private commuting. It also includes travel undertaken by Committee members on Committee business.

The Committee has offset its emissions produced across all areas of the business, using a scheme covered by the independent Quality Assurance Scheme for Carbon Offsetting. The Committee was accredited with the Carbon Trust Standard in 2013, reflecting the emissions reduction we achieved over the previous year.

Emissions from heating and cooling: These account for the majority of emissions produced – 34 tonnes CO_2e (64%). This comprises gas for heating (7 tonnes CO_2e), which has decreased by 16% since last year mainly due to a milder winter, and the use of electricity for the heating and air-conditioning systems (27 tonnes CO_2e) which is a decrease of 7% on last year. These systems are not under the Committee's control as the equipment is used across the whole building and is the responsibility of the landlord – Heritage Lottery Fund (HLF)[3]. We continue to work closely with HLF to improve the energy management in the building.

Emissions from electricity for equipment and appliances: This covers electricity consumption for equipment and appliances and accounts for 25% of our emissions (13 tonnes CO_2e), which is around the same level as last year. In 2011/12 we installed smart meters which measure electricity usage for our floor, and intelligent power strips which enable equipment to be automatically turned off when not in use. There is limited scope to further reduce these emissions as the appliances we use are already energy efficient and the consumption is mostly non-discretionary. However, the Committee continues to try and ensure that behavioural measures, such as switching off computers and monitors when staff are away from workstations continue to be reinforced, and that any replacement appliances are the most energy efficient on the market.

Emissions from transport: Around 11% of emissions are from transport for business travel (5.4 tonnes CO_2e, an increase of 3% from last year). This encompasses car, tube, rail and air travel undertaken by secretariat staff and by Committee members when travelling on Committee business. Tube travel has been included for the first time in 2013-14 and will be included in future (we are not able to calculate a comparative for 2012-13 as we do not have full data on trips made over the year). The impact of this inclusion is minimal.

Most of our travel is by rail, with UK domestic flights used only in exceptional circumstances. The organisation is also committed to minimising the need for travel through the use of video/teleconferencing.

Sustainable procurement

The Committee integrates sustainability into its procurement practices by:

- Considering sustainability concerns as part of all procurement decisions, including when the Committee enters into contracts with new suppliers or tenders for services from external contractors.
- Printing limited numbers of reports in hardcopy, and by only working with sustainable publishing and printing agencies (e.g. using 100% recycled FSC certified paper, vegetable inks, uncoated paper and waterless printing).
- Setting printers to print double-sided as default and using 100% recycled paper.

3 Due to communal systems for gas used for heating and electricity for heating and cooling, we are unable to calculate the Committee's actual usage for these utilities and instead had to rely on data provided by the landlord for the whole building to assess our proportionate share, based on floor area.

Waste and recycling

We are working to use resources efficiently so that we produce less waste, and to reduce the amount of waste sent to landfill through increased recycling.

Key initiatives include:

- Reducing waste through striving to reduce the amount of stationery purchased and by purchasing recycled stationery products where possible.
- Minimising our impact by only using tap water in the office and at external events.
- Bin-less office with units for recycling office consumables (e.g. paper, card, cans, plastic bottles, toner cartridges) and food waste.

Work is ongoing to ensure that staff cut down on waste generally (e.g. paper usage) and increase the amount of waste that they recycle. The Committee has recycled 3.7 tonnes (2012-13, 3.8 tonnes) of waste through Viridor London, including paper, packaging and food waste. We also sent around 1 tonne of waste to landfill during the year which is at a similar level to last year.

3.5 Our people

The secretariat

The Committee employs a Chief Executive and a secretariat of 30 staff. This comprises 24 analytical staff (of which six are working to support the ASC), one secondee funded by the devolved administrations specialising in regional analysis and five staff providing corporate support including specialists in finance and communication.

The Committee is committed to the Civil Service Recruitment principles of fair and open competition and selection on merit. Our staff have been recruited externally, as well as from within the civil service. We promote equality of opportunity for all staff irrespective of their race, sex, disability, age, sexual orientation or religion. The challenging nature of our work means we need to attract and retain people who are at the forefront of their field. We place high importance on supporting our people, including investing in development opportunities to enhance their knowledge and skills.

The Committee is strongly committed to managing the social and environmental impacts of its activities and encourages staff to share their skills in the community and actively seeks opportunities to reduce its impact on the environment.

At the year-end the breakdown of full time equivalents was:

	Female	Male
Directors – Chief Executive and Committee Members	2	11
Senior managers – excluding the Chief Executive	3	4
Secretariat – excluding senior managers	13	9
Total	**18**	**24**

3.6 Accounts direction

The financial statements have been prepared in accordance with a Direction issued by the Secretary of State for Energy and Climate Change in accordance with Schedule 1 of the Climate Change Act 2008.

A. R Gault

Adrian Gault
Acting Accounting Officer
20 June 2014

4. Directors report

4.1 Our directors

The Directors comprise the Chairman, Lord Deben, the Chief Executive, David Kennedy until 15 June 2014, Adrian Gault from 16 June 2014, and other Committee Members whose details can be found in Chapter 5; Remuneration Report.

4.2 Our operations

Service arrangements

The Committee has procured the following service arrangements for its operations:

- Payroll, procurement, accounting and human resources through Defra Shared Services (Defra SSD) until 31 October 2013, Shared Services Connect Limited (SSCL) from 1 November 2013,
- IT infrastructure and services through the Defra's E-nabling Agreement with IBM, and
- Accommodation on the first floor of Holbein Place leased from Heritage Lottery Fund (HLF).

Priorities for accommodation, IT and shared services delivery are kept under review to ensure they remain efficient, effective and provide value for money.

Supplier payment

The Committee uses Defra SSD / SSCL to administer payments to suppliers on its behalf. The standard terms of payment for all contracts is 30 days from receipt of a valid invoice. Defra SSD and SSCL are committed to the Government's prompt payment target to pay valid invoices within 5 days of receipt.

According to the statistics that have been provided to us, between 1 April 2013 and 31 March 2014, 93.48% of valid invoices received by the Committee were paid within the 5-day target (95.81% in 2012-13).

No interest was payable under the Late Payment of Commercial Debts (Interest) Act 1998 (2012-13, Nil).

Sickness absence

During the period ended 31 March 2014 the average number of working days lost due to sickness absence was 0.68 days per full-time equivalent (2012-13, 1.46 days).

Personal data related incidents

There were no personal data related incidents for the period ended 31 March 2014 (2012-13, Nil).

Financial instruments

The Committee is not exposed to liquidity, interest rate or currency risk. Details of financial assets and liabilities are provided in note 6 to the accounts.

Pension liabilities

Committee employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The details of this and pension liabilities are given in the Remuneration Report and accounting policy notes.

Register of interests

A register of interests of Committee members and senior staff is maintained, and is available on the Committee's website.

4.3 Financial summary

Results

The accounts cover the fifth full year of the Committee's operation from 1 April 2013 to 31 March 2014 and have been prepared in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury. The comparative period runs from 1 April 2012 to 31 March 2013.

During the year, the Committee on Climate Change (the Committee) was wholly funded by the Department of Energy and Climate Change (DECC), the Department for Environment, Food and Rural Affairs (Defra) and the devolved administrations.

