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# **Consumer Council for Water**

## **Annual Report and Accounts 2016-17**

**For the year ended 31 March 2017**

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**For the year ended 31 March 2017**

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

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## PERFORMANCE REPORT

### Chief Executive's Statement

CCWater's work in 2016/17 has covered a full range of customer issues, but with a particular focus on preparing for the opening of the retail water market for non-household customers in England on 1 April 2017. This is the most significant change in the water industry since it was privatised in 1989, giving around 1.2 million businesses, charities and public sector bodies the opportunity for the first time to choose their retailer or renegotiate with their existing provider for a better deal on price and service.

Choice will bring benefits for customers but it will also present challenges for the water sector. In the previous two years we have played our part in making sure the new regime addresses customers' priorities and concerns. We also made sure that our consumer relations team is well prepared and ready to deal with any enquiries or complaints from customers experiencing problems with switching or renegotiating. Our market reform policy team engaged with all 20 retailers licensed to operate in the new market, so they understood our role in supporting customers and resolving their complaints. We worked closely with the Open Water programme partners – Defra, the industry regulator Ofwat and Market Operator Services Ltd (MOSL) – and Water UK, the industry's representative body, to raise business customers' awareness of the changes.

We played an active part in a series of customer workshops across England and engaged directly with more than 100 business representative bodies to encourage them to cascade messages about the new market to their members and affiliates. Our efforts resulted in our messages reaching potentially 700,000 customers – more than half the market.

In the autumn we expressed our concerns about the potential extension of retail competition to household customers, given limited customer appetite for the low level of savings that would be on offer to customers, as projected by Ofwat in its review of the potential costs and benefits. Government listened to our concerns and considered our views, and acknowledged the need for more evidence and lessons to be learned from non-household retail competition before announcing that no decision on this would be taken at this point.

We began to gear up for the next five-year price-setting process in 2019 where we aim to build on the greater customer focus and good outcomes of the Price Review in 2014. In the autumn we hosted a series of training sessions on the 2019 Price Review (PR19) for members of the water companies' Customer Challenge Groups (CCGs) who will scrutinise the companies' price and investment proposals.

Affordability remains a key focus for CCWater with 1 in 8 customers telling us their water bills are unaffordable. We worked with a further five water companies to introduce social tariffs for low-income customers struggling to pay their bills. From April 2017 all 21 companies now offer a scheme and we will work to ensure that they are promoted to those customers who need help.

We continued our efforts to provide help to customers, working with a range of poverty and debt relief charities. Our benefits calculator, which we launched in partnership with Turn2us in 2016, was used by more than 3,800 customers to identify annual welfare benefits to which they may be entitled totalling £6.25 million. More than 1,000 customers also used our grants search tool which enables them to find help from more than 3,000 charitable funds. Our popular water meter calculator went from strength to strength with 265,000 customers using it to identify potential savings of £14.5 million.

We maintained our pressure on water companies to reduce the number of customer complaints they receive. We were disappointed to see the fall in written complaints that we have helped to drive in recent years flatten out in 2015-16. Written complaints to the industry fell by only 0.5 per cent and ten companies – half the industry – reported increases. During 2016-17, we worked with the four poorest performing companies to put in place action plans to tackle the causes and by the end of the year we were encouraged to see these companies improve their performance.

Our work to increase CCWater's profile with our key stakeholders at a national and regional level continued apace. This year was another record year for our communications team who secured a total of 1,100 pieces of coverage in the media, giving consumers the opportunity to see or hear our messages in print, broadcast and online media with a combined reach of 168 million. This comfortably exceeded our annual target of 100 million. In addition, over 348,000 people visited our website during the year – above our target of 250,000 – and we also improved the look, feel and content of the site.

Following the launch of our social media strategy in 2016, our following on Twitter grew by more than 800 to 4,800. We have also increased our activity and engagement on Facebook and LinkedIn.

We continued to engage with stakeholders, hosting a series of six consumer issues workshops in England and Wales in the autumn to discuss some of the hot topics in the sector. This helped to inform our Forward Work Programme for 2017 to 2020, which we published on 31 March 2017.

We also continued to move our Board meetings in public around England and Wales to allow us to talk to companies and other agencies in water and discuss critical topics in each locality in the public domain and in front of external audiences.

Finally, we managed to run our operations at a cost of just 21p per bill payer in 2016-17 – the sixth consecutive year we have been able to do this.

We look forward to continuing our valuable work on behalf of all water consumers – household and business – in 2017-18.

