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# Consumer Council for Water

## Annual Report and Accounts 2014-15

For the year ended 31 March 2015

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# Consumer Council for Water

## Annual Report and Accounts 2014-15

**For the year ended 31 March 2015**

Presented to Parliament pursuant to Schedule 3a of the Water Industry Act 1991  
as amended by the Water Act 2003.

*Ordered by the House of Commons to be printed 24 June 2015*

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## STRATEGIC REPORT

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

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

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

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

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

We must also represent the interests of consumers supplied by new entrants to the market; require, when necessary, information from the water supply or sewerage licensee; and deal with complaints from customers of water supply and sewerage licensees.

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

This Annual Report and Accounts covers the period 1 April 2014 to 31 March 2015.

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

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

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

## Review of CCWater's business and strategy

In the last 12 months CCWater has worked with regulators and water companies to deliver significant benefits to water customers by placing consumers' interests at the heart of the 2014 Price Review (PR14).

### Delivering benefits to customers

Our pressure and work within each water company's Customer Challenge Group for the 2014 price review helped produce decisions on prices and services for 2015-20 that received high levels of customer acceptability. Water companies committed to delivering service improvements over 2015-20 that reflect evidence of customers' views of what they expect to receive. CCWater's pressure on the Cost of Capital (the cost of financing companies' activities) reinforced Ofwat's decision to set a lower figure than proposed by each of the water companies, equating on average to approximately £7 off an average water bill.

This will mean that most customers will experience price rises at or below inflation over the next five years, with water companies committed to delivering the services and improvements their customers consider a priority. Ofwat estimates the benefit to customers to be about £2 billion.

More generally since **2005** we have been successful in helping deliver tangible benefits to water customers. We have helped return **over £2.15 billion** to customers.

- Customers have started to receive **£1 billion** of benefits through water companies bringing forward investment, not claiming for costs incurred, or providing further help to indebted customers. This occurred after we negotiated in 2012 and 2013 with companies on sharing some of the financial gains that they had made. This has resulted in some customers getting services earlier than planned, while some households struggling to pay their water charges have received assistance.
- **£1 billion** – our work contributed to the 2009 Price Review being better for customers by the equivalent of over £50 per customer, compared to the 2004 review.
- **£130 million** – in the period up to 2008 comprising of additional investment, rebates and assistance for those in water debt.
- **£20 million** – the total amount we have helped return to household and non-household customers in compensation and rebates since 2005. Of this we secured nearly **£2.3 million** during 2014-15.

Along with these headline financial successes, CCWater helps individual water customers every day as illustrated below:

- we have handled over **300,000** customer complaints and enquiries about water companies since 2005. In 2014-15 we dealt with **over 18,000** customer complaints and enquiries;
- there has been almost a **55%** reduction in customer complaints to water companies from the 2007-08 peak due to CCWater's continued pressure on companies to get things "right first time";
- we have seen a **426 per cent** increase in the number of customers registered for the WaterSure customer assistance scheme, since CCWater's project in 2007 to rebrand it and introduce a standard simplified application form;
- there has also been an increase of **over 140 per cent** in customers registered on companies' Special Assistance Registers since 2008, when we focused on encouraging companies to raise awareness of the availability of the registers. In 2013-14 over 25,500 customers registered for the scheme;
- we have also helped customers save water and money, with **almost 200,000** customers having visited our water meter calculator in the last year. In **2014-15** the total potential saving to customers that used the calculator was estimated at over **£10.2 million**; and,
- we cost each water bill payer approximately 21p a year in 2014-15, down from almost 25p in 2008-09.

### Supporting individual customers

Some customers approach us because they have a straightforward enquiry. But CCWater also takes a more active role and we step in when water companies do not resolve customer complaints right first time. Some customers just need advice to help them resolve their complaint against their water company themselves. Others want a more hands-on service and we will then correspond with a water company on the customer's behalf.

CCWater has received just over 10,000 customer complaints about water companies this year, which is similar to 2012-13 and 2013-14. However, the nature of these complaints has been getting more complex, requiring additional resources to resolve them. This is reflected in the increased number of formal investigations we have undertaken throughout the year.

However we have seen a decrease in the number of consumer enquiries about their water company during 2014-15 as shown in the table below.

<b>Contacts to CCWater from Customers</b>	<b>2014-15</b>	2013-14	2012-13
Enquiries	7,965	10,856	12,355
Complaints	10,138	9,957	10,410
Formal investigations	21	13	7

CCWater's performance against its Operational Business Plan (OBP) in dealing with complaints about water companies is given in the table below:

	<b>2014-15</b>		2013-14		2012-13	
<b>Percentage of Complaints</b>	<b>OBP Target</b>	<b>Achieved</b>	OBP Target	Achieved	OBP Target	Achieved
Actioned in 5 days	99.5%	99.9%	99.5%	99.8%	99.5 %	99.5%
Closed in 20 days	79%	82.6%	79%	83.6%	79 %	79.7%
Closed in 40 days	91%	92.3%	91%	93.3%	90 %	91.6%
	<b>2014-15</b>		2013-14		2012-13	
<b>Customer Satisfaction with all aspects of CCWater's complaint handling</b>	<b>OBP Target</b>	<b>Achieved</b>	OBP Target	Achieved	OBP Target	Achieved
Outcome of the complaint	61%	57.4%	61%	57.4%	61 %	63.8 %
Speed	80%	79.8%	80%	77.7%	79 %	82.7 %
Service	75%	72.6%	75%	69.2%	73 %	76.7 %
Courtesy	93%	93.3%	93%	92.4%	92 %	94.2 %

CCWater also provides consumer support via its website. During 2014-15 CCWater's website had just over 311,000 unique visitors, compared to 310,000 in 2013-14. CCWater's water meter calculator remains a popular tool in helping a customer identify if they could save money by paying for their water by a meter. We have estimated that customers using our site in 2014-15 could have potentially made savings of £10.2 million by switching to a meter.

## Complaints to the Parliamentary and Health Service Ombudsman

If a consumer remains unhappy about the way CCWater has dealt with a complaint they can, with the support of their MP, refer the matter to the Parliamentary and Health Service Ombudsman (PHSO). CCWater is not always aware when a consumer approaches the PHSO. The PHSO told us of one complainant who approached it in 2014-15. It passed judgment on two cases (one carried over from 2013-14); neither was upheld. PHSO accepted four cases for investigation in 2013-14 but none were upheld.

## Trends and factors

CCWater continued to provide specialised consumer advocacy and support across a wide range of areas of the water and sewerage sector, and helped ensure water consumers' views were central to the way the water industry was managed and regulated. The key areas of focus in terms of our work during the year are described below.

- **Price Review 2014**

Following Ofwat's review of the 2015-20 business plans submitted in December 2013, 18 water companies resubmitted their plans with revised proposals for prices and services over the five year period. CCWater challenged these companies to show that the service improvements reflected strong evidence of what customers expected to receive, and that the price and investment package was acceptable to customers.

After continuing pressure and scrutiny from CCWater and Customer Challenge Groups, Ofwat set draft prices with increases below the level of inflation for all companies.

CCWater tested Ofwat's draft decisions to see how acceptable they were to customers and found that an average of 74 per cent of customers approved the package being offered. We gave Ofwat evidence and a view that the cost of capital should be lower, to give customers a better deal, and made representations to Ofwat on how the price and service package for a number of companies could be improved.

This led to final determinations in December 2014 with below inflation price rises for customers and service improvements that reflect what customers expect to receive. Ofwat also reduced the cost of capital, broadly in line with our recommendations. The price review as a whole has built on our good work with others in challenging companies to deliver more for less, keeping future water bills as low as possible while ensuring customers see the quality of their services improve.

- **Market reform**

In addition to CCWater's work with business customers of all sizes and from a wide variety of sectors, we are active in the programme to deliver choice in retail water and sewerage services for all businesses in England from April 2017. CCWater is working with Defra, Ofwat and Open Water<sup>1</sup> to deliver an open retail market in England that is shaped around the needs of business customers, while pressing to ensure that those customers who will be unable to choose a retailer, including those in Wales, are not disadvantaged. We will continue to represent the views of all customers to Government.