Resource allocation during the year was £3,726,289 (2012-13, £3,409,289). The total Grant-in-Aid funding drawn down during the year was £3,898,237 (2012-13, £3,148,121). The Committee's net operating cost for the year was £3,711,661 (2012-13, £3,411,830). Additional funding was negotiated and received from sponsoring bodies which permitted more research during the year and as a result increased the net operating costs.

Total assets as at 31 March 2014 were reported as £421,402 (31 March 2013, £293,672). The increase is mainly attributable to the amount of cash held at this date and the increase in receivables impacting on the current assets, which increased to £264,514 (2012-13, £116,026).

Going concern

The accounts show a deficit on the Statement of Comprehensive Net Expenditure of £3,711,661 for the year ended 31 March 2014 and net liabilities of £233,113 on the Statement of Financial Position principally driven by our trade and other payables.

Our funding for 2014-15 has been agreed with DECC and set out in the Main Supply Estimate 2014-15. On this basis we consider it appropriate to prepare these financial statements on a going concern basis.

Non-current assets

In the year to 31 March 2014, the book value of non-current assets was £156,888 (31 March 2013, £177,646). Of this, £7,273 related to recognition of the capital element of the service concession assets for procurement of information technology support through Defra's E-nabling Agreement with IBM as detailed in the accounting policy (£12,714 in 2012-13). The future service cost under this agreement is disclosed separately.

Events since the end of the financial year

There are no events that have happened since the end of the financial year to materially affect the contents of these financial statements.

David Kennedy resigned as the Chief Executive Officer and Accounting Officer of the Committee on 15 June 2014. Adrian Gault was appointed as the Interim Chief Executive Officer as Accounting Officer until a replacement is appointed.

The Annual Report and Accounts were authorised for issue by the Accounting Officer on 20 June 2014.

Auditors

The accounts of the Committee are audited by the Comptroller and Auditor General under Schedule 1, Section 24(4) of the Climate Change Act 2008. His certificate and report appear on pages 28 to 29. The audit fee charged in the Statement of Comprehensive Net Expenditure was £18,500 (2012-13, £20,000). The auditors received no fees for non-audit services.

So far as I am aware, there is no relevant audit information of which the Committee's auditors are unaware, and I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Committee's auditors are aware of that information.

A. R Gault

Adrian Gault
Acting Accounting Officer
20 June 2014

5. Remuneration report

5.1 Remuneration policy

The Chief Executive's remuneration is determined by the Committee. This is on the basis of a performance evaluation by the Chair, and inter alia on recommendations by the Senior Salaries Review Body regarding Senior Civil Service pay.

Up to 9% of the Chief Executive's remuneration is subject to performance conditions. It is measured against delivery of objectives set by the Committee at the beginning of the year and is only triggered if all main performance targets are exceeded.

None of the remuneration of any Committee Member is subject to performance conditions.

5.2 Service contracts

Staff

Appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit following fair and open competition. The code also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

The Chief Executive is on a permanent contract that may be terminated by the Committee or the Chief Executive by giving three months' notice, unless agreed otherwise by both parties.

Further information about the work of the Civil Service Commissioners can be found at http://civilservicecommission.independent.gov.uk/.

Committee Members

All appointments to the Committee on Climate Change are made on behalf of the Secretary of State for Energy and Climate Change. Appointments to the Adaptation Sub-Committee are made on behalf of the Secretary of State for Environment, Food and Rural Affairs. These appointments are made in accordance with the Code of Practice for Ministerial Appointments to Public Bodies issued by the Office of the Commissioner for Public Appointments.

Chairs and Committee Members are normally appointed for a fixed period up to five years. Either party may terminate an appointment for any reason upon giving three months' notice in writing or the appointment may be terminated immediately by mutual consent. The Departments (DECC or Defra) may also terminate an appointment immediately should the member be guilty of any conduct that, in the opinion of the Department, renders them unsuitable to continue.

The remuneration for the Committee on Climate Change is determined by the Department of Energy and Climate Change. In 2013-14, the Chairman of the Committee for Climate was paid £1,000 per day with an average time commitment of 3 days per month. Committee members were paid £800 per day with an estimated time commitment of 2 days per month.

The remuneration for the Adaptation Sub-Committee is determined by the Department for Environment, Food and Rural Affairs. In 2013-14, the Chairman of the Adaptation Sub-Committee was paid £900 per day with an average time commitment of 3 days per month. Committee members were paid £800 per day with an estimated time commitment of 2 days per month.

5.3 Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Chief Executive and Committee Members and have been subject to audit.

Remuneration Salary and Benefits in Kind (audited information)

	2013-14				2012-13			
	Salary £000	Benefit in kind to nearest £100	Pension Benefits (£'000)	Total (£'000)	Salary £000	Benefit in kind to nearest £100	Pension Benefits (£'000)	Total (£'000)
Chief Executive								
David Kennedy	115-120	–	55	170-175	115-120	–	78	190-195
Performance pay	5-10	–	–	5-10	5-10	–	–	5-10
Committee on Climate Change								
Committee Chair								
Lord Deben	30-25	2,100	–	30-25	20-25 (full-year equivalent 35-40)	100	–	20-25 (full-year equivalent 35-40)
Lord Turner (to 7 June 2012)	–	–	–	–	0-5 (full-year equivalent 15-20)	100	–	0-5 (full-year equivalent 15-20)
Committee Members								
Professor Samuel Fankhauser*	20-25	–	–	20-25	15-20	–	–	15-20
Sir Brian Hoskins	5-10	–	–	10-15	5-10	–	–	5-10
Professor Dame Julia King	5-10	2,800	–	10-15	5-10	2,800	–	10-15
Lord May	5-10	1,000	–	5-10	5-10	900	–	5-10
Professor Jim Skea	10-15	600	–	15-20	10-15	700	–	10-15
Paul Johnson	5-10	–	–	5-10	5-10 (full-year equivalent 10-15)	–	–	5-10 (full-year equivalent 10-15)

* Professor Samuel Fankhauser is also a member of the ASC, the figures shown above comprise fee payment for both Committees.

Remuneration Salary and Benefits in Kind (audited information) (continued)

	2013-14				2012-13			
	Salary £000	Benefit in kind to nearest £100	Pension Benefits (£'000)	Total (£'000)	Salary £000	Benefit in kind to nearest £100	Pension Benefits (£'000)	Total (£'000)
Committee Chair								
Lord Krebs** (reappointed until February 2016)	25-30	5,500	–	30-35	20-25	4,500	–	25-30
Committee Members								
Professor Jim Hall	10-15	2,400	–	15-20	10-15	2,100	–	10-15
Professor Dame Anne Johnson	15-20	–	–	15-20	10-15	–	–	10-15
Professor Martin Parry	5-10	1,900	–	5-10	10-15	2,700	–	10-15
Sir Graham Wynne	10-15	800	–	10-15	10-15	1,300	–	10-15
Highest paid Director's Total Remuneration***	125-130				115-120			
Median Total Remuneration	49,835				48,203			
Ratio	2.5				2.4			

** Lord Krebs is also a member of the Committee on Climate Change, the figures shown above comprise fee payment for both Committees.

*** Reporting bodies are required to disclose the relationship between the salary of the most highly-paid director in their organisation and the median earnings of the organisation's workforce. The banded salary of the most-highest paid director in the Committee in the financial year 2013-14 was £125k-£130k (2012-13, £115k-£120k). This was 2.5 times (2012-13, 2.4) the median salary of the workforce, which was £49,835 (2012-13, £48,203).