**Tony Smith**  
**Chief Executive**  
**13 June 2017**

## Statement of purpose, objectives and activities of CCWater

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

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

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

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

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

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

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

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

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



## Alignment with UK Government and Welsh Government strategies

CCWater's activities in 2016-17 were aligned with the strategies set out by both Defra and the Welsh Government. Defra's strategy<sup>1</sup> sets out a shared vision and set of strategic objectives for the whole of Defra for the period up to 2020. Defra's goals are focused on four impact objectives, which explain its ambitious, long-term aims, and the positive differences it will make to the UK. It also has one delivery objective and two organisational objectives. CCWater's work is aligned directly to five of Defra's strategic objectives as follows:

### About Defra's strategy

#### Impact objectives

- 1. Environment** (A cleaner, healthier environment, benefiting people and the economy).  
**Aim:** Cleaner water and sustainable usage.  
**CCWater activity:** We continued to work with Defra, Welsh Government, regulators and water companies on building long-term resilience in the water sector and promoting water efficiency among consumers.
- 2. Protection** (A nation better protected against flooding, animal and plant disease and other hazards, with strong response and recovery capabilities).  
**Aim:** Enhance resilience of business and individuals to drought and loss of water supply.  
**CCWater activity:** We continued to build our profile as a source of reliable and practical advice for consumers on water efficiency. Working with stakeholders, including Waterwise and Energy Saving Trust, we raised awareness of water-saving advice through our website and social media. We also challenged water companies on their leakage performance and supported consumers affected by sewer flooding.

#### Delivery objective

- 3. Excellent delivery, on time and to budget, and with outstanding value for money**  
**CCWater activity:** By delivering savings each year, we have been able to maintain our licence fee at a flat £5.13 million per year since 2010. Our activities cost each bill payer just 21p per year.

#### Organisational objectives

- 4. An outstanding organisation** (An organisation continually striving to be the best, focused on outcomes and constantly challenging itself).  
**CCWater activity:** In 2016-17 we handled over 19,000 complaints and enquiries from customers about their water companies. We beat our targets for the year for complaint acknowledgement and closure times, and for customer satisfaction with how we handled their complaints. We pressed the water industry to improve key outcomes for customers. This was reflected in customers' satisfaction with value for money of their water services to 73 per cent in 2016. Satisfaction with value for money of sewerage services was 76 per cent in 2016.
- 5. Our people** (An inclusive, professional workforce where leaders recognise the contribution of people, and build capability to deliver better outcomes).  
**CCWater activity:** Our staff survey (independently conducted by ACAS in January 2017) resulted in a response rate of 86 per cent. Overall, most staff were positive about the variety of the work they do, with 72 per cent very satisfied or satisfied, and 30 per cent felt they had a degree of influence over their job compared with 24 per cent last year. More staff (80 per cent) thought our senior managers and Executive team were at least 'good' in keeping them informed about changes to the organisation, up from 72 per cent in 2015-16.

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<sup>1</sup> Defra's Strategy to 2020 (February 2016): [www.gov.uk/government/publications/defras-strategy-to-2020-creating-a-great-place-for-living](http://www.gov.uk/government/publications/defras-strategy-to-2020-creating-a-great-place-for-living)

**About the Water Strategy for Wales**

The Welsh Government's Water Strategy for Wales<sup>2</sup> sets out the strategic direction for water policy over the next 20 years and beyond, and aims to deliver a more integrated and sustainable approach to managing water and associated services in Wales. The focus is on ensuring that the people of Wales receive first-class, value for money services with water used efficiently, safely and respectfully by all. CCWater continued to play a key role in ensuring that there was a strong customer focus at the heart of the delivery of water and sewerage services in Wales. During the year we took the lead on disseminating information and advice on water affordability and debt management to the industry, bringing together Welsh Government and support agencies for a 'Tackling Poverty in Wales Together' workshop in February 2017.

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<sup>2</sup> Water Strategy for Wales: <http://gov.wales/docs/desh/publications/150521-water-strategy-for-wales-en.pdf>

## Performance Summary

A summary of CCWater's performance during 2016-17:

- We continued to build on the successful outcome of the 2014 Price Review (PR14) by influencing the early design of the **2019 Price Review (PR19)** through our contribution to Ofwat's Water 2020 thinking.
- We continued to work to ensure CCWater plays an active role as the 'customer expert' in every one of the companies' **Customer Challenge Groups (CCGs)**, providing a strong customer voice in future price setting. This included holding a series of training sessions in November 2016 for members of CCGs, focusing on the main issues and the importance of customer engagement.
- We dealt with **over 19,000 customer complaints and enquiries** about water companies in 2016-17. This brings to nearly **370,000** the total number of complaints and enquiries we have handled since 2005. We beat our targets for acknowledging and closing complaints, and customer satisfaction with how we handled their complaints (see tables on page 15).
- We continued to push water companies to improve their performance and to get things 'right first time'. In September 2016 we reported that customer complaints to water companies had fallen again in 2015-16 for the eighth successive year, but only marginally, by 0.5 per cent. Complaints are now less than half the number they were at the peak year of 2007-08. However, ten companies reported an increase in complaints compared to 2014-15, some of which were substantial. During 2016-17 we put pressure on four companies whose performance was particularly poor to take action to improve and by the end of March 2017 each of these companies had reported a significant improvement.
- We secured nearly **£1.3 million in compensation and financial redress** for customers during 2016-17. This brings the total amount we have helped return to household and non-household customers to more than **£26 million** since we were established in 2005.
- We worked with the industry and government on the development, introduction and promotion of **social tariffs** and other financial assistance schemes for customers. In April 2016 a further **3 companies** introduced social tariffs, bringing to **19** the number of companies that had schemes in place. We worked with a further two companies to introduce social tariffs in April 2017, which means that **all 21** water companies now offer a scheme. Our work contributed to almost doubling the number of customers supported through social tariffs with provisional figures showing an increase to more than 262,000 from nearly 134,000 in the previous year. The schemes currently offered have the potential, over time, to significantly reduce water bills for more than 420,000 customers.
- Our benefits calculator and grants search tool, which we launched in 2016, continued to help low-income customers identify additional income to which they may be entitled. By the end of March 2017 more than **3,800 customers** had used the calculator and identified annual benefits of more than **£6.25 million** for which they may be eligible.
- We also helped customers save water and money, with **over 265,000** customers visiting our water meter calculator in 2016-17. The total potential saving for these customers was estimated at over **£14.5 million**.
- Customer research plays a key part in helping us to reflect customers' views on a wide range of issues. This year we published **10 research reports** which we used to develop our policy lines, to advise or influence the water industry, regulators and governments, and to inform stakeholders about customers' views on water issues, including retail competition in the water industry.
- Consumers had opportunities to see our messages in **print, broadcast and online media** with a total reach of **168 million** – the highest volume of media coverage CCWater has ever achieved.
- Following the reorganisation of our operations in 2015-16, we were able to keep our licence fee flat. This year, for the sixth consecutive year, our work cost each water bill payer just **21p**, down from almost 25p in 2008-09. In January 2017, our Wales office relocated to a new site in Cardiff.

## Performance Analysis

CCWater continued to advocate for water and sewerage consumers in England and Wales, providing specialist support across a wide range of sectors. We helped ensure water consumers' views were central to the way the water industry was managed and regulated. Our key performance indicators were set out in our Operational Business Plan (OBP) for 2016-17. This performance analysis shows how we achieved our measures of success for each strand of work.

We focused on five strategic issues:

- **SPEAKING UP FOR AND INFORMING CONSUMERS** by providing a trustworthy, independent voice that informs water and sewerage consumers about key issues and ensures Governments, water companies and other stakeholders understand consumers' views.
- Pressing for fair, **VALUE FOR MONEY** and affordable changes that are acceptable to customers.
- Water companies provide services that are **RIGHT FIRST TIME** and sort out problems quickly and without hassle.
- **A RELIABLE, RESILIENT, SUSTAINABLE, SAFE, GOOD QUALITY WATER SUPPLY** that consumers value and use wisely.
- **A SUSTAINABLE, RESILIENT SEWERAGE SYSTEM THAT WORKS** and is used responsibly by consumers.

### SPEAKING UP FOR AND INFORMING CONSUMERS

**Influence the agenda, challenge on behalf of customers and inform consumers:**

#### Non-household retail competition

Much of our work focused on preparing for the opening of the non-household water retail market in England on 1 April 2017. We pushed the industry and Open Water to make sure the regime addressed customers' priorities and concerns, to ensure the market was ready to go live, and to check for real issues that would affect customers. This included ensuring that customers in the border areas of Wales and England were clear about their eligibility to switch retailer.

Following our 'Testing the Waters' research earlier in the year, which showed that only 8 per cent of business customers were aware of the new retail market, we challenged the industry to raise awareness levels to at least 50 per cent by market opening. Playing our part in this effort, we engaged directly with more than 100 business representative groups, including the Federation of Small Businesses, the British Chambers of Commerce, the National Farmers' Union and others to explain how we would support their members with advice and information. Our messages had the potential to reach more than 700,000 customers.

We also joined the Open Water partners (Defra, Ofwat and MOSL) to promote the new Open Water website, took part in a series of customer workshops across England to encourage business groups to spread the message about the new market, and supported a national awareness campaign led by Water UK.

In parallel, our market reform policy team engaged with new and incumbent retailers to establish working relationships and our consumer relations team underwent training to ensure they were 'market ready' to advise customers and help them with any unresolved complaints against their retailer. Our Council Chair, Alan Lovell, also represented the interests of customers on the independent Open Water Assurance Group, set up by Defra to advise the Secretary of State on the opening of the new market.