Throughout 2014 and into 2015 we have participated in numerous workshops to design the systems and processes which will support the open market. We have also provided written responses to consultations looking at the design of the market rules. Through evidence gathered by research and reports we have commissioned, and from talking directly with business customers, we have pressed for the delivery of market reform that meets their needs and avoids the pitfalls from other regulated sectors. We are also in close contact with representative groups of business customers, such as the Federation of Small Businesses, the National Farmers' Union and the Home Builders Federation to ensure their members' views are understood and represented. We will be working with other industry

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<sup>1</sup> Open Water was set up by the UK Government to deliver the competitive market for water and sewerage services for non-household customers in England by April 2017



stakeholders as market opening approaches to ensure customers receive timely and consistent information about the options they have to change their water and sewerage suppliers.

- **Affordability**

The affordability of water charges remained a key area of our work. CCWater's tracking research found that one in five customers consider that their charges are not affordable. Our work to influence the outcome of Ofwat's price review has been underpinned by the principle of ensuring future charges are both acceptable and affordable to customers. We were successful in influencing companies and the regulator on behalf of customers so that they will see the average bill fall by around 5 per cent from £396 in 2014-15 to £376 by 2020, excluding inflation.

CCWater has also continued to work with water companies on the development of social tariffs, to offer lower bills to customers who are struggling to pay. Nine further companies introduced schemes on 1 April 2015, bringing the total number of schemes introduced by companies following consultation with CCWater to 15. During the year CCWater undertook 'Living with Water Poverty' research to provide insight into the experiences of those customers who struggle to pay their bills. We have used this work to identify, in conjunction with water companies and other stakeholders, recommendations for improvements in companies' practices in engaging with and assisting such customers. We are working with companies to ensure these recommendations are now put into practice.

- **Fair charging**

In line with the recommendations of the 2011 review of Ofwat and consumer representation in the water industry (Gray Review), we have continued our work to identify areas for potential improvement in companies' charging policies.

As a result, during 2014-15:

- a number of companies have improved their approach to charging single occupiers who have been unable to have a meter installed;
- several companies have agreed to provide a commitment not to recover backdated undercharges from customers where this has been due to company error; and,
- one company has agreed to remove its fee to customers wishing to revert back to a meter from unmeasured charges following a free meter installation.

## **Sustainable development and environmental matters**

CCWater has a statutory requirement to address sustainable development and is committed to sustainability through the work it undertakes. As a result, CCWater actively encourages water companies to adopt more sustainable ways of working. The water industry's operations account for about four million tonnes of carbon dioxide emissions per year, around 0.7 per cent of UK greenhouse gas emissions. In the face of the challenging UK target to reduce greenhouse gas emissions by 80 per cent (compared to the 1990 baseline) by 2050, water companies have an important part to play in helping to achieve this target.

CCWater continues to encourage the water industry and their regulators to consider how to reduce, and where appropriate replace, energy and carbon intensive treatment processes. For example, sustainable urban drainage systems offer a way to reduce the volume of surface water entering sewerage systems while also reducing the risk of flooding, and catchment management initiatives improve water quality at the source by tackling nutrients and pesticides.

However almost nine-tenths of the greenhouse gas emissions associated with water use occur in the home, through hot water use from baths, taps and showers, and using household appliances. CCWater is working with stakeholders, including Energy Saving Trust and water companies, to inform customers that reducing their use of hot water helps the environment and could lower their water and energy bills.

## Social, community and human rights issues

CCWater engages with all water consumers, including those who are disabled or chronically sick, of pensionable age, on low incomes and those living in rural areas. This helps CCWater to develop an understanding of their needs and work in line with their specific interests.

During 2014-15 CCWater has:

- continued to engage with, and advise, water companies as they develop and implement proposals for customer funded social tariffs;
- continued to work with companies to help them improve take-up of their WaterSure tariff. There has been a 426 per cent increase in the number of customers registered for the WaterSure scheme for vulnerable customers since CCWater's project in 2007 to rebrand the scheme and introduce a standard simplified application form;
- undertaken research to provide an insight into the experience of customers who struggle to pay their bill and used these findings to work with water companies and other stakeholders to identify and implement improvements in their debt and affordability practices;
- continued to raise consumer awareness of financial assistance schemes and opportunities to save money on water and sewerage bills; and,
- prompted further promotion of water companies' Special Assistance Registers. There has been more than a 140 per cent increase in consumers registered on Special Assistance Registers since 2008, when we focused on encouraging water companies to raise awareness of the availability of the registers.

## Future development, performance and position

In 2014-15 CCWater delivered its work as outlined in its Forward Work Programme and Operational Business Plan. A copy of these documents can be found on CCWater's website. To ensure performance and delivery is as planned, CCWater continued to use its internal work progress reporting system, together with financial, planning, monitoring, control and reporting mechanisms. CCWater's Forward Work Programme and Operational Business Plan for 2015-16, which show the work we plan to do, are also on our website.

## The future of CCWater and principal risk

During 2011-12 the Government decided that CCWater would not be included in Public Bodies legislation, which allows the Government to change the number and responsibilities of Arm's Length Bodies (ALBs). The 2011 (Gray) review of Ofwat and consumer representation in the water industry concluded that CCWater should be retained. It recognised that there were risks in making substantial changes to the approach in the water industry at a time when significant changes to the regulatory arrangements were being considered. The Water White Paper published in January 2012 confirmed that the Defra and the Welsh Government will maintain CCWater's role until it had completed its current price review work.

In June 2012 the Environment Food and Rural Affairs (EFRA) Select Committee, in its second report on the Water White Paper, said: "It is essential that there is a strong voice to represent the interests of consumers through the far-reaching reforms to the water sector to be implemented over the coming years. We recommend that Defra commit to retain the Consumer Council for Water in its current form for a period of three years after the White Paper's market reforms are implemented."

We understand that Defra and the Welsh Government have undertaken some preparatory work in anticipation of a Triennial Review and we are awaiting confirmation of when this will take place.

## Financial summary

The main financial highlights are summarised below:

<b>Operating Cost Summary</b>	<b>2014-15</b>	<b>2013-14</b>
	<b>£000s</b>	<b>£000s</b>
<b>Income</b>		
Operating Income	(40)	(65)
	(40)	(65)
<b>Expenditure</b>		
Operating Costs	5,637	5,494
<b>Net Operating Cost</b>	<b>5,597</b>	<b>5,429</b>

The budget for CCWater during 2014-15 was £5.698 million. CCWater managed this by delegating the budget to individual budget holders, based on its Forward Work Programme priorities and activities. Expenditure is monitored against budget on a monthly basis with formal quarterly budget holders meetings.

## Analysis of Board members and staff, by gender and ethnicity

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

As at 31 March 2015:

<b>Number of :</b>	<b>Staff</b>	<b>Board</b>	<b>Local Consumer Advocates</b>
<b>Total</b>	71	8	16
<b>Women</b>	40	4	6
<b>Ethnic minority</b>	8	0	0
<b>Disability</b>	4	1	0

Further information regarding CCWater's staff and details of the Directors of CCWater is contained within the Director's Report and the Remuneration Report.