Pension Benefit of Senior Staff (audited information)

	Accrued pension age as at 31/03/14 and related lump sum £000	Real Increase in pension and lump sum at pension age £000	CETV at 31/03/14 £000	CETV at 31/03/13 £000	Real increase in CETV £000	Employer contribution to partnership pension accounts £
Chief Executive						
David Kennedy	20-25 plus a lump sum of £0	2.5-5 plus a lump sum of £0	302	248	31	–

Committee Members

Committee Members are not members of any pension scheme and no contributions are paid towards an individual's personal pension plan.

5.4 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.

5.5 Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2013-14 relate to performance in 2013-14 and the comparative bonuses reported for 2012-13 relate to the performance in 2012-13.

5.6 Benefit in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The Committee members were reimbursed for travel and subsistence costs incurred whilst attending Committee meetings, on which the Committee also paid the tax due. The accounting of the Committee's benefits in kind reimbursed during the year is done on a cash basis.

5.7 Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. 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 1.5% and 6.25% of pensionable earnings for classic and 3.5% and 8.25% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2014. 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 updated in line with Pensions Increase legislation. 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 partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

5.8 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.

5.9 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.

A. R Gault

Adrian Gault
Acting Accounting Officer
20 June 2014

6. Statement of Accounting Officer's responsibilities

Under Schedule 1, Section 24(2) of the Climate Change Act 2008, the Secretary of State for Energy and Climate Change has directed the Committee 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 the Committee and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Secretary of State, 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 Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going concern basis.

The Sponsoring Accounting Officer of DECC has designated the Chief Executive as Accounting Officer of the Committee. 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 the Committee's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in *Managing Public Money*.

7. Governance statement

Introduction

This Governance Statement sets out the governance, risk management and internal control arrangements that have operated within the Committee on Climate Change (hereafter 'the Committee') during the period 01 April 2013 to 31 March 2014. It describes how the Committee and its supporting structures work and how they have performed throughout the year.

Responsibility as an Accounting Officer

I assumed responsibility as Accounting Officer on 16 June 2014, following the departure of our Chief Executive Officer, David Kennedy. I have received formal assurance that there was no risk inherent in this transition, and that there have been no significant control weaknesses of which David is aware throughout the period in question.

As Accounting Officer, I am responsible for maintaining a sound system of risk management, governance and internal control that supports the achievement of the Committee's statutory duties. I am personally responsible for safeguarding the public funds in my charge and for ensuring propriety and regularity in the handling of those funds.

Specifically, I am tasked with ensuring that the Committee:

- Operates within the confines of the Climate Change Act (2008).
- Is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in HM Treasury's 'Managing Public Money'.
- Operates in line with the requirements and spirit of the Freedom of Information Act 2000 and complies with Data Protection legislation.

Governance structure

The Committee's corporate governance structure is framed by the requirements of the Climate Change Act, which sets out both the legal duties of the Committee and the functions and broad governance structure of the organisation. This primary legislation is supported by the Committee's Framework Document (available from our website) which further describes how we are accountable to DECC, Defra and the devolved administrations, our governance arrangements, and our management and budgeting processes.

I am supported in my role as Accounting Officer by the Committee, Audit Committee and Senior Management Team.

The Committee, led by the Chairman, sets the vision and strategic direction for the organisation and is responsible for the delivery of independent, evidence-based advice on reducing carbon emissions. Similarly, the Adaptation Sub-Committee (ASC) is responsible for the delivery of advice on the UK's preparedness for climate change.

The Committee and ASC each agree an annual work programme and meet at least monthly to review progress against it. Agendas, minutes of previous meetings (both available from our website) and supporting evidence (where applicable) are sent to members in advance. Members of the secretariat attend committee meetings to present evidence and answer questions.

The Audit Committee is responsible, on behalf of the Committee, for advising me as Accounting Officer on the adequacy of our internal control and risk management framework and the governance of the internal and external audit processes. The Audit Committee also provides assurance on the quality of the Committee's annual accounts. The Audit Committee meets three times a year along with representatives from the National Audit Office (NAO), Internal Audit (XDias) and the departmental Sponsor Group (DECC / Defra).

The Senior Management Team consists of myself and the various 'heads of teams' and is responsible for implementing the strategic decisions taken by the Committee and for the day-to-day operation of the secretariat.

Committee performance

The annual evaluation of Committee effectiveness provides an opportunity to consider ways of identifying greater efficiencies, maximising strengths and highlighting areas for further development. The CCC, ASC and Audit Committee each undertake an annual self-assessment of their effectiveness using a management tool developed in line with guidance from the National Audit Office (NAO).

Last year, this assessment identified that there should be a continued focus on ensuring the Committee has sufficient time to cover its intensive work programme. In response to this, we have strengthened the Committee member's roles as 'champions' for larger pieces of work, increasing engagement with staff outside of meetings to focus on the analytical detail as appropriate, and then steering the project at Committee level. More recently, we have started framing each presentation with 'key questions' to provide focus both for the Committee and the Secretariat.

This year, the review identified a number of key strengths, including the cohesiveness of the Committee and its effective relationship in working with the Secretariat. The evaluation also identified areas for further efficiencies and improvement to effectiveness as set out below:

- Members emphasized the need for the Committee to maintain awareness of the changing strategic and political environment in which it operates, given that this environment is instrumental to delivery of the low-carbon programme. To this end, Members of both the Committee and the ASC attended a 'horizon scanning' workshop, facilitated by the NAO, at which these various risks and opportunities were discussed. This exercise will feed into a broader review of our Risk Framework (to be undertaken by Internal Audit) following engagement with all staff.
- The assessment also identified that there may be value in reinforcing the links between the ASC and Audit Committee. This would enable Members to make more effective use of the work of the Audit Committee when assessing risk. In furtherance of this objective, we shall carry out a review as to how best to strengthen these links over the summer.

We will report on the progress made with regards to the above action points in our next Annual Report.

Meetings and attendance during 2013-14

The table below shows attendance at meetings held by the Committee, Adaptation Sub-Committee and the Audit Committee during 2013-14.

	CCC	ASC	Audit Committee
Total meetings held throughout 2013-14	**13**	**12**	**3**
Lord Deben	12	–	–
Professor Samuel Fankhauser	13	12	3
Sir Brian Hoskins	9	–	–
Paul Johnson	8	–	–
Professor Dame Julia King	10	–	3
Lord May	10	–	0
Professor Jim Skea	10	–	–
Lord Krebs	7	12	–
Professor Jim Hall	–	11	–
Professor Dame Anne Johnson	–	10	–
Professor Martin Parry	–	10	–
Sir Graham Wynne	–	11	–

Conflicts of interest

All Members are required to declare to the Committee any personal or business interest which may reasonably be perceived to influence their judgment in performing their functions and obligations. These interests include, but are not limited to, personal direct and indirect pecuniary interests and any such interests of close family members and/or of people living in the same household as the Member.

The Committee collects this information on a biannual basis and a copy of this Register of Interests is available on our website. No conflicts of interest requiring active management were identified during the year.

Compliance with the Government's Corporate Governance Code

Our governance structure has been designed, where relevant, to be consistent with the principles of the Corporate Governance Code of Good Practice for Central Government Departments, published by HM Treasury. Smaller, non-ministerial bodies, such as the Committee, are encouraged, as far as is possible, to adopt the practices set out in the Code or to explain non-compliance under the 'comply or explain' principle.