#### Potential household retail competition

In September 2016, Ofwat published the final conclusions of its analysis on the costs and benefits of introducing retail competition for household customers. In our response we said that although research by CCWater and Ofwat had shown that the majority of customers supported the idea of having a choice of water retailer, some of Ofwat's scenarios seemed overly optimistic given the limited appetite customers told us they would have for the low savings. Only 6 per cent of customers said they would be likely to switch for a saving of between £1 and £10.

We wrote to Ofwat and raised our concerns with Defra and in the media. We suggested that lessons should be taken from how micro and small businesses engage with the new non-household market before any decision is made on whether to introduce household competition. In March the Government announced it would wait until at least 2019 before making a decision on whether to extend choice to households.

### **Engaging stakeholders to produce benefits for customers**

We undertook a programme of meetings with key stakeholders, including the Chair of the Environment, Food and Rural Affairs (EFRA) Committee, the Local Government Association, National Farmers' Union and others, to explore how we could work more closely with them on issues affecting consumers. We also wrote to all 573 MPs in England and Wales and all 60 Assembly Members (AMs) in Wales to explain how we could help their constituents with unresolved complaints against their water company and to offer briefings on water-related issues. We attended and spoke at meetings of the All-Party Parliamentary Water Group on topics including affordability. We also provided MPs and AMs with a briefing on help available for water customers struggling to pay and help in accessing priority services.

### **Communication**

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

**Media:** In 2016-17 consumers had opportunities to see our messages in media with a total reach of more than 168 million. We featured in more than 1,100 pieces of media across the internet, print and broadcast. This was the most media coverage CCWater has secured in a single year since our inception in 2005, surpassing the previous year's record of 160 million opportunities to see.

**Website:** We provide consumer support via our website. This year we had over 348,000 unique visitors to our site, of which 85 per cent were new visitors. This exceeded our annual target of 250,000 visits to the website.

**Water meter calculator:** Our water meter calculator remains a popular tool in helping customers to identify whether they can save money by paying for their water by meter. Media exposure helped drive over 265,000 visits to the online tool, helping customers identify potential savings of more than £14.5 million.

**Social media:** Our social media strategy, which we launched in 2016, began to have an impact in 2016-17. We continued to increase our engagement across all our social network platforms, and at the end of March 2017 we had nearly 4,800 Twitter followers, an increase of 800 on the previous year.

**Stakeholder events:** We engaged a wide range of stakeholders from the water sector, Governments, regulators, and environmental and consumer bodies at six consumer issues workshops across England and Wales in September and October 2016. These events gave stakeholders the opportunity to share their views on the big issues and challenges facing the water industry, including the introduction of non-household retail competition, the possibility of household customers being given a choice of retailer by 2020, improving customer service and supporting customers struggling to afford their water bills. Stakeholders' views helped to shape our Forward Work Programme for 2017-20, which we published on 31 March 2017.

In November 2016, the second phase of the Discover Water dashboard was launched. This is an interactive website which provides customers with clear and trustworthy information about the water sector in England and Wales and enables them to see how their local company has performed in recent years. CCWater worked on this project in collaboration with Water UK, the water industry representative body. The dashboard is available for consumers to view at [www.discoverwater.co.uk](http://www.discoverwater.co.uk)

## **FAIR AND AFFORDABLE CHARGES**

**Help those customers struggling to pay, including working with the water companies on the promotion and delivery of financial assistance schemes and social tariffs:**

### **Affordability**

Affordability remains a pressing priority for CCWater, with 1 in 8 customers having told us their water charges were not affordable. We continued to work closely with water companies in England and Wales to try to increase the range of support for customers who are struggling to pay their bills and raise awareness of these schemes. CCWater assisted three further water companies – South Staffs Water, Cambridge Water and Dee Valley Water – to launch social tariffs, which can reduce the water charges of customers on low incomes, in April 2016.

In April 2017, two more companies, Bournemouth Water and Hartlepool Water, launched schemes. This means every water company now offers a social tariff, some of which can reduce bills by more than 80 per cent for eligible, low-income customers. Customers can identify quickly whether they might be eligible for help by using our social tariff guide which we launched on our website in April 2016.

In February 2017 we held a workshop in Cardiff which showcased our research on affordability issues and enabled a wide variety of third sector organisations and agencies to talk directly and openly with utility companies about how to better promote the financial assistance available.

Customers benefitted from using two online tools we launched in 2016 in partnership with poverty relief charity Turn2us. Our benefits calculator and grant search tool enable consumers to discover whether they are entitled to further benefits or assistance through grants. In 2016-17 more than 3,800 customers used the benefits calculator and identified that they may be eligible for annual benefits totaling more than £6.25 million. More than 1,000 customers used our grants search tool to identify potential sources of other financial assistance.