Tony Smith  
Chief Executive and Accounting Officer  
Consumer Council for Water

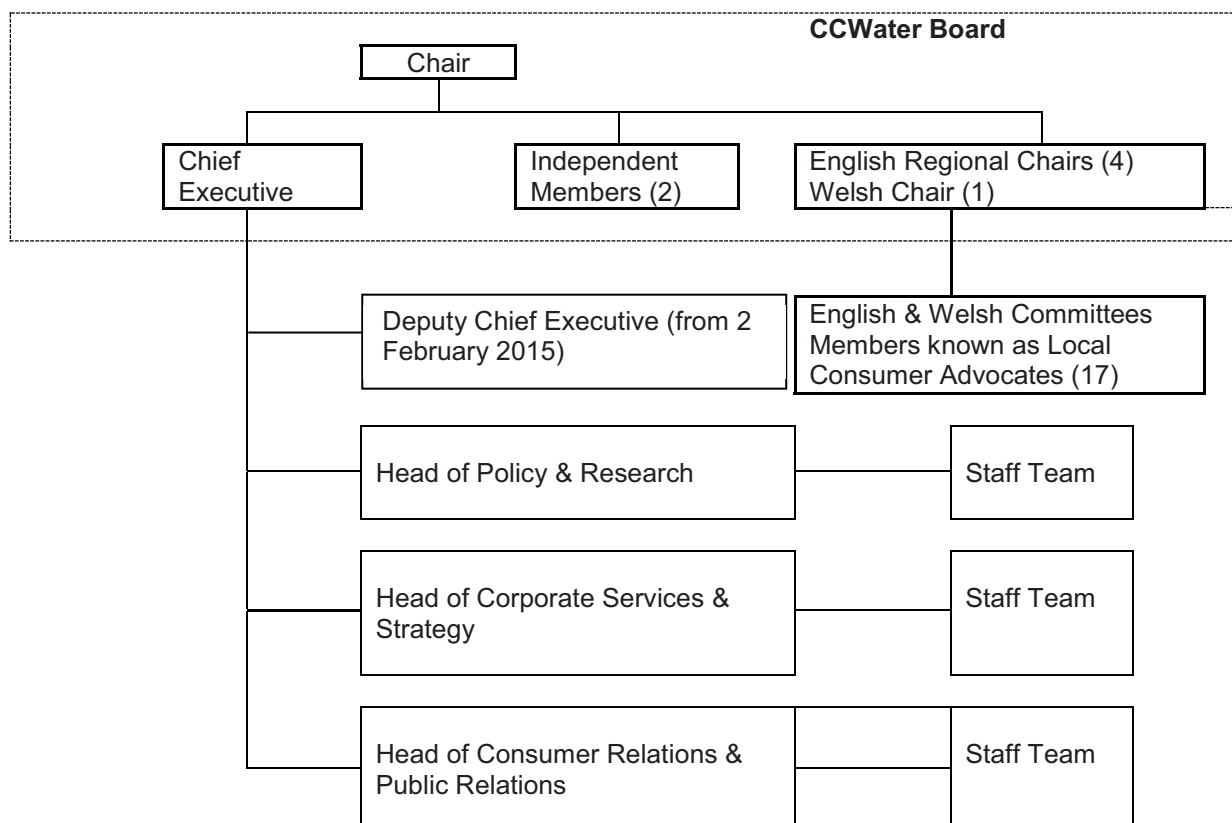
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## Directors' Report

### Organisational Structure

CCWater consists of a national Council, known as the Board, four Committees for England and a committee for Wales. During 2014-15 CCWater had a network of local offices in Cardiff, Cambridge, Birmingham, Darlington, Manchester, London, Bristol and Exeter. The headquarters of the organisation is in Birmingham. Each committee has between three and five members, known as Local Consumer Advocates.



### Board Appointments

The membership of the Board during 2014-15 was:

		Appointed:	Re-Appointed:	Expires:
Council Chair	Yve Buckland	1 April 2005	1 April 2009 & 1 April 2013	31 March 2015
Chief Executive	Tony Smith	1 December 2005		Open ended

### England Regional Committees Chairs:

Northern	Andrea Cook	1 October 2005	1 July 2009 & 1 July 2013	Resigned 31 March 2015
Western	Charles Howeson	1 October 2005	1 July 2009 & 1 July 2013	Resigned 31 January 2015
Central and Eastern	Bernard Crump	1 February 2013		31 January 2017
London and South East	Tony Redmond	1 March 2013		28 February 2017

### Vice Council Chair and Chair, Wales Committee:

	Diane McCrea	1 October 2005	1 October 2009 & 1 October 2013	30 September 2015
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**Independent Members:**

Julie Hill	1 February 2014	31 January 2018
Philip Johnson	1 February 2014	31 January 2018

During the year Defra undertook recruitment to find replacements for the Council Chair, the Northern Committee Chair and the Western Committee Chair who were reaching their maximum ten-year appointment periods. Following the resignation of Charles Howeson on 31 January 2015, his responsibilities were covered by Bernard Crump.

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

**Board Register of Interests**

CCWater maintains a register of Board members which is reviewed annually and is available on CCWater's website [www.ccwater.org.uk](http://www.ccwater.org.uk). CCWater also maintains a register of interests for its Local Consumer Advocates which is also updated on an annual basis.

**Additional disclosures**

Disclosure regarding the Auditors' payments and personal data related incidents is included within the Governance Statement.

**The Senior Management Team**

The composition of the senior management team, known as the Executive Team, during 2014-15 was:

Tony Smith	Chief Executive
Phil Marshall	Deputy Chief Executive (started 2 Feb 2015)
Deryck Hall	Head of Policy & Research
Jane Morris	Head of Corporate Services & Strategy
Carl Pegg	Head of Consumer Relations & Public Relations

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

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

**Pension Liabilities**

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

Further details on remuneration and pension liabilities are included in the Remuneration Report.

**Support Services & Spending Control Compliance**

Since April 2010, with the exception of information technology (IT) and payroll, all support services have been provided in-house. IT infrastructure is provided under an agreement with Capita. CCWater's web-based

complaints management system is provided by Capventis. CCWater's website and intranet are hosted by DXW and payroll services are provided by CGI.

During 2014-15, CCWater's internal auditor Baker Tilly confirmed that we had correctly applied the Government's spending controls. CCWater's CEO has delegated authority to approve external recruitment of front line posts. This was extended to business critical posts at the end of March 2015.

### **Payment of Suppliers**

CCWater achieved 100 per cent against the Government target for paying agreed invoices within 30 days of receipt during 2014-15. 92.31 per cent were paid within 5 working days compared to 85 per cent in 2013-14. Creditor days were 9 days at 31 March 2015 and 1 day at 31 March 2014.

### **Health and Safety**

CCWater recognises and accepts its legal responsibilities in relation to the health, safety and welfare of its employees and for all other people using its premises or engaged in its activities. CCWater complies with the Health and Safety at Work Act 1974 and all other relevant legislation as appropriate. CCWater is committed to the positive promotion of accident prevention and the elimination of accidents involving personal injury, illness or damage. At Board level, CCWater's Chief Executive is responsible for Health and Safety. CCWater's Finance and Resources Committee and CCWater's Staff Council meetings regularly discuss Health and Safety. Health and Safety training workshops were organised for employees during the year. There were no reportable incidents in 2014-15 or 2013-14.

### **Sickness Absences**

CCWater encourages a culture where good attendance by staff is expected and valued. However, it recognises that from time to time absences for medical reasons may be unavoidable. CCWater aims to treat its staff who are ill with sympathy and fairness whilst, where possible, providing support which will enable them to recover their health and attend work regularly. CCWater has an occupational health service and an employee assistance service.

During 2014-15, the number of working days lost was 7.8 per annum per employee compared to 7.12 days for 2013-14. This compares to the Chartered Institute of Personnel and Development (CIPD) average of 7.9 days for the public sector (CIPD Absence Management report 2014).

### **Employee Involvement**

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

### **Important events affecting CCWater**

In February 2015 we announced that, subject to approval by government, we would be centralising our complaint handling into two offices, Birmingham and Cardiff. This will result in the closure of our Darlington, Manchester, Cambridge, London, Bristol and Exeter offices. For 2015-16 we will strengthen our regional presence by increasing the number of Local Consumer Advocates while home basing some of our policy team, as well as establishing enhanced arrangements for dealing with each water company locally.

### **Political Donations**

During the financial year 2014-15 CCWater made no political donations to political parties.

**Directors' statement and going concern**

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

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

The accounts for 2014-15 have been prepared on a going concern basis. Defra and the Welsh Government have agreed CCWater's 2015-16 revenue budget. CCWater is in a net asset position and there is no reason to believe that future approvals will not be forthcoming.

Tony Smith  
Chief Executive and Accounting Officer  
Consumer Council for Water

9 June 2015

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1st floor, Victoria Square House  
Victoria Square  
Birmingham  
B2 4AJ

## Remuneration Report

### Senior Management Team

The composition of the senior management team, known as the Executive Team, during 2014-15 was:

Tony Smith	Chief Executive
Phil Marshall	Deputy Chief Executive (started 2 Feb 2015)
Deryck Hall	Head of Policy & Research
Jane Morris	Head of Corporate Services & Strategy
Carl Pegg	Head of Consumer Relations & Public Relations

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

The contracts of Phil Marshall, Deryck Hall, Jane Morris and Carl Pegg are standard open-ended contracts with three months notice period. Senior managers have declared that they held no company directorships or other significant interests that might have caused a conflict with their CCWater responsibilities.