Throughout the year, the Committee underwent its first Triennial Review – a Cabinet Office mandated process for reviewing the function of Non-Departmental Public Bodies, their delivery mechanisms and governance arrangements. Stage 2 of this review assessed our governance framework against the principles underpinning the Code. It was the opinion of the review team that the arrangements in place were largely compliant. The review team did, however, identify opportunities to further reduce governance risk and promote transparency, including:

- The Departmental Sponsor Teams to introduce a regular date for review of the Framework Document and Concordat, and schedule an annual update for Departmental Boards;
- The CCC to publish Freedom of Information requests and responses, Registers of Interests of members and meeting agendas on its website;

- The CCC to introduce a formal induction package for new members, and an annual evaluation process of member's performance; and
- The CCC to continue to enhance its ways of taking business decision-making into account.

The full review is available on the DECC website. We shall be looking at implementing these suggestions in full over the course of the coming year.

Strategy and business planning

The Committee's overarching strategic objective is to provide independent, evidence-based advice to the UK Government and Parliament in the area of climate change. Two clear business objectives underpin this aim:

- Fulfilling our statutory duties as set out under the Climate Change Act 2008, including reporting on progress made in meeting carbon budgets, review of the fourth carbon budget and preparedness to adapt to climate change, including progress towards implementation of the UK Government's National Adaptation Programme; and
- Ensuring that the Committee's governance arrangements are fit for purpose, continuing to operate as an effective NDPB, meeting statutory and other requirements.

The Committee's business objectives and high-level work programme for each three-year period are set out in our Corporate Plan (available from our website). This includes a detailed Business Plan covering the first year of operation, containing clear milestones against which delivery can be assessed and measured. The Corporate Plan is agreed with the Sponsor Group which includes representatives from DECC, Defra and the devolved administrations.

These objectives guide the work of the Committee and the ASC. Staff objectives are clearly linked to the furtherance of these two business objectives and in effect, the delivery of the organisation's strategic objective.

Resource planning

This year, Internal Audit (XDias) carried out a review of the planning processes employed in deciding the level of resource needed (in terms of both staffing and funding) to deliver our organisational objectives. The aim of this exercise was to provide assurance on the governance, risk management and control arrangements in place, and to gauge whether they allowed sufficient flexibility to meet emerging priorities.

The review found the resource planning model to be clearly defined and that staff were proactive in identifying potential efficiency savings. It also recognised that pressures on delivery and expectations were well managed through regular communication with sponsoring Departments. XDias proffered suggestions as to how the process could be further strengthened. These shall be used to improve internal controls and will feed into the upcoming review of the Framework Agreement and Concordat by DECC, which set out the process by which the Committee's annual budget allocation is calculated.

Risk management

Assessment of risk management

The Committee has in place a comprehensive risk identification, management and escalation framework set out within the organisation's Risk Management Strategy. This strategy and supporting framework were reviewed by the Audit Committee during 2013-14 who confirmed their assessment that the Committee's approach identifies the correct risks, and that mitigating actions are appropriately focused and implemented so as to support delivery of the Committee's statutory objectives.

Reporting of risk

I have assessed that there are no significant omissions in relation to risk requiring further disclosure. My assessment has been endorsed by the Audit Committee.

Key risks

The Committee seeks to mitigate all risks to within acceptable levels in line with our risk appetite policy. Our system of internal control is therefore designed to manage risk to a reasonable level rather than to eliminate it altogether.

The 3 key risks facing the organisation as at throughout the period under consideration were:

- That our advice to government would not be accepted. In order to minimise the likelihood of this, we ensure that our advice is robust with respect to the criteria set out in law, and in particular that it is based on evidence and analysis. Having finalised our advice, we communicate it with the government and other stakeholders to ensure that it is well understood;
- That reduced funding would jeopardise our ability to deliver our statutory duties. We continue to work with DECC, Defra and the devolved administrations in order to ensure that in making any decision as to our budget allocation, they properly understand the budget implied by our statutory duties for the relevant period. Going forward, we are working with the Sponsor Group to review the Corporate and Business planning processes and budgeting procedures in the hope of providing more certainty over any spending review period; and
- That an ambitious work programme leads to Committee, ASC and staff overload, particularly given the loss of experienced staff during the reporting period. In order to mitigate the likelihood of this, Committee meeting agendas are carefully planned in order to allow focus on key priorities. The work programme is clearly communicated to both staff and members and progress is carefully monitored against it. Individual members are required to champion specific pieces of work in order to allow for more effective feedback to the Committee. Every effort is made to ensure that the staff workload is balanced, that there is flexibility to rebalance as appropriate, and that there is sufficient time and resource for learning and development.

None of these risks has crystallised during the reporting period.

Overall, Internal Audit has concluded that the system of internal control that has operated within the Committee during the financial year 2013-14 has been satisfactory.

Contractual relationships with service partners

Transactional processing

The majority of the Committee's financial systems and processes are provided by Shared Services Connected Limited (SSCL) (previously Defra Shared Services Division (SSD)) and are therefore not directly governed or controlled by the Committee.

SSCL changed from SSD on 1 November 2013, although with no major change to service arrangements under the terms of the contract. For the period 1 April 2013 – 31 October 2013, the Committee has placed reliance in the Defra Internal Audit review of the controls operated in Defra SSD, as in previous years. We have reviewed the Transition Audit report provided to the Cabinet Office, which details the sources of assurance drawn on in assessing controls over this period. These include:

- The positive assurance obtained on key controls at SSD at the end of 2012-13 (including IT controls);
- The positive outcome of the external audits of Defra and SSD users in respect of the financial year ending 31 March 2013;
- The effective management of risk by SSD in respect of Transition Management (we have reviewed a copy of this audit report); and
- The lack of changes in staff and systems in the period up to transition.

Defra Internal Audit has concluded that they have a sufficient level of assurance from a range of sources, and as such do not need to undertake further audit work on the systems of internal control in place throughout 2013-14. On this basis I conclude that we have sufficient assurance on the controls operated by Defra SSD up to 1 November 2013.

The assurance framework for the service from 1 November 2013 was agreed by SSCL customers in advance of the transition of shared services to SSCL. Pursuant to this agreement, Grant Thornton has reviewed SSCL's description of the core services provided to Her Majesty's Government (HMG) for the period 1 November 2013 to 31 March 2014 and the suitability of the design and operating effectiveness of controls to achieve the stated objectives. This review found that, in all material aspects, the description fairly presents the core services provided to HMG and that the controls related to the control objectives have operated effectively throughout the period in question.

The Committee has appropriate representation within the SSCL governance structure and is part of DECC's Intelligent Customer Function. We also remain in regular contact with SSCL in order to maintain oversight of their performance in delivering the service to the Committee.

Information technology

Our IT support is provided through Defra's E-nabling Agreement with IBM. There have been no issues with this contract in the period under consideration.

Information risk

The Committee has in place an information risk management framework designed to ensure the confidentiality and integrity of information held and compliance with UK and EU legislation. The Committee reviewed this framework through application of the GCHQ's Information Asset Maturity Model in 2012-13 and received a satisfactory rating for the type of information that we hold.

Our current risk assessment shows that the risks to our information are low. The Committee holds very little sensitive personal data and the access rights to this are limited. Staff dealing with this information do so in accordance with information security policies and the Data Protection Act. In addition, all staff are required to undertake training in information security on an annual basis.

I am not aware of any breaches of security or any loss of personal protected information during the year.