We also worked with water companies to ensure they were implementing the recommendations of our *Living with Water Poverty* project. This included expanding the range of assistance offered to customers who struggle to pay and improving how this help is communicated.

### **WaterSure**

Take up of the WaterSure scheme increased by a further 8.7 per cent in 2015-16, with more than 107,000 metered customers now registered for help across England and Wales. This is an increase of 562 per cent in the nine years since CCWater led a project to improve take up. WaterSure helps some metered customers with their bill if they are on benefits and need to use a lot of water, either for medical reasons or because their household has a certain number of school-aged children.

### **Fair charging**

In line with the recommendations of the 2011 review of Ofwat and consumer representation in the water industry (Gray Review), we continued our work to identify areas for potential improvement in companies' charging policies. As a result, during 2016-17:

- several companies agreed to extend the period during which metered customers can switch back to unmeasured charging from 12 to 24 months, and now all companies have agreed to this;
- several companies agreed to provide a commitment not to recover backdated undercharges from customers where this has been due to company error; and
- two companies agreed to offer assessed charges to non-household customers where a meter cannot be installed

In February 2017, water companies announced that the average water and sewerage bill in England and Wales for 2017-18 would rise by £6 to £395. This was in line with the five-year price-setting deal finalised by Ofwat, the industry regulator, in 2014. This was the third wave of charges under the 2014 Price Review in which CCWater helped to secure a 5 per cent average reduction in prices in real terms (before inflation). The increase will nevertheless hit low-income households already struggling to afford to pay their bills and we called on the water companies to do more to ensure that these customers get the help they need through social tariffs and other financial assistance schemes.

Two water companies, Severn Trent and Anglian, were able to increase their charges in 2017-18 as a reward for outperforming on their Outcome Delivery Incentive (ODI) commitments in 2015-16. ODIs are a set of measures for which water companies receive a reward or a penalty, depending on their performance against their commitments.

### **RIGHT FIRST TIME**

**Target poorer performing companies so that customers get a service that is right first time:**

We maintained our pressure on water companies to reduce the number of customer complaints they receive. In particular, we worked with four of the poorest performing companies that had seen a significant rise in complaints in 2015-16 to take action to tackle the causes of these complaints. We asked these companies to give us regular reports on how effective their actions had been. By the end of March 2017, all four companies had started to improve their performance and reported a fall in complaints during the previous quarter.

CCWater received more than 19,000 consumer complaints and enquiries about water companies this year. This was an increase in contact of around 5 per cent compared to 2015-16. As the table below shows, this increase was in consumers making enquiries to us rather than complaints. Most enquiries are handled by our Customer Caseworkers, although more complex matters are escalated to our Senior Customer Caseworkers. Despite the increased number of contacts requiring more resource to handle, we met our OBP performance targets for responding to complaints within 5, 20 and 40 days.

<b>Contacts to CCWater from Customers</b>	<b>2016-17</b>	2015-16	2014-15	2013-14
Enquiries	<b>10,699</b>	8,453	7,965	10,856
Complaints	<b>8,715</b>	9,991	10,138	9,957
Formal investigations <sup>3</sup>	<b>7</b>	18	21	13

Our performance against our OBP targets in dealing with complaints about water companies is shown in the table below. Our targets were increased this year in all three measures and we exceeded them all.

	2016-17		2015-16		2014-15		2013-14	
<b>Percentage of Complaints</b>	<b>OBP Target</b>	<b>Achieved</b>	OBP Target	Achieved	OBP Target	Achieved	OBP Target	Achieved
Actioned in 5 days	<b>99.5%</b>	<b>99.6%</b>	99%	99.9%	99.5%	99.9%	99.5%	99.8%
Closed in 20 days	<b>80%</b>	<b>80.4%</b>	78%	82.4%	79%	82.6%	79%	83.6%
Closed in 40 days	<b>91%</b>	<b>92.1%</b>	90%	92.6%	91%	92.3%	91%	93.3%

During the year we surveyed up to 100 customers a month to find out how satisfied they were with all aspects of our service. We exceeded our targets for customer satisfaction with complaint outcome, service and courtesy. We missed narrowly our target for speed in handling complaints.

During the third quarter of the year we experienced unexpected staff absence, recruited and trained new members of staff, and streamlined our administration processes. The combination of these factors resulted in extended case handling times. However, the changes we made put us back on track and we exceeded our target for speed in handling complaints in the final quarter of the year.