### Staff Remuneration

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

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

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

In line with other government organisations Defra has asked CCWater to submit proposals to remove its contractual obligation to annual performance related pay uplifts by the end of 2015-16.

During 2014-15 there have been no Civil Service and other compensation schemes or exit packages awarded to staff. All staff and public appointees (Board members and Local Consumer Advocates) are paid through CCWater's payroll.

### Pension Liabilities

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

### Remuneration of Board Members

These tables have been subjected to audit.

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



Remuneration (salary and benefit in kind)

<b>Single total figure of remuneration</b>						
	Salary (£'000)		Benefits in kind (to nearest £100)		Total (£'000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<b>Council Chair</b>						
Yve Buckland (leaver 31 March 2015)	50-55	45-50	2,500	2,500	50-55	50-55
<b>Regional &amp; Wales Chairs</b>						
Andrea Cook (leaver 31 March 2015)	35-40	35-40	-	-	35-40	35-40
Bernard Crump	35-40*	35-40	2,200	2,100	40-45	35-40
Charles Howeson (leaver 31 January 2015)	30-35 (fye 35-40)	35-40	-	700	30-35 (fye 35-40)	35-40
Diane McCrea	35-40	35-40	500	400	35-40	35-40
Tony Redmond	35-40	35-40	1,100	1,200	35-40	35-40
<b>Independent Members</b>						
Philip Johnson (started 1 February 2014)	5-10	0-5 (fye 5-10)	1,700	100	5-10	0-5 (fye 5-10)
Julie Hill (started 1 February 2014)	5-10	0-5 (fye 5-10)	800	-	5-10	0-5 (fye 5-10)
Michael Barnes (leaver 31 January 2014)	-	5-10 (fye 5-10)	-	1,200	-	5-10 (fye 5-10)
Timothy Hornsby (leaver 31 January 2014)	-	5-10 (fye 5-10)	-	600	-	5-10 (fye 5-10)
Narendra Makanji (leaver 31 October 2013)	-	0-5 (fye 5-10)	-	500	-	0-5 (fye 5-10)

**fye = full year equivalent**

\* Bernard Crump received payment for one extra day per week from 1 January 2015 to cover Charles Howeson's responsibilities.

These tables have been subjected to audit.

#### Additional Remuneration for Chairing Water Companies' Customer Challenge Groups

CCWater Chair	Customer Challenge Group company	2014-15	2013-14
		Salary (£'000)	
Yve Buckland	Severn Trent, Anglian, Essex & Suffolk, South Staffordshire and Cambridge until 30 April 2014	0-5	10-15
Andrea Cook	United Utilities, Yorkshire and Northumbrian until 30 April 2014	0-5	20-25
Charles Howeson	South West, Wessex, Bristol and SembCorp Bournemouth until 30 April 2014.	0-5	10-15
Diane McCrea	Dŵr Cymru Welsh Water and Dee Valley until 30 April 2014	0-5	10-15

The level of salary depends on the amount of work each Board member is involved in. Board member positions are non-pensionable.

## Remuneration of Senior Managers

Disclosure of remuneration and pension interest of senior management:

Single total figure of remuneration										
	Salary (£'000)		Bonus Payments (£'000)		Benefits in kind (to nearest £100) Restated		Pension Benefits (to nearest £'000)		Total (£'000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Tony Smith Chief Executive	105-110	105-110	10-15	10-15	-	400	39,000	26,000	160-165	145-150
Phil Marshall Deputy Chief Executive (started 2 February 2015)	10-15 (fye 80-85)	-	-	-	-	-	5,000	-	15-20	-
Deryck Hall Head of Policy & Research	60-65	55-60	-	-	-	-	11,000	3,000	70-75	60-65
Jane Morris Head of Corporate Services & Strategy	65-70	65-70	-	-	-	-	17,000	8,000	85-90	75-80
Carl Pegg Head of Consumer Relations & Public Relations	65-70	60-65	-	-	-	-	18,000	19,000	80-85	80-85

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

### Salary

'Salary' includes gross salary, overtime, London weighting or London allowances, recruitment and retention allowances, private office allowances, and any other allowance to the extent that it is subject to UK taxation. Salary Disclosures are based on accrued payments made by CCWater and thus recorded in these accounts.

### Benefits in Kind

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

Payments to the Board members for home to office expenses were paid gross of tax, previously they were stated net and have been restated as gross for 2013-14 and the tax amounts were paid over to HM Revenue and Customs. Items that fell into this category were travel and subsistence incurred whilst attending meetings at their normal place of work.

### Bonuses

The Chief Executive is entitled to a contractual bonus payment. This relates to the achievement of his objectives. The bonus reported in 2014-15 relates to the achievements of performance targets in 2013-14 and

a part payment of £3,408 owed for 2010-11. The comparative bonuses reported for 2013-14 relate to the performance in 2012-13.

### Pay Multiples

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

The banded remuneration of the highest paid Executive in CCWater in the financial year 2014-15 was £120,000 – £125,000 (2013-14, £120,000 – £125,000). This was 4.8 times (2013-14, 4.8 times) the median remuneration of the workforce, which was £25,919 (2013-14, £25,610). In 2014-15, nil (2013-14, nil) employees received remuneration in excess of the highest-paid director.

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

These tables have been subjected to audit.

### Senior Managers Disclosure of Pension Information 12 months ended 31 March 2015

Name	Accrued pension at pension age as at 31 March 2015 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2015	CETV at 31 March 2014	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Tony Smith – Chief Executive	30-35	0-2.5	620	551	35
Phil Marshall – Deputy Chief Executive (started 2 February 2015)	0-5	0-2.5	4	0	2
Deryck Hall – Head of Policy & Research	25-30 Lump sum 80-85	0-2.5 Lump sum 0-2.5	547	513	9
Jane Morris – Head of Corporate Services & Strategy	30-35 Lump sum 95-100	0-2.5 Lump sum 2.5-5	620	578	14
Carl Pegg – Head of Consumer Relations	35-40	0-2.5	559	519	13

CETV – Cash Equivalent Transfer Value

### Contingent Labour - Temporary Staff

During 2014-15 CCWater spent £54,822 on temporary staff to cover vacancies.

### 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 6.85% of pensionable earnings for **classic** and 3.5% and 8.85% for **premium, classic plus** and **nuvos**. Increases to employee contributions applied 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 uprated 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>.

New Career Average pension arrangements will be introduced from 1st April 2015 and the majority of classic, premium, classic plus and nuvos members will join the new scheme. Further details of this new scheme are available at <http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/>.

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

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

Tony Smith  
Chief Executive and Accounting Officer  
Consumer Council for Water

9 June 2015

## Statement of Accounting Officer's Responsibilities

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

This Annual Report and Accounts covers the period 1 April 2014 to 31 March 2015.

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

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

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

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

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

The Council also has super complainant status under the Enterprise Act 2002. Super-complaints can be made to the Office of Fair Trading by a designated consumer body when it thinks that a feature, or combination of features, of a market is, or appears to be, significantly harming the interests of consumers.

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

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

## GOVERNANCE STATEMENT

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

### Funding and Classification

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

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

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

### Board Responsibilities

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

- establishing and taking forward the strategic aims and objectives of CCWater consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State;
- ensuring that the responsible Minister is kept informed of any changes which are likely to impact on the strategic direction of CCWater or on the attainability of its targets, and determining the steps needed to deal with such changes;
- ensuring any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by Defra and the Welsh Government;
- ensuring that the Board receives and reviews regular financial information concerning the management of CCWater; is informed in a timely manner about any concerns about the activities of CCWater; and provides positive assurance to Defra and the Welsh Government that appropriate action has been taken on such concerns;
- demonstrating high standards of corporate governance at all times, including by using the Audit Committee to help the Board to address key financial and other risks;
- setting performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use and utilisation of public resources; and,
- conforming with the terms of the Welsh Language Scheme it has produced in accordance with Part II of the Welsh Language Act 1993, thereby giving effect to the principle that the Welsh and English languages should be treated on a basis of equality when operating in Wales.