Reputational risk

The Committee expects the highest standard of ethical conduct and fair dealing from both its staff and members. All of the Committee's activities are conducted in compliance with applicable laws and policies. Where malpractice is suspected, rules and reporting channels are in place to ensure the timely resolution with minimum business impact.

The Secretariat's advice is supported by robust analysis and based upon sound assumptions. Following the Macpherson review, which highlighted the importance of Quality Assurance (QA) in the development and use of models, the Committee has taken the opportunity to emphasise the need for QA to be embedded in analytical work. We have issued new guidance and will keep this under review to ensure we build on experience and maintain strong and effective processes. Where research or modelling is funded externally, the QA procedures of potential contactors forms part of the assessment of who to contact with, and there will be a Project Manager within the Secretariat whose responsibilities include ensuring that quality standards are met through the contract. All analysis undergoes a multi-tiered challenge approach – through the lead analyst, senior responsible owner and senior analyst – culminating in the presentation of our findings to the Committee.

Significant control issues

I can confirm that the Committee has not had any significant control issues during 2013-14 and has no significant weaknesses to address.

A.R Gault

Adrian Gault
Acting Accounting Officer
20 June 2014

8. The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Committee on Climate Change for the year ended 31 March 2014 under the Climate Change Act 2008. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Committee, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Committee and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Climate Change Act 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Committee on Climate Change's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Committee on Climate Change; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Committee on Climate Change's affairs as at 31 March 2014 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Climate Change Act 2008 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Climate Change Act 2008; and
- the information given in the Strategic Report, Statement of Accounting Officer's Responsibilities and Governance Statement sections included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration 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.

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

23 June 2014

9. Financial statements

Statement of Comprehensive Net Expenditure

For the period ended 31 March 2014

	Note	**2013-14 £**	2012-13 £
Expenditure			
Staff Costs	3a	2,152,524	2,085,665
Depreciation	5	17,510	22,845
Provisions	10	–	–
Other Expenditure	4	1,541,627	1,303,320
		3,711,661	**3,411,830**
Income			
Income from activities		–	–
Other income		–	–
Net expenditure		**3,711,661**	**3,411,830**
Interest payable/receivable		–	–
Net expenditure after interest		**3,711,661**	**3,411,830**

Other Comprehensive Expenditure

	2013-14 £	2012-13 £
Items that will not be reclassified to net operating costs:		
Net gain/(loss) on the revaluation of Property, Plant and Equipment	–	–
Net (gain)/loss on revaluation of Intangibles	–	–
Items that may be reclassified subsequently to net operating costs:		
Net (gain)/loss on revaluation of available for sales financial assets	–	–
Total Comprehensive Expenditure for the year ended 31 March 2014	**3,711,661**	**3,411,830**

All income and expenditure is derived from continuing operations.

The notes on pages 34 to 48 form part of these accounts.

There was no income or gains and losses other than the reported expenditure and there was no comprehensive expenditure other than that shown above.

Statement of Financial Position

As at 31 March 2014

		31 March 2014		31 March 2013	
	Note	£	£	£	£
Non-current assets:					
Property, plant & equipment	5	156,888		177,646	
Total non-current assets			156,888		177,646
Current assets					
Trade and other receivables	7	113,159		20,830	
Cash and cash equivalents	8	151,355		95,196	
Total current assets			264,514		116,026
Total assets			**421,402**		**293,672**
Current liabilities					
Trade and other payables	9	(535,388)		(582,489)	
Total current liabilities			(535,388)		(582,489)
Non current assets plus/(less)					
Net current assets/(liabilities)			**(113,986)**		**(288,817)**
Non-current liabilities					
Provisions	10	(109,200)		(109,200)	
Other payables	9	(9,927)		(21,672)	
			(119,127)		(130,872)
Assets less liabilities			**(233,113)**		**(419,689)**
Taxpayers' equity					
General reserve			(233,113)		(419,689)
			(233,113)		**(419,689)**

The financial statements on pages 30 to 33 were approved by the Committee on 20 June 2014 and signed on its behalf by:

A.R Gault

Adrian Gault
Acting Accounting Officer
20 June 2014

The notes on pages 34 to 48 form part of these accounts.

Statement of Cash Flows

For the period ended 31 March 2014

	Note	**Year to 31 March 2014 £**	Year to 31 March 2013 £
Cash flows from operating activities			
Net deficit after interest		(3,711,661)	(3,411,830)
Adjustments for depreciation	5	17,510	22,845
Increase/(Decrease) in provisions	10	–	–
Adjustment to the service session arrangement	5	3,248	16,979
(Increase)/Decrease in trade and other receivables	7	(92,328)	51,943
Increase/(Decrease) in trade payables	9	(40,928)	69,756
Increase/(Decrease) in payables not passing through the Net Expenditure Account	9	(11,746)	(17,098)
Utilisation of provisions	10	–	–
Net cash outflow from operating activities		**(3,835,905)**	**(3,267,405)**
Cash flows from Investing activities			
Purchase of property, plant and equipment	5	–	(2,360)
		–	**(2,360)**
Cash flows from financing activities			
Grant from sponsoring department		3,898,237	3,148,121
Capital element of payments in respect of finance leases and on-balance sheet PFI and Service Concession Agreements	9	(6,173)	(8,215)
		3,892,064	**3,139,906**
Net Financing			
Net increase/(decrease) in cash and cash equivalents in the period		**56,159**	**(129,859)**
Cash and cash equivalents at the beginning of the period	8	95,196	225,055
Cash and cash equivalents at the end of the period	8	151,355	95,196

The notes on pages 34 to 48 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the 12 months ended 31 March 2014

	General Reserve £
Balance at 31 March 2012	(155,980)
	(155,980)
Changes in Taxpayers' Equity 2012-13	
Grants from sponsoring department	3,148,121
Comprehensive Expenditure for the year	(3,411,830)
Balance at 31 March 2013 under IFRS	**(419,689)**
Changes in Taxpayers' Equity 2013-14	
Grants from sponsoring department	3,898,237
Comprehensive Expenditure for the year	(3,711,661)
Balance at 31 March 2014 under IFRS	**(233,113)**

The notes on pages 34 to 48 form part of these accounts.

10. Notes to accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2013-14 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 Committee for the purposes of giving a true and fair view has been selected. The particular policies adopted by the Committee 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, intangible assets and inventories.

1.2 Going concern

The statement of financial position at 31 March 2014 shows net liabilities of £233,113 (2012-13, net liabilities of £419,689). This reflects the inclusion of liabilities falling due in future years that may be only met by future Grants-in-Aid from the sponsoring departments, DECC, Defra and devolved administrations. This is because under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

In common with other government departments, the future financing of the Committee (including the ASC) is to be met by Grants-of-supply to DECC, Defra and the devolved administrations and the application of future income, both to be approved annually by Parliament. Such approval for amounts required for 2014-15 has already been given and there is no reason to believe that future approvals will not be forthcoming. IAS 10 also states that for non-trading entities the anticipated continuation of the provision for that service is normally sufficient evidence of going concern. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.3 Property, plant and equipment

Assets are capitalised as property, plant and equipment if they are intended for use on a continuing basis and their original purchase cost, on an individual or group basis, is £2,000 or more, including VAT. These assets are carried at fair value.

The Committee does not hold any financial interest in land or buildings. During the period covered by these financial statements, the Committee rented premises from Heritage Lottery Fund (HLF).