	2016-17		2015-16		2014-15		2013-14	
<b>Customer satisfaction with all aspects of CCWater's complaint handling</b>	<b>OBP Target</b>	<b>Achieved</b>	OBP Target <sup>4</sup>	Achieved	OBP Target	Achieved	OBP Target	Achieved
Outcome of the complaint	<b>61%</b>	<b>62.5%</b>	58%	60.4%	61%	57.4%	61%	57.4%
Speed	<b>80%</b>	<b>77.2%</b>	79%	81.0%	80%	79.8%	80%	77.7%
Service	<b>75%</b>	<b>75.9%</b>	72%	73.8%	75%	72.6%	75%	69.2%
Courtesy	<b>93%</b>	<b>93.6%</b>	90%	92.8%	93%	93.3%	93%	92.4%

<sup>3</sup> We conduct a formal investigation into a complaint if it has exhausted a company's complaints procedure but we are unhappy with the outcome and see an avenue for challenge.

<sup>4</sup> We reduced our OBP targets in 2015-16 slightly from the previous year to reflect potential disruption and skills loss during the restructure of our complaints handling function. We increased our targets again in 2016-17.

**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). The PHSO has not told us that any complainants approached it in 2016-17.

**Water Redress Scheme (WATRS)**

If a case has exhausted a water company complaint procedure and CCWater feels there is nothing further it can achieve, a consumer who remains dissatisfied with the outcome can refer their complaint to the Water Redress Scheme (WATRS), which is an independent adjudication scheme. In 2016-17, 193 consumers approached WATRS. This is around 2 per cent of all complaints that we closed in the year. Consumers have six months from the time we close their case to go to WATRS, so this number may increase over the coming months. Of the applications made, around 30 customers received an adjudication that required their company to take further action to resolve the case.

**RELIABLE, GOOD QUALITY WATER SUPPLY**

**Continue to press for a reliable, resilient, sustainable, safe, good quality water supply at an affordable price:**

**Helping consumers to use water wisely**

In August 2016 we published our *Attitudes to tap water and using water wisely* research report which examined consumers' attitudes to water use, especially saving water at home, and tap water. Our research found that fewer people than in 2016, around two-thirds (67 per cent), now say they drink tap water at home, down from 78 per cent in 2015. Around two-thirds of adults say they have made a conscious decision to use less water in the past three years (53 per cent in 2015). Saving money was the top reason for doing so.

We responded to these findings by promoting the benefits to consumers of drinking tap water at home, at work and when they are out and about. We supported campaigns to encourage more consumers to save water through our press and social media campaigns, and wrote a blog for the Water Efficiency (WATEF) Network.

**Leakage**

Our *Delving into Water* report in November 2016 revealed that the amount of water lost through leaky pipes had fallen for the first time in five years, down by 1.4 per cent from 22 per cent in 2015-16. However, some water companies had made much greater improvements than others. We will continue to challenge the rest of the industry to follow suit by discussing with them directly how they can improve and through presentations at industry conferences and seminars. We also told the water industry and their suppliers at the Future Water Association conference in December 2016 of the need for water companies to improve their performance on leakage, as this is a top priority for consumers.

**Supply interruptions**

The amount of time customers were without a supply of water because of a burst pipe or due to maintenance work decreased overall. Whilst this reduction looks positive at an industry level, only half of the water companies have made improvements. We expressed our concerns that this variable performance was masking a wider issue.

We acknowledge that interruptions to supply are sometimes necessary for maintenance work, but we will continue to:

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

**Wales Water Forum**

In June 2016 we contributed to Wales Water Forum discussion topics including affordability and vulnerability, and in September we also participated in a Welsh Government workshop on 'Long Term Planning for Water Services in Wales' which covered water and wastewater, water efficiency and metering, and included topics such as leakage and catchment management.

In December we spoke about our *Delving into Water* report and provided a handout on the key findings relating to Wales. In March 2017 we gave presentations on our perspective on resilience, and on our expectations for the 2019 Price Review. We also raised awareness of our research and comparative performance among Wales stakeholders by presenting findings and circulating summaries of our research.



## **A RESILIENT SEWERAGE SYSTEM**

### **Help consumers who suffer from sewer flooding in their houses or other areas of their property:**

#### **Sewer flooding**

We are part of the Water UK-led '21st Century Drainage Programme Board' which is made up of all 12 sewerage companies in the UK and representatives of governments, regulators and environmental groups. In October 2017 the group set out how it proposes to ensure that the UK's drainage systems will meet the twin challenges of climate change and population growth over the next 25 to 50 years.

One strand of work is to reduce sewer misuse which can lead to flooding. In 2015-16 sewerage companies spent £88 million unblocking sewers and drains that had clogged up because of inappropriate items being flushed down the toilet or poured down the sink. We supported a campaign involving water companies and environmental and customer groups across 19 countries worldwide to get manufacturers of wet wipes to properly label all wipes as 'do not flush'. In February 2017 we joined forces with Southern Water to launch a new campaign called 'The Unflushables' to help customers understand the impact of internal sewage flooding and the simple steps they can take to stop it.