### Standing Committees & Membership

CCWater has four sub-committees reporting directly to the Board. During the year each Committee reports back following its meetings to the full Board on the issues it has considered. No issues of concern were reported to the Board. Membership of each Committee is normally reviewed and confirmed by the Board annually at the end of the financial year.

2014-15	Audit & Risk Management Committee	Finance and Resources Committee	Remuneration Committee	Advisory Committee
Bernard Crump		Chair	Member	
Andrea Cook (left 31 March 2015)			Member	
Charles Howeson (leaver 31 January 2015)		Member		
Diane McCrea	Member	Member		
Tony Redmond	Member		Chair	Chair from November 2014
Julie Hill	Member		Member	Member
Philip Johnson	Chair	Member		Member
Yve Buckland (leaver 31 March 2015)				Chair until November 2014

#### Board & Standing Committees Attendance

Board Member	Council Meetings	Audit & Risk Management	Finance & Resources	Remuneration	Advisory
Dame Yve Buckland (leaver 31 March 2015)	11/11	--	--	--	--
Tony Smith*	11/11	6/6	5/5	--	3/3
Andrea Cook (leaver 31 March 2015)	8/11	--	--	3/3	--
Charles Howeson (leaver 31 January 2015)	6/9	--	3/4	--	--
Diane McCrea	11/11	5/6	5/5	--	--
Bernard Crump	11/11	--	5/5	3/3	--
Tony Redmond	11/11	6/6	--	3/3	3/3
Julie Hill	10/11	6/6	--	2/3	3/3
Philip Johnson	11/11	6/6	5/5	--	3/3

All absences were agreed in advance by the Board Chair. Many of the absences were due to other CCWater commitments.

\*Tony Smith is not a member of any Sub-Committee, but attends in his capacity as CCWater's Accounting Officer.

#### Board's Performance

For 2014-15 the Board set itself seven key objectives.

##### 1. To ensure that CCWater continues to engage fully in the 2014 Price Review.

CCWater represented customer interests strongly in all Competition and Markets referrals, and fed into the post-CCG process by providing appropriate comparative information, briefing and guidance.

CCWater's Board heavily engaged in PR14 with a standing item on all 2014-15 Board agendas, reflecting the importance for customers. The Board provided clear strategic direction to the organisation in relation to research, CCWater's positioning in relation to Draft and Final Determinations, Cost of Capital, Pay as You Go Ratios, and company cost menus.

The Board provided clear direction and guidance to CCWater's CCG members when challenging company proposals, with the result that PR14 was the most positive for customers since privatisation. CCWater research cited by Ofwat as evidence supporting their decision to lower the Cost of Capital at Final Determinations. Final Determinations mean that the average water and sewerage bills in England and Wales will fall by 5% (the average bill will fall by £20 from £396 to £376) though this is before inflation.

There has been one CMA referral to date, and CCWater will be inputting into the case.

The Board has been fully engaged in CCWater's post-CCG positioning and developed an Advisory Committee to evaluate the governance of CCGs, and to ensure customers are not disadvantaged.

**2. To provide clear strategic direction, giving appropriate feedback and constructive challenge to officer proposals, and therefore adding value to the organisation as a Board.**

The Board added value in this area, providing constructive feedback on all officer proposals. The Board set a clear direction for CCWater, including establishing a sub-group of the Board reviewing ways to enhance CCWater's legitimacy and adopting the recommendations made.

In May 2014, the Board held a strategy workshop and considered CCWater's future resourcing requirements. The steer provided by the Board enabled the Executive to develop future resourcing proposals considered in January 2015, which were approved.

The Board has also engaged in considerable discussions around the future interactions with CCGs, ensuring our position protects customer interests and ensures we continue to fulfill our independent statutory role.

To examine CCWater's achievements and performance, the Board reviewed CCWater's 2013-14 performance against its Operational Business Plan and concluded that CCWater had produced significant benefits to customers.

**3. To shape CCWater's input and strategy into Market Reform and ensure the different interests of customers in England and Wales are protected.**

The Board has critically examined CCWater's approach to Market Reform and identified a Board Lead to act as a champion, which has been valued by staff due to his experience in this field.

The Board received regular updates on the progress of the Open Water Programme and its implications for customers and agreed CCWater's priorities in the short, medium and long term as well as reviewing the lessons learned in other sectors from the introduction of competition.

The Board also reviewed and agreed CCWater's position in relation to Retail Exit, and established CCWater's position on the eligibility criteria for the water and sewerage market.

**4. To ensure CCWater is ready to engage with an Alternative Dispute Resolution provider and that customers are not in any way disadvantaged by its implementation.**

The Board reviewed and supported CCWater's key role in the project, including shaping the project specification, ensuring the process is proportionate to the number of cases estimated to be dealt with by the scheme and avoiding duplication of CCWater's existing process. This was done with the support and guidance of the Board lead for ADR.

The Board made insightful recommendations when evaluating the recommendations made in a CCWater commissioned review of our complaint handling processes by KPMG, ensuring that CCWater is appropriately prepared for its introduction.



**5. To ensure CCWater and the Board have the correct structure and resources for delivering for water customers now and in the future.**

The Board added value in this area and during 2014-15. This included the Board:

- providing the Advisory Committee with delegated authority to undertake decisions on its behalf in relation to CCGs;
- considering and revising the roles of CCWater's forthcoming Local Consumer Advocate appointments to ensure CCWater can continue to deliver for customers;
- reviewing CCWater's structure and governance as part of an exercise around enhancing CCWater's legitimacy; and,
- reviewing CCWater's future resourcing requirement, providing the Executive with a clear steer on its thoughts.

**6. To ensure that effective arrangements are in place on risk management, financial management and governance.**

On behalf of the Board, the Audit and Risk Management Committee undertook a detailed review of CCWater's Risk Register, providing constructive challenge, feedback and recommendations. In December, the Board reviewed CCWater's highest strategic risks and made recommendations subsequently adopted by the Executive.

Internal Audit reviewed CCWater's core Governance controls and concluded that they were 'green', the highest rating available.

On behalf of the Board, the Finance and Resources Committee reviewed CCWater's financial management on a regular basis and reported no concerns.

**7. To act and be perceived as independent and not "captured".**

The Board has been exceptionally diligent in this area, ensuring that the Board and CCWater are not 'captured' and are seen to be independent. All interests and any action taken have been appropriately recorded in the formal minutes.

**Board Discussions**

In addition to general customer service and affordability issues the Board's primary focus during 2014-15 has been on ensuring that the outcome of the 2014 Price Review reflected companies' priorities at an acceptable price. The Board also worked on developing CCWater's approach to its future interactions with Customer Challenge Groups as well as preparatory work for CCWater's forthcoming Triennial Review.

**Regional and Wales Committees**

During the year CCWater had four regional Committees for England which each had three members known as Local Consumer Advocates. The Wales Committee, due to its work with the Welsh Assembly, had five appointed Local Consumer Advocates. Committee Members are known as Local Consumer Advocates.

The primary role of the Local Consumer Advocates is to:

- advise and inform the Board on consumer matters in their local area;
- work at the local level, to develop implementation plans on key issues within a framework of priorities and policy positions established by the CCWater Board;
- liaise with and influence water companies on behalf of consumers to put consumers at the heart of their strategies and operations;
- engage with customers, consumers and communities at the local level to ensure their interests can be fully represented; and,
- develop local stakeholder relationships with those key agencies and organisations (including planning forums) whose decisions will have an impact on water consumers.

### Local Consumer Advocates 2014-15

Central & Eastern	London & South East	Northern	South West	Wales
Keith Andrew	Helen Charlton	Judith Mashiter	Anthony Denham	Ronnie Alexander
Richard Franceys	John Havenhand	Susan O'Brien	Dennis Osborne	Clare Evans
David Wurr	Jill Thomas	Hilary Putman	Edward Vidler	Paul Roberts Mansel Thomas

Local Consumer Advocates are recruited in line with the Code of Practice issued by the Commissioner for Public Appointments' guidelines via fair and open competition and serve a maximum of ten years. They are expected to give up to four days per month and receive an annual remuneration of £4,465. During 2014-15 a number of Local Consumer Advocates had additional responsibilities representing customers' views on Customer Challenge Groups. For the England LCAs, who had three members, they were able to claim for additional CCG related work where this exceeded their four days per month commitment.