The FReM states that all non-current assets should be valued using the revaluation model as prescribed in IAS 16. The PFI asset has been revalued based on the present value of the minimum lease payments in accordance with IAS 17.

In accordance with the FReM, the Committee has opted to value the remaining non-property assets on a depreciated historical cost (DHC) basis, as a proxy for fair value as these assets have short useful lives or are of low value or both.

Internally developed property, plant and equipment are recognised as assets under construction (AUC) and treated as capital expenditure but not depreciated until the completed asset is brought into service. AUC are not revalued.

1.4 Depreciation

Property, plant and equipment assets are depreciated at rates calculated to write them down to their estimated residual value on a straight line basis over their estimated useful lives. Depreciation is not charged on assets under construction. Assets are normally depreciated over the following periods:

- Furniture and fittings: remaining life of lease
- Information technology: 3–5 years
- Plant and machinery: remaining life of lease

A full month's depreciation is charged to the net expenditure account in the month following acquisition and in the month of disposal.

Management reviews the residual values and estimated lives of property, plant and equipment at least annually at each reporting date.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Committee becomes a party to the contractual provisions of an instrument.

The Committee has no borrowings and relies primarily on Grant-in-Aid from DECC, Defra and the devolved administrations for its cash requirements and is therefore not exposed to liquidity risks. All material assets and liabilities are denominated in sterling so it is not exposed to currency risk.

1.6 Grant-in-aid

Grant-in-Aid received used to finance activities and expenditure which support the statutory and other objectives of Committee are treated as financing and credited to the General Reserve, because they are regarded as contributions from a controlling party.

1.7 Pensions

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

1.8 Value added tax (VAT)

The Committee is not registered for VAT purposes and therefore all expenditure is shown including the irrecoverable VAT.

1.9 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to control the use of an asset. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised and included in property, plant and equipment at their fair value, or if lower, at the present value of the minimum lease payments, each determined at the inception of the lease.

Rentals due under operating leases are charged to the Statement of Comprehensive Net Expenditure over the lease term on a straight-line basis.

1.10 Service concessions

The Committee procures information technology support through the Defra's E-nabling Agreement with IBM.

Although, the Committee has a rolling twelve month contract with Defra, Defra's contract with IBM is for a term of eight years from February 2010. The Defra contract falls within the scope of IFRIC 12 and is disclosed within the accounts as a service concession arrangement. A lease liability has been included to reflect the capital value payments to IBM to lease IT infrastructure assets throughout the duration of the 8 year contract. A matching asset has been raised to reflect the benefit that the Committee will derive from having access to IBM's IT infrastructure assets. Depreciation has been applied on a straight line basis consistent with the Committee's depreciation policy. These IT infrastructure assets, which consist of laptops, servers and hardware, are classed as one tangible service concession asset under property, plant and equipment.

Due to the fact the asset will depreciate quicker than the liability is released in the early stages of the contract there will be a net expenditure impact. In the later stages of the contract the impact of unwinding the finance charge at an increasing rate will result in a negative expenditure impact. Overall however, the impact over the duration of the contract will be zero.

1.11 Estimation techniques

The annual leave accrual required under IAS 19 is based on employees' annual leave records as at the end of the financial year. The value is calculated using average employee salary cost based on a working year of 260 days.

1.12 Impending application of newly issues accounting standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published but are not effective as at reporting date.

The following new standards, amendments and interpretations to existing standards are not yet effective and have not been adopted early by the CCC.

- IFRS9: Financial Instrument (New), effective 1 January 2015;
- IFRS10: Consolidated Financial Statements, effective 1 January 2014;
- IFRS11: Joint Arrangements, effective 1 January 2014;
- IFRS12: Disclosure of Interest in other entities (New), effective 1 January 2014; and
- IFRS 13: Fair Value Measurement, effective 1 January 2013 (FReM application is expected from 2015-16).

It is anticipated that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the CCC.

2. Analysis of Net Expenditure by Segment

For the period ended 31 March 2014

	Committee on Climate Change £	Adaptation Sub-Committee £	Total £
Staff costs			
Committee members	104,589	91,218	195,807
Staff	1,572,510	384,207	1,956,717
Total staff costs	**1,677,099**	**475,425**	**2,152,524**
Other costs			
Research	599,423	276,363	875,786
Recoveries for research	(21,700)	–	(21,700)
Rentals under operating leases	104,149	25,948	130,097
Occupancy	127,553	31,807	159,360
Shared services	44,881	11,269	56,150
PFI service charges	78,121	22,512	100,633
PFI finance charges	827	207	1,034
Printing and publications	100,347	20,643	120,990
Travel and subsistence	9,951	3,450	13,401
Corporate services	28,298	5,740	34,038
Learning and development	21,590	12,551	34,141
Telephony	994	270	1,264
Web development and hosting	2,976	870	3,846
Conferences and events	3,358	1,926	5,284
Auditor's remuneration	14,800	3,700	18,500
Other	7,042	1,761	8,803
Total	**1,122,610**	**419,017**	**1,541,627**
Non-Cash Items			
Depreciation	17,510	–	17,510
Total Other Costs	**1,140,120**	**419,017**	**1,559,137**
Total operating costs	**2,817,219**	**894,442**	**3,711,661**

The purpose and working of the Committee on Climate Change (the Committee) and the Adaptation Sub-Committee is provided in Sec 3.1 and 3.2. The split between the Committee and Adaptation Sub-Committee is based on actual figures, where available. For elements where the cost is shared it has been apportioned on the basis of headcount. All assets and liabilities are held centrally by the Committee and therefore not appropriate to apportion.

For the period ended 31 March 2013

	Committee on Climate Change £	Adaptation Sub-Committee £	Total £
Staff costs			
Committee members	81,483	85,754	167,237
Staff	1,537,545	380,883	1,918,428
Total staff costs	**1,619,028**	**466,637**	**2,085,665**
Other costs			
Research	405,008	230,994	636,002
Recoveries for research	–	(30,000)	(30,000)
Rentals under operating leases	104,044	26,012	130,056
Occupancy	131,955	31,768	163,723
Shared services	45,580	11,395	56,975
PFI service charges	87,080	21,771	108,851
PFI finance charges	2,872	718	3,590
Printing and publications	73,748	15,014	88,762
Travel and subsistence	8,965	3,821	12,786
Corporate services	44,909	11,227	56,136
Learning and development	23,496	5,407	28,903
Telephony	1,273	318	1,591
Web development and hosting	15,198	1,722	16,920
Conferences and events	3,922	4,278	8,200
Auditor's remuneration	16,000	4,000	20,000
Other	660	165	825
Total	**964,710**	**338,610**	**1,303,320**
Non-Cash Items			
Depreciation	22,845	–	22,845
Total	**987,555**	**338,610**	**1,326,165**
Total operating costs	**2,606,583**	**805,247**	**3,411,830**

3. Staff numbers and related costs

(a) Staff costs

	2013-14 Total £	2013-14 Permanent staff* £	2013-14 Other* £	2013-14 Committee members £	Year to 31 March 2013 Total £
Committee Members' remuneration**	195,807	–	–	195,807	167,237
Wages and salaries***	1,537,414	1,421,132	116,282		1,486,278
Social security costs	172,356	136,161	15,320	20,875	163,673
Other pension costs	300,840	273,636	27,204		302,961
Sub total	**2,206,417**	**1,830,929**	**158,806**	**216,682**	**2,120,149**
Less recoveries for secondments	(53,893)	(53,893)	–	–	(34,484)
Total net costs	**2,152,524**	**1,777,036**	**158,806**	**216,682**	**2,085,665**

* 'Permanent' comprises staff employed on a permanent basis on the Committee's terms and conditions. 'Other' comprises staff either employed by other government departments or agencies, whether recharged or not, inclusive of VAT where applicable or employed directly on a short/ fixed term basis by the Committee. This also includes temporary staff.