#### **Sustainable drainage systems (SuDS)**

SuDS offer a way to reduce the volume of surface water entering sewerage systems by directing it to, for example, specially built ponds and grassed swales. They can also reduce the risk of flooding. Water and sewerage companies have committed to delivering SuDS projects as part of their business plans. However, the reluctance of some developers to install SuDS and UK Government's reluctance to enact the relevant clause within the Floods and Water Management Act means that in England progress will be slower than in Wales. Nevertheless, there has been some progress with companies delivering innovative solutions and better outcomes for consumers and the environment.

## **SUSTAINABLE DEVELOPMENT**

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

- In our affordability work, we try to ensure that future generations will not have to pay too much for water by asking water companies to plan for the long term and to phase investments.
- Through our work with companies on their water resource and drought management plans, we ask them to consider how to meet the needs of customers in the future without having an undue impact on the environment.
- By actively encouraging customers to use water wisely, this will help to secure water supplies for the future as we face growing pressures on our available water resources.
- By promoting customer behavioural change in the way that they dispose of fats, oils and grease, we aim to ensure that the sewerage system is used appropriately and will remain fit for purpose for the next generation and beyond.
- By actively encouraging water companies to adopt more sustainable ways of working. We support their increasing use of solar power and anaerobic digestion as a means to reduce their energy consumption.

#### **Big Energy Saving Week 2016**

In October 2016, once again, we supported Big Energy Saving Week, spearheaded by Citizens Advice and supported by the Energy Saving Trust, the Department of Energy and Climate Change and water companies to encourage consumers to save energy, water and money. We shared a range of simple, practical tips to help people cut their bills by, for example, having a water meter installed, taking shorter showers, not over-filling the kettle and being smarter in the way they use their washing machine or dishwasher. By following our advice they could also reduce their carbon footprint.

**THE FUTURE OF CCWATER AND PRINCIPAL RISK**

CCWater, like all public bodies, is due a tailored review by 2019. CCWater may also be subject to a functional review, should governments decide to review across sectors. In June 2016, we responded to a call for evidence on improving the consumer landscape and quicker switching from the Department for Business, Innovation and Skills (now the Department for Business, Energy and Industrial Strategy). In our response we emphasised the value to household and business consumers of CCWater's single sector focus on water.

More information about the strategic risks facing CCWater during 2016-17 is highlighted in the 'Managing risk' section of the Governance Statement on page 32.

**Financial Summary**

The main financial highlights are summarised below:

<b>Operating Cost Summary</b>	<b>2016-17</b>	<b>2015-16</b>
	<b>£000s</b>	<b>£000s</b>
<b>Income</b>		
Operating Income	-	(18)
	-	(18)
<b>Expenditure</b>		
Operating Costs	5,200	5,578
<b>Net Operating Cost</b>	<b>5,200</b>	<b>5,560</b>

The budget for CCWater during 2016-17 was £5.235 million. CCWater managed this by delegating the budget to individual budget holders, based on our Forward Work Programme priorities and activities. Expenditure is monitored against budget on a monthly basis with formal quarterly budget holders meetings.