The appointments of CCWater's LCAs expired on 31 March 2015. CCWater undertook a fair and open recruitment process for 22 LCAs which was an increase from the 17 in 2014-15 to ensure that each company had a dedicated LCA, and that we were able to increase our work with the Welsh Government. The recruitment panel included the relevant Committee Chair and a Non CCWater Independent person. These new appointments will take effect on 1 April 2015 and are for periods of between 3 and 5 years.

### The Executive

The Chief Executive is appointed by the Secretary of State as a member of the Board. Tony Smith took up his appointment as Chief Executive on 1 December 2005. The Chief Executive, on his appointment, was designated as the Principal Accounting Officer by the Accounting Officer of Defra.

### Executive Team

The Executive Team is chaired by the Chief Executive and comprises CCWater's Deputy Chief Executive (started 2 February 2015), Head of Policy & Research, Head of Consumer Relations & Public Relations and the Head of Corporate Service and Strategy. Their role is to assist the Chief Executive in the day-to-day running of the business. The Executive meets weekly and decides, subject to the overall direction and control of the Council, on all matters relating to management and resources as well as implementing the strategy and policy agreed by the Board.

### Audit Assurances

#### Internal Audit

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

Baker Tilly has been CCWater's Internal Auditor since 2012-13. They provide an independent appraisal service for management by measuring and auditing the adequacy, reliability and effectiveness of management and financial control systems. During 2014-15, Baker Tilly reviewed the following areas of work: Framework for Research, IT Disaster Recovery and Business Continuity Planning, Corporate Governance and Key Financial Controls.

Baker Tilly's overall opinions on CCWater's systems were 'Green' which is the highest level with just research audit being rated as amber/green. There were four medium recommendations and four low recommendations.

On the Follow Up of previous recommendations the opinion was Good Progress as all previous recommendations had been satisfactorily implemented. The cost of the internal audit for 2014-15 was £16,271.

### **External Audit**

The accounts have been audited by the Comptroller and Auditor General in accordance with the Water Industry Act 1991. The Audit Certificate is on pages 27 to 28. The cost of providing audit services in respect of the Annual Report and Accounts 2014-15 was £25,000. There was no external auditor remuneration for non-audit work.

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

### **Operational Assurances**

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

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

### **Corporate Governance**

#### **Code of Governance**

CCWater's Code of Governance sets out the Council's responsibilities regarding proper Conduct of Business, Strategic Planning, Monitoring Performance, Finance, Staffing, Health and Safety plus Whistleblowing procedures. The Code has been followed and there have been no departures. Internal Audit reviewed CCWater's Corporate Governance and rated the controls in place 'green', the highest rating available.

#### **Ministerial Directions**

There have been no Ministerial Directions during 2014-15.

### **Managing Risk**

CCWater has an established risk management strategy and a risk register for the management and mitigation of risk. CCWater's risk maturity was reviewed by internal audit in October 2012 and rated as 'Defined' - Risk Management strategy and policies in place and communicated across the organisation to all Staff, Board and LCAs. The risk register is a live document, which is reviewed by the Executive Team on a six weekly basis. The register considers strategic, operational, financial and external risks. The risk register is also reviewed closely by the Audit and Risk Management Committee at each quarterly meeting and the highest risks are considered by the Board annually.

During 2014-15 the Audit and Risk Management Committee undertook a detailed review of CCWater's Risk Register. Recommendations made were considered by the Executive Team and incorporated into the register. New risks identified during the year concerned the risk of strategic marginalisation of CCWater. Increases in risk levels related to increased staff turnover impacting the organisation and changes to Board and LCA members. Decreasing risks reflected a reduction in the likelihood of CCWater becoming distracted due to Customer Challenge Group work, following the conclusion of the Price Review.

To monitor any risks that do not meet the threshold for inclusion in the risk register, CCWater maintains a 'deletions register'. Once deleted, risks are placed on this register for a period of twelve months and reviewed every six months. If after twelve months the risk still does not meet the threshold for inclusion, the risk is permanently removed.

## Risk Assurance Framework

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

- **Accountability:** ensuring that accountability was established at the correct level of authority and took into account the operational process within CCWater;
- **Processes:** designed to ensure that continuous monitoring and assurance were conducted in a consistent and rigorous manner, taking account of CCWater's capacity and capability to achieve its objectives. All project managers submit structured monthly 'traffic light' reports to the Executive Team which tracks a number of delivery parameters including an overall risk score. The Executive Team members monitor individual project risks, and identify those which required management outside the individual project, at corporate level;
- **Capability:** the achievement of objectives and financial control, established through rigorous budget setting and resource management processes as well as the implementation of a work prioritisation process, embedded within the operational business plan, which was used to agree resource limits and specifications at the outset of work. One of the risks for CCWater is that of key personnel leaving or being de-motivated by the uncertainty surrounding CCWater's future. This is mitigated with continuity plans to deal with the loss of key staff along with regular updates to staff on both potential consultation on CCWater's merger with another consumer body and the Government's review of public bodies;
- **Government Spending and Transparency Controls:** in response to the Government's restrictions on spending and transparency CCWater put in place controls to ensure compliance and that staff were knowledgeable about the restrictions. These controls were subject to internal audit in December 2013 and were rated as 'green' – substantial assurance that the controls upon which the organisation relies are suitably designed, consistency applied and effective. The Crown Commercial Service frameworks contract clauses are being used in new contracts as necessary; and,
- **Outcomes:** agreed at an operational and corporate level and then regularly monitored to ensure that they are achieved. The amount of risk that the organisation is prepared to accept, tolerate, or be exposed to at any point in time, is determined by the organisation's Board and Executive Team, having both used appropriate escalation processes and being prepared to use further escalation processes.

## Strategic Risks for CCWater

In 2014-15, the most significant risks facing CCWater related to:

- the potential impact of the Price Review outcome on customers; and ensuring CCWater is sufficiently robust in its challenges to Water Companies;
- the need to focus on CCWater's Forward Work Programme and delivering on our commitments, including gearing up to influence the Market Reform programme; and,
- the political interest in the utility sectors; particularly water.

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

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

## Information Management and Data Security

CCWater's approach to the management of security risks is proportionate to the nature of the risks and the comparatively low amount of sensitive information held. There have been no reported significant data losses in the course of the year that required reporting to the Information Commissioner's Office.

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

- accidental disclosure of personal or business data has been included in CCWater's risk register along with appropriate controls and assurance. The risk register is reviewed regularly by CCWater's Executive, CCWater's Audit & Risk Management Committee and CCWater's Board;
- an Information Asset Officer and Senior Information Asset Officer have been appointed and responsibilities have been assigned;
- CCWater participates in Defra's quarterly information risk assessments;
- managing information risk is integrated into CCWater Human Resources processes and all members of staff are aware of their responsibilities;
- CCWater has an Information Charter which explains how it handles personal data;
- personal information held by CCWater is identified, clearly marked and subject to controlled storage and disposal;
- only non sensitive information is allowed to be transferred to removable media; and,
- CCWater staff undertakes mandatory E-Learning on data handling and information risk awareness training and assessment and all new staff receive data security information as part of their induction process.

## The Accounting Officer's Review of Effectiveness

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

This year, we have continued to monitor and improve our governance system. Our core governance controls were independently reviewed by Internal Audit in 2014-15, and concluded that the controls were suitably designed, consistently applied and effective and were given a 'green' assurance, the highest rating available. The Board and Audit & Risk Management Committee reviewed and agreed our strategic risks. The Executive Team regularly: reviews resources and progress made towards objectives. It also regularly identifies and evaluates the associated risks. No problems with our governance system have been identified during the financial year.

Tony Smith  
Chief Executive and Accounting Officer  
Consumer Council for Water

9 June 2015

## 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 Consumer Council for Water for the year ended 31 March 2015 under the Water Industry Act 1991 as amended by the Water Act 2003. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. 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 Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Water Industry Act 1991 as amended by the Water Act 2003. 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 Consumer Council for Water's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Consumer Council for Water; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements 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.

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

### Opinion on regularity

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

### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Consumer Council for Water's affairs as at 31 March 2015 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Water Industry Act 1991 as amended by the Water Act 2003 and the Secretary of State directions issued thereunder.

### Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Water Industry Act 1991 as amended by the Water Act 2003; and
- the information given in the Strategic Report and Directors' 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records 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**

**15 June 2015**

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

**Statement of Comprehensive Net Expenditure**

for the year ended 31 March 2015

	Note	2014-15	2013-14
		<u>£000s</u>	<u>£000s</u>
<b>Programme costs</b>			
Staff costs	2.1	3,189	3,267
Programme costs	3	2,448	2,227
Income	4	(40)	(65)
<b>Net operating costs</b>		<u>5,597</u>	<u>5,429</u>
<b>Total comprehensive net expenditure</b>		<u>5,597</u>	<u>5,429</u>

There is no other comprehensive net expenditure.

The notes on pages 33 to 44 form part of these accounts.



## Statement of Financial Position

as at 31 March 2015

	Note	31-Mar 2015 £000s	31-Mar 2014 £000s
<b>Non-current assets:</b>			
Property, plant and equipment	5	51	90
Intangible assets	6	2	38
<b>Total non-current assets</b>		53	128
<b>Current assets:</b>			
Other current assets	7	161	172
Cash and cash equivalents	8	913	1,441
<b>Total current assets</b>		1,074	1,613
<b>Total assets</b>		1,127	1,741
<b>Current liabilities</b>			
Trade and other payables	9	(404)	(533)
Provisions	10	(128)	-
Early departure	10.1	-	-
<b>Total current liabilities</b>		(532)	(533)
<b>Non-current assets plus net current assets</b>		595	1,208
<b>Non-current liabilities</b>			
Provisions	10	-	(133)
Early departure	10.1	-	(6)
Other payables	9	-	(7)
<b>Total non-current liabilities</b>		-	(146)
<b>Assets less liabilities</b>		<b>595</b>	<b>1,062</b>
<b>Taxpayers' equity</b>			
General fund		595	1,062
<b>Total taxpayers' equity</b>		<b>595</b>	<b>1,062</b>

The financial statements on pages 29 to 32 were approved by the Board on 9 June 2015 and were signed on its behalf by;

*Tony Smith*  
Chief Executive and Accounting Officer

9 June 2015

The notes on pages 33 to 44 form part of these accounts.

**Statement of Cash Flows**

for the year ended 31 March 2015

	Note	2014-15	2013-14
		<u>£000s</u>	<u>£000s</u>
<b>Cash flows from operating activities</b>			
Net operating cost		(5,597)	(5,429)
Adjustments for non-cash transactions	3	75	168
(Increase)/decrease in trade and other receivables	7	11	25
Increase/(decrease) in trade and other payables	9	(136)	(1)
Use of provisions	10	(11)	(9)
<b>Net cash outflow from operating activities</b>		<b><u>(5,658)</u></b>	<b><u>(5,246)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	-	(5)
Purchase of intangible assets	6	-	-
<b>Net cash outflow from investing activities</b>		<b><u>-</u></b>	<b><u>(5)</u></b>
<b>Cash flows from financing activities</b>			
Grants from sponsoring department		5,130	5,130
<b>Net financing</b>		<b><u>5,130</u></b>	<b><u>5,130</u></b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>(528)</b>	<b>(121)</b>
<b>Cash at the beginning of the period</b>	8	1,441	1,562
<b>Cash at the end of the period</b>	8	<b><u>913</u></b>	<b><u>1,441</u></b>

The notes on pages 33 to 44 form part of these accounts.

**Statement of Changes in Taxpayers' Equity**  
for the year ended 31 March 2015

	<b>General Fund</b>
	<b>£000s</b>
<b>Balance at 31 March 2013</b>	<b>1,361</b>
Grant from sponsoring department	5,130
Comprehensive net expenditure for the year	(5,429)
<b>Balance at 31 March 2014</b>	<b>1,062</b>
Grant from sponsoring department	5,130
Comprehensive Expenditure for the year	(5,597)
<b>Balance at 31 March 2015</b>	<b>595</b>

The notes on pages 33 to 44 form part of these accounts.

## Notes to the Accounts

### 1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Consumer Council for Water for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Consumer Council for Water are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting convention

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

#### 1.2 Property, plant and equipment

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

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

#### 1.3 Depreciation

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

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

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

#### 1.4 Leases

CCWater had no finance leases as at 31 March 2015 (31 March 2014: nil). Rentals due under operating leases are charged over the lease term on a straight-line basis, or on the basis of actual rental payable where this fairly reflects usage.

#### 1.5 Grants receivables

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

#### 1.6 Value added tax

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

## 1.7 Provisions

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

## 1.8 Contingent liabilities

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

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

## 1.9 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). This is an unfunded multi-employer defined benefit scheme, and CCWater is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

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

## 1.10 Programme expenditure

The Statement of Comprehensive Net Expenditure is programme income and expenditure. The classification of expenditure and income as programme follows the definition set out in 2014-15 Government Financial Reporting Manual (FReM).

## 2 Staff numbers and related costs

### 2.1 Staff costs comprise:

	2014-15			2013-14
	Permanently Employed Staff**	Others***	Total	Total
	£000s	£000s	£000s	£000s
Wages and salaries	2,198	395	2,593	2,647
Social security costs	177	28	205	219
Other pension costs	391	-	391	401
Total net costs*	2,766	423	3,189	3,267

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

\*\* Includes Casual staff

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

## Salary

Salary includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is

subject to UK taxation. Board members and CCWater Local Consumer Advocates are included in the other staff costs in the table above.

## Pension

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but CCWater is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2014-15, employers' contributions of £375,386 were payable to the PCSPS (2013-14, £384,234) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 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 £15,121 (2013-14, £15,319) 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 £827 (2013-14, £1,152), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £1,574 (2013-14, £1,328). Contributions prepaid at that date were nil.

There were no compensation scheme payments **for early departure** in this year or previous year. No individual retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted nil. (2013-14 nil)

## 2.2 Average numbers of persons employed

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

Number	2014-15	2013-14
Directly Employed	70	74
*Others	1	1
Total	71	75

\*This includes staff on secondment.

## 2.3 Average Number of Public Appointees

Number	2014-15	2013-14
Board	8	9
Local Consumer Advocates	16	17
Total	24	26

**3 Programme Costs**

	2014-15		2013-14	
	£000s	£000s	£000s	£000s
<b>Rentals under operating leases:</b>				
Accommodation	551		497	
IT software	126		148	
Office equipment	6		6	
		683		651
<b>Non cash items:</b>				
Depreciation	39		39	
Amortisation	39		88	
(Profit)/Loss on disposal of assets	(3)		7	
Early retirement provision provided in year	-		1	
Office relocation provision	-		33	
Unwinding of discount on provision	-		-	
Permanent diminution of assets	-		-	
		75		168
<b>Other expenditure:</b>				
Research & consultancy	919		577	
Training	34		44	
Travel and subsistence	142		148	
Rates	103		118	
Hire and maintenance	81		80	
Seminars, meetings and conferences	27		17	
Publications, books & periodicals	78		104	
Postal services and couriers	6		9	
Telecommunications	69		81	
Auditors' remuneration*	25		25	
Other accommodation costs	57		99	
Recruitment costs	28		3	
Website	11		13	
Minor Items and Stationery	35		28	
Other	75		62	
		1,690		1,408
Total		2,448		2,227

\* During the year there was no remuneration for non-audit work.

**4 Income**

	2014-15	2013-14
	£000s	£000s
Income	40	65
<b>Total</b>	<b>40</b>	<b>65</b>

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

**5 Property, plant and equipment**

	Leasehold works £000s	IT equipment £000s	Total £000s
<b>Cost or valuation</b>			
At 1 April 2014	236	89	325
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2015</b>	<b>236</b>	<b>89</b>	<b>325</b>
<b>Depreciation</b>			
At 1 April 2014	181	54	235
Charged in year	29	10	39
Disposals	-	-	-
<b>At 31 March 2015</b>	<b>210</b>	<b>64</b>	<b>274</b>
<b>Carrying value at 31 March 2015</b>	<b>26</b>	<b>25</b>	<b>51</b>
<b>Carrying value at 31 March 2014</b>	<b>55</b>	<b>35</b>	<b>90</b>

	Leasehold works £000s	IT equipment £000s	Total £000s
<b>Cost or valuation</b>			
At 1 April 2013	303	94	397
Additions	5	-	5
Disposals	(72)	(5)	(77)
<b>At 31 March 2014</b>	<b>236</b>	<b>89</b>	<b>325</b>
<b>Depreciation</b>			
At 1 April 2013	225	48	273
Charged in year	28	11	39
Disposals	(72)	(5)	(77)
<b>At 31 March 2014</b>	<b>181</b>	<b>54</b>	<b>235</b>
<b>Carrying value at 31 March 2014</b>	<b>55</b>	<b>35</b>	<b>90</b>
<b>Carrying value at 31 March 2013</b>	<b>78</b>	<b>46</b>	<b>124</b>

All assets were owned.