** Remuneration for Committee members are fees paid for attending meetings and other work performed on behalf of the Committee during the period 1 April 2013 to 31 March 2014.

*** Wages and salaries include an accrual of £52,584 for total performance bonuses related to the 2013-14 financial year (2012-13, £49,315). Further it also includes a movement of £8,907 in staff leave accrual (2012-13, (£11,482)).

No severance payments were made in the financial year (2012-13, £0).

The Committee did not have any off-payroll engagements in the financial year (2012-13, Nil).

(b) Pensions

'The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Committee is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation www.civilservice-pensions.gov.uk.

For 2013-14, employers' contributions of £288,205 (2012-13, £293,172) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% (2012-13 16.7% to 24.3%) of pensionable pay, based on salary bands. The scheme's 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 2013-14 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 £12,743 (2012-13, £9,077) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,030 0.8% of pensionable pay (2012-13, £765), were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £1,149 (2012-13, £760). Contributions prepaid at that date were £0 (2012-13, £0).

(c) The average number of persons employed:

	2013-14 Total £	2013-14 Permanent staff £	2013-14 Others £	Year to 31 March 2013 Total £
Chief Executive Office	2.0	2.0	–	2.2
ASC	6.0	5.3	0.7	5.7
CCC	16.4	14.7	1.7	17.7
Corporate Team	5.1	3.6	1.5	5.3
	29.5	**25.6**	**3.9**	**30.9**

4. Other Expenditure

	£	2013-14 £	£	2012-13 £
Administration Costs				
Research	875,786		636,002	
Recoveries for research*	(21,700)		(30,000)	
Rentals under operating leases	130,097		130,056	
Occupancy	159,360		163,723	
Shared services	56,150		56,975	
PFI service payments	100,633		108,851	
Finance charges on PFI	1,034		3,590	
Printing and publications	120,990		88,762	
Travel and subsistence	13,401		12,786	
Corporate services	34,038		56,136	
Learning and development	34,141		28,903	
Telephony	1,264		1,591	
Web development and hosting	3,846		16,920	
Conferences and events	5,284		8,200	
Auditor's remuneration	18,500		20,000	
Other	8,803		825	
		1,541,627		1,303,320
Non-Cash Items				
Depreciation		17,510		22,845
Dilapidations provision		–		–
Total Expenditure		**1,559,137**		**1,326,165**

* Recoveries for research represent contributions from other government bodies to the Committee's work programme. This comprises of £21,700 from the Department for Business, Innovation and Skills.

5. Property, plant and equipment

	Furniture & Fittings £	Information Technology £	Total £
Cost			
At 1 April 2013	191,719	91,875	283,594
Additions	–		–
Disposals	–	–	–
Transfers			–
Adjustment to the service session arrangement	–	(3,248)	(3,248)
At 31 March 2014	**191,719**	**88,627**	**280,346**
Depreciation			
At 31 March 2013	(26,787)	(79,161)	(105,948)
Charged in year	(15,317)	(2,193)	(17,510)
Disposals	–	–	–
At 31 March 2014	**(42,104)**	**(81,354)**	**(123,458)**
Net Book Value at 31 March 2014	**149,615**	**7,273**	**156,888**
Net Book Value at 31 March 2013	**164,932**	**12,714**	**177,646**
Asset financing			
Owned	149,615	–	149,615
Finance leased	–	7,273	7,273
Net Book Value at 31 March 2014	**149,615**	**7,273**	**156,888**

'Information technology' relates to assets raised to reflect the benefit the Committee will derive from having access to IBM's IT infrastructure assets as part of the Defra E-nabling agreement, as covered in Note 13.

	Furniture & Fittings £	Information Technology £	Total £
Cost			
At 1 April 2012	189,359	108,854	298,213
Additions	2,360		2,360
Disposals	–	–	–
Transfers			–
Adjustment to the service session arrangement	–	(16,979)	(16,979)
At 31 March 2013	**191,719**	**91,875**	**283,594**
Depreciation			
At 31 March 2012	(11,516)	(71,587)	(83,103)
Charged in year	(15,271)	(7,574)	(22,845)
Disposals	–	–	–
At 31 March 2013	**(26,787)**	**(79,161)**	**(105,948)**
Net Book Value at 31 March 2013	**164,932**	**12,714**	**177,646**
Net Book Value at 31 March 2012	**177,843**	**37,267**	**215,110**
Asset financing			
Owned	164,932	–	164,932
Finance leased	–	12,714	12,714
Net Book Value at 31 March 2013	**164,932**	**12,714**	**177,646**

6. Financial Instruments

As the cash requirements of Committee are met through Grant-in-Aid provided by DECC, Defra and devolved administrations, financial instruments play a more limited role in creating and managing risks than would apply to a non-public sector body.

The majority of financial instruments relate to contracts to buy non-financial items in line with the Committee's expected purchase and usage requirements and the Committee is therefore exposed to little credit, liquidity or market risk.

In general, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Committee in undertaking its activities.

7. Trade receivables and other current assets

	31 March 2014 £	31 March 2013 £
Amounts falling due within one year:		
Trade receivables	18,328	–
Deposits and advances	9,009	9,436
Other receivables	–	594
Prepayments and accrued income	85,822	10,800
Total	**113,159**	**20,830**

The following table analyses total receivables balances across the categories shown:

	Amounts falling due within one year: 31 March 2014 £	Amounts falling due within one year: 31 March 2013 £
Balances with other central government bodies	1,206	–
Balances with local authorities	84,838	–
Sub total	**86,044**	**–**
Balances with bodies external to government	27,115	20,830
Total receivables	**113,159**	**20,830**

8. Cash and cash equivalents

	31 March 2014 £	31 March 2013 £
Balance at 1 April	95,196	225,055
Net change in cash and cash equivalent balances	56,159	(129,859)
Balance at 31 March	**151,355**	**95,196**
The following balances at 31 March were held at:		
Amounts held in Government banking service accounts	151,355	95,196
Commercial banks and cash in hand	–	–
Balance	**151,355**	**95,196**

9. Trade payables and other current liabilites

	31 March 2014 £	31 March 2013 £
Amounts falling due within one year		
Other taxation and social security	66,548	37,649
Trade payables	31,455	39,211
Other payables	741	726
Current part of finance leases	3,774	6,173
Accruals and deferred income	356,025	437,345
Pension contributions	37,649	31,096
Staff unpaid leave accrual	39,196	30,289
	535,388	**582,489**
Amounts falling due in more than 1 year		
Finance leases	9,927	21,672
	9,927	**21,672**
Total payables	**545,315**	**604,161**

The finance lease comprises the future liability to pay for the capital element of the service concession assets to IBM as part of the Defra E-nabling agreement.