**6 Intangible assets**

	Software Licences	Website	Total
	£000s	£000s	£000s
<b>Cost or valuation</b>			
At 1 April 2014	175	-	175
Additions	-	-	-
Disposals	(3)	-	(3)
<b>At 31 March 2015</b>	<b>172</b>	<b>-</b>	<b>172</b>
<b>Amortisation</b>			
At 1 April 2014	137	-	137
Charged in year	39	-	39
Disposals	(6)	-	(6)
<b>At 31 March 2015</b>	<b>170</b>	<b>-</b>	<b>170</b>
<b>Carrying value at 31 March 2015</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Carrying value at 31 March 2014</b>	<b>38</b>	<b>-</b>	<b>38</b>
<b>Cost or valuation</b>			
At 1 April 2013	311	10	321
Additions	-	-	-
Disposals	(136)	(10)	(146)
<b>At 31 March 2014</b>	<b>175</b>	<b>-</b>	<b>175</b>
<b>Amortisation</b>			
At 1 April 2013	185	3	188
Charged in year	85	3	88
Disposals	(133)	(6)	(139)
<b>At 31 March 2014</b>	<b>137</b>	<b>-</b>	<b>137</b>
<b>Carrying value at 31 March 2014</b>	<b>38</b>	<b>-</b>	<b>38</b>
<b>Carrying value at 31 March 2013</b>	<b>126</b>	<b>7</b>	<b>133</b>

All assets were owned.

**7 Trade receivables, financial and other assets**

	2014-15	2013-14
	<u>£000s</u>	<u>£000s</u>
<b>Amounts falling due within one year:</b>		
Other receivables	-	1
Advances*	12	12
Prepayments and accrued income	149	159
	<u><b>161</b></u>	<u><b>172</b></u>

\*Advances comprise of 13 travel season ticket loans.

**7.1 Intra-Government Balances**

Amounts falling due within  
one year

	2014-15	2013-14
	<u>£000s</u>	<u>£000s</u>
Balance with other central government bodies	-	-
Balance with local authorities	-	10
Subtotal: intra-government balances	-	10
Balances with bodies external to government	161	162
<b>Total receivables at 31 March</b>	<u><b>161</b></u>	<u><b>172</b></u>

**8 Cash and cash equivalents**

	2014-15	2013-14
	<u>£000s</u>	<u>£000s</u>
Balance at 1 April	1,441	1,562
Net change in cash balances	(528)	(121)
Balance at 31 March	<u>913</u>	<u>1,441</u>

The following balances at 31 March were held at :

Government Banking Services	913	1,441
Balance at 31 March	<u><b>913</b></u>	<u><b>1,441</b></u>

**9 Trade payables and other current liabilities**

	2014-15	2013-14
	<u>£000s</u>	<u>£000s</u>
<b>Amounts falling due within one year:</b>		
Trade payables	62	5
Accruals and deferred Income*	236	418
Other tax and social security	63	69
Other payables	43	41
	<u><b>404</b></u>	<u><b>533</b></u>
<b>Amounts falling due after more than one year:</b>		
Accruals and deferred Income*	-	7
	<u>-</u>	<u>7</u>

\*Within accruals £6k (2013-14 £36k) relates to rent free premises for Victoria Square House of which nil relates to falling due after one year.

**9.1 Intra-Government Balances**

	Amounts falling due within one year		Amounts falling due after more than one year	
	2014-15	2013-14	2014-15	2013-14
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Balance with other central government bodies	66	218	-	-
Balance with local authorities	-	-	-	-
Subtotal: intra-government balances	66	218	-	-
Balances with bodies external to government	338	315	-	7
<b>Total payables at 31 March</b>	<u><b>404</b></u>	<u><b>533</b></u>	<u>-</u>	<u>7</u>

**10 Provisions for liabilities and charges**

	<u>£000s</u>
Balance at 1 April 2014	133
Provided in year	-
Provision not required written back	-
Provision utilised in year	(5)
Unwinding of discount	-
<b>Balance at 31 March 2015</b>	<b><u>128</u></b>

## Analysis of expected timing of discounted cash flows

	<u>£000s</u>
Not later than one year	128
Later than one year and not later than five years	-
Later than five years	-
<b>Balance at 31 March 2015</b>	<b><u>128</u></b>

Balance at 1 April 2013	100
Provided in year	33
Provision not required written back	-
Provision utilised in year	-
Unwinding of discount	-
<b>Balance at 31 March 2014</b>	<b><u>133</u></b>

## Analysis of expected timing of discounted cash flows

	<u>£000s</u>
Not later than one year	-
Later than one year and not later than five years	133
Later than five years	-
<b>Balance at 31 March 2014</b>	<b><u>133</u></b>

Provision provided to return the Birmingham office to its original condition, lease expires in August 2015.

**10.1 Early departure costs**

	<u>£000s</u>
Balance at 1 April 2014	6
Provided in year	-
Provision not required written back	-
Provision utilised in year	(6)
Unwinding of discount	-
<b>Balance at 31 March 2015</b>	<u>-</u>

Analysis of expected timing of discounted cash flows

	<u>£000s</u>
Not later than one year	-
Later than one year and not later than five years	-
Later than five years	-
<b>Balance at 31 March 2015</b>	<u>-</u>

	<u>£000s</u>
Balance at 1 April 2013	14
Provided in year	1
Provision not required written back	-
Provision utilised in year	(9)
Unwinding of discount	-
<b>Balance at 31 March 2014</b>	<u>6</u>

Analysis of expected timing of discounted cash flows

	<u>£000s</u>
Not later than one year	6
Later than one year and not later than five years	-
Later than five years	-
<b>Balance at 31 March 2014</b>	<u>6</u>

The early retirement provision relates to the costs of pensions for individuals who have retired early. We meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. We provide for this in full when the early retirement programme becomes binding on us by establishing a provision for the estimated payments discounted by the Treasury pension rate of 1.3 per cent in real terms.

**11 Capital commitments**

There were no contracted capital commitments at 31 March this year and last year for which no provision has been made.

**12 Commitments under leases**

## Operating leases

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

	2014-15	2013-14
	<u>£000s</u>	<u>£000s</u>
Obligations under operating leases for the following periods comprise:		
Buildings:		
Not later than one year	228	445
Later than one year and not later than five years	-	118
Later than five years	-	-
	<u>228</u>	<u>563</u>
Other:		
Not later than one year	143	32
Later than one year and not later than five years	213	-
Later than five years	-	-
	<u>356</u>	<u>32</u>

Other represents the renewed lease with Capita for the IT managed service.

**13 Contingent liabilities disclosed under IAS 37**

There are no contingent liabilities as at 31 March 2015.

**14 Losses and special payments**

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

**15 Financial instruments**

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

**16 Related Party Transactions**

CCWater received grant in aid from Defra during 2014-15, £5.13m (2013-14: £5.13m). Defra and the Welsh Government are CCWater's sponsoring departments.

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

CCWater sublets parts of the Birmingham office to the Equality and Human Rights Commission and receives rental income; during 2014-15, £40k (2013-14: £65k) was received.

CCWater has a Memorandum of Terms of Occupation (MOTO) agreement for the Darlington, Manchester, Cambridge, Cardiff, Bristol, Exeter and London Office with Defra. No Board member, key manager or other related parties has undertaken any material transactions with CCWater during the year.

**17 Events after reporting period date**

In February 2015 CCWater announced that, subject to approval of government, we would be centralising our complaint handling into two offices – Birmingham and Cardiff. The restructure received ministers' approval on the 22 May 2015; this is a non-adjusting event after the reporting period date.

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