The following table analyses total payable balances across the categories shown:

	Amounts falling due within one year: 31 March 2014 £	Amounts falling due after more than one year: 31 March 2014 £	Amounts falling due within one year: 31 March 2013 £	Amounts falling due after more than one year: 31 March 2013 £
Balances with other central government bodies	132,195	9,927	124,764	21,672
Sub total	**132,195**	**9,927**	**124,764**	**21,672**
Balances with bodies external to government	403,193	–	457,725	–
Total creditors at 31 March	**535,388**	**9,927**	**582,489**	**21,672**

10. Provision for liabilities and charges

	31 March 2014 £	31 March 2013 £
Dilapidations balance:	109,200	109,200
Provision Utilised	–	–
Provision Written Back	–	–
Provided in the year	–	–
Total	**109,200**	**109,200**

The dilapidation provision relates to the Committee's current premises at Holbein Place. This estimate has been provided by DTZ and represents the obligation to make good the condition of the premises when the lease expires in September 2024. The provision has not been discounted as the effect would be immaterial. The provision will be re-valued at the first break clause in the lease at 31 March 2015. The Committee has no plans to exercise the break option at the 31 March 2015.

	31 March 2014 £	31 March 2013 £
Expected timing of cash flows:		
No later than one year	–	–
Later than one year and not later than five years	–	–
Later than 5 years	109,200	109,200
Total	**109,200**	**109,200**

11. Capital and Other Financial Commitments

	31 March 2014	31 March 2013
	SSCL £	SSCL £
Other financial commitments comprise:		
Not later than one year	39,177	–
Later than one year and not later than 5 years	152,902	–
Later than five years	60,524	–
	252,603	**–**

The Committee did not commit to any capital commitments in the financial year (2012-13, Nil). The Committee has entered into a non-cancellable contract (which is not a lease or PFI contract) with Shared Services Connected Limited (SSCL) to cover the provision of HR, finance and procurement transactional services. The contract was signed on 1 November 2013 and will cover a period of seven years. The figures provided are the total payments to which the Committee is committed at 31 March 2014, analysed by the period during which the payments are made.

12. Commitments under operating leases

Total future minimum lease payments under operating leases are given in the table below:

	31 March 2014		31 March 2013	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Obligations under operating leases comprise:				
Not later than one year	196,962	825	196,963	1,649
Later than one year and not later than 5 years	–	–	196,962	825
Later than five years	–	–	–	–
	196,962	**825**	**393,925**	**2,474**

The lease payments represent the future lease commitments for Holbein Place through to the first break clause in the lease on 31 March 2015.

13. Commitments under PFI and other service concession arrangements contracts

	31 March 2014 £	31 March 2013 £
Total obligations under on-balance sheet		
(SoFP) service concession arrangements for the following periods comprises:		
Not later than one year	4,002	6,583
Later than one year and not later than 5 years	12,073	27,481
Later than five years	–	–
	16,075	**34,064**
Less interest elements	(2,404)	(6,249)
	13,671	**27,815**

	31 March 2014 £	31 March 2013 £
Present value of obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprise		
Not later than one year	3,744	6,143
Later than one year and not later than 5 years	9,927	21,672
Later than five years	–	–
	13,671	**27,815**

The Committee has a rolling 12 month contract to procure information technology support through Defra. In turn, Defra has a contract with IBM for the provision of IT services and infrastructure assets which was reframed on 1 February 2010. It aims to support Defra by providing a modernised IT infrastructure; in line with the wider government IS strategy, which will give Defra access to cost effective IT services and infrastructure.

During the life of the contract, Defra has the right to use assets owned by IBM and IBM are obliged to provide a consistent level of performance as set out in the contract. This includes underlying IT product developments commissioned by the Department.

The contract prices are subject to an annual incremental increase, applied from 1 April. This increase is based on the Consumer Price Index (CPI) as at the end of January in the previous financial year.

There is flexibility in terms of termination providing the option to end the service or key aspects thereof. The financial penalty for termination is on a sliding scale depending on several factors, including time left on the contract. There are no beneficial entitlements at the end of the contract, although the Department has the option to purchase specified assets at net book value on exiting the contract. This gives the Department control of the assets during the life of the contract.

The information technology assets are included in the Consolidated Statement of Financial Position under Property, Plant and Equipment, together with those detailed in Note 5. Movements in the asset value, for instance changes in the actual number of assets (e.g. reduction in the number of laptops), is dealt with as an adjustment to the service concession arrangement. These adjustments are recognised in Note 4 - Other Expenditure in the PFI Service Payments line.

14. Charges to the income and expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of off-balance sheet (SoFP) PFI and other service concession arrangements transactions and the service element of on-balance sheet (SoFP) PFI and other service concession arrangements transactions was £100,633 (2012-13, £108,851) and the payments to which the Committee is committed is as follows:

	31 March 2014 £	31 March 2013 £
Not later than one year	103,386	186,108
Later than one year and not later than 5 years	286,044	692,483
Later than five years	–	–
	389,430	**878,591**

15. Contingent liabilities disclosed under IAS 37

There are no legal claims against the Committee or other contingent liabilities.

16. Related-party transactions

The Committee on Climate Change is a non-departmental public body of the Department of Energy and Climate Change (DECC) and receives its Grant-in-Aid funding from DECC, on behalf of DECC, Defra and the devolved administrations comprising the Scottish Government, the Welsh Government and the Northern Ireland Executive.

These bodies are regarded as related parties with which the NDPB has had various material transactions during the year. In addition, the NDPB has had a small number of transactions with other government departments and other central government bodies.

The quantum of the transactions between the Committee and these bodies was as follows:

	Grant in aid		Project funding		Purchased services	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Related parties:						
Department of Energy and Climate Change	3,898,237*	3,148,121	–	–	–	–
Department for Environment, Food and Rural Affairs	–	–	–	–	145,093**	175,733
Department for Business, Innovation and Skills	–	–	21,700	–	10,200**	12,000
Forum for the Future	–	–	–	–	–	600
Heritage Lottery Fund	–	–	–	–	196,963	253,841
Meteorological Office	–	–	–	–	41,772	8,423
Oxford University	–	–	–	–	10,030	99,825
Shared Services Connected Limited	–	–	–	–	25,810**	–
University College, London	–	–	–	–	–	25,920
Welsh Government	–	–	–	30,000	–	–

* Grant-in-Aid includes additional contributions from Defra of £123k and Scottish Government of £15k.
** Amounts outstanding at year-end.

Project funding includes recoveries on research. The £21,700 received from the Department for Business, Innovation and Skills contributed towards the Sciencewise project as per Note 4. Purchased services include shared services, IT, accommodation and staff.

No Committee member, key manager or other related parties not already disclosed above, has undertaken any material transactions with the NDPB during the year.

The following Committee members have an interest in the bodies noted above:

- Sir Brian Hoskins: Meteorological Office
- Professor Dame Anne Johnson: University College, London
- Lord Krebs: Oxford University
- Professor Jim Hall: Oxford University
- Professor Dame Julia King: Forum for the Future, Department for Business, Innovation and Skills (until end July 2013)
- Lord May: Oxford University

DECC has provided a consolidated Annual Report and Accounts for the reporting period 2013-14, incorporating its NDPB's within the consolidation boundary. The Committee forms part of this consolidation.

17. Events after the reporting period

David Kennedy resigned as Chief Executive Officer and Accounting Officer of the Committee on 15 June 2014. Adrian Gault was appointed as the Interim Chief Executive Officer and Accounting Officer until a replacement is appointed. The Accounting Officer duly authorised the issue of these financial statements on the date of the Comptroller and Auditor General's audit certificate.

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