Tony Smith  
Chief Executive and Accounting Officer  
Consumer Council for Water

13 June 2017

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

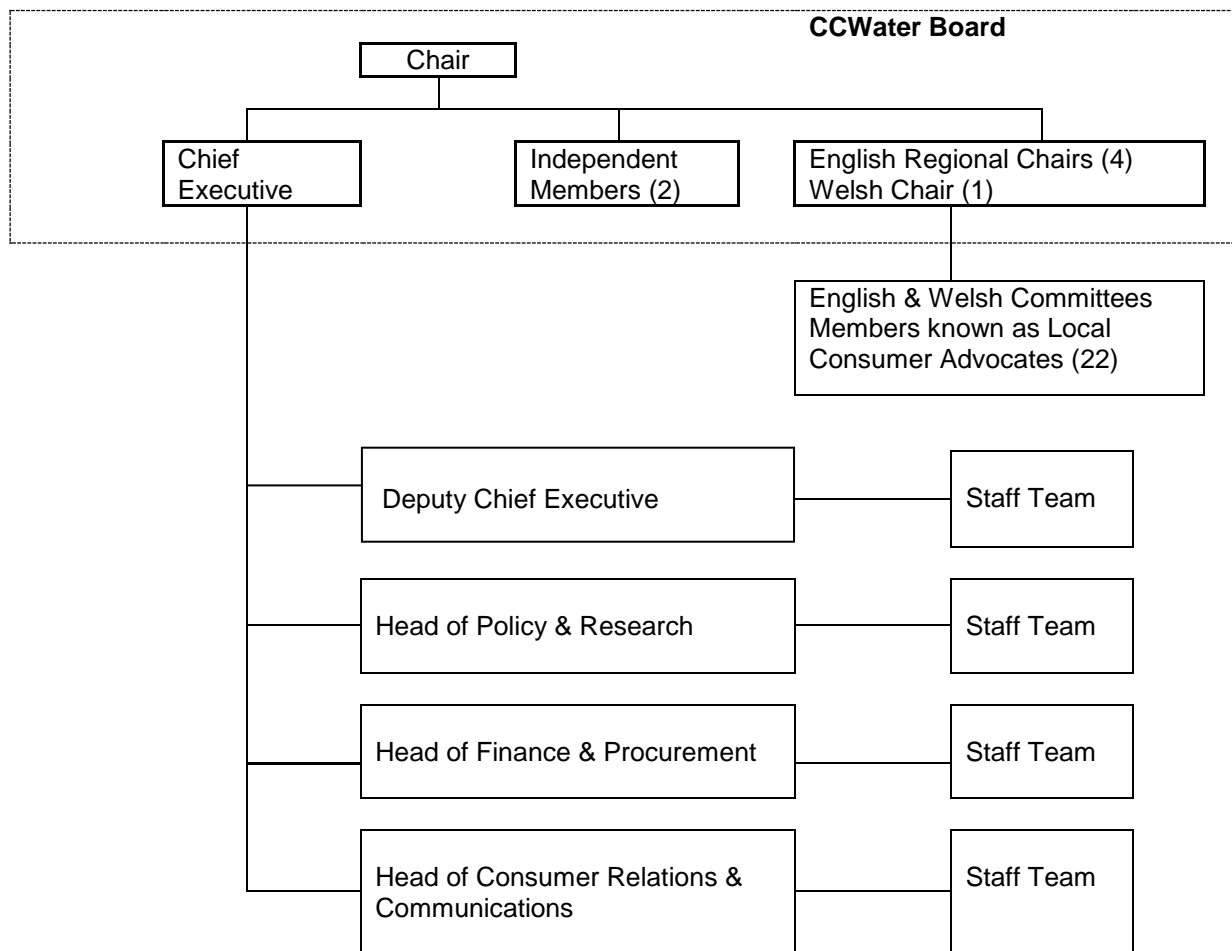
# ACCOUNTABILITY REPORT

## Corporate Governance Report

### Directors’ Report

#### Organisational structure

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



**Board Appointments**

The membership of the Board during 2016-17 was:

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

**England Regional Committees Chairs:**

Northern	Robert Light	1 July 2015		30 June 2019
Western	David Heath	1 July 2015		30 June 2019
Central and Eastern	Bernard Crump	1 February 2013	1 February 2017	31 January 2021
London and South East Chair and Vice Council Chair	Tony Redmond	1 March 2013	1 March 2017	28 February 2021

**Wales Committee:**

Wales Chair	Tom Taylor	1 October 2015		30 September 2019
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**Independent Members:**

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

During 2016-17 Defra reappointed Bernard Crump to Chair of the Central and Eastern Committee and Tony Redmond to Chair of the London and South East Committee. Both reappointments were made in line with the Code of Practice issued by the Commissioner for Public Appointments.

**Board register of interests**

CCWater maintains a register of Board members' interests which is reviewed annually and is available on CCWater's website [www.ccwater.org.uk](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.

**The senior management team**

The composition of the senior management team, known as the Executive Team, during 2016-17 was:

Tony Smith	Chief Executive
Phil Marshall	Deputy Chief Executive
Deryck Hall	Head of Policy & Research
Carl Pegg	Head of Consumer Relations & Communications
Marie Perry	Head of Finance & Procurement

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

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

**Support services & spending control compliance**

Since April 2010, with the exception of information technology (IT), internal audit and payroll, all support services have been provided in-house. IT infrastructure is provided under an agreement with Capita. Our web-based complaints management system is provided by Capventis. Our website and intranet are hosted by DXW. Internal Audit services are provided by RSM. Payroll services are provided by CGI. In 2016-17, we have continued to operate within the Government's spending controls. Our CEO has delegated authority to approve external recruitment of frontline posts. This was extended to business critical posts at the end of March 2015.

**Payment of suppliers**

CCWater achieved 99.50 per cent against the Government target for paying agreed invoices within 30 days of receipt during 2015-16 (99.34 per cent in 2015-16) 84.6 per cent were paid within 5 working days compared to 84.1 per cent in 2015-16. Creditor days were 5 days at 31 March 2017 and 3 days at 31 March 2016.

**Health and Safety**

CCWater is committed to the health and safety of its staff, visitors and any contractors working on its premises. We follow and encourage an open participative approach and staff are invited to take any concerns on health and safety matters direct to the Health and Safety manager or a Staff Council representative. We have actively promoted safe and effective working practices for our home working colleagues during the year following the closure of our regional offices. We comply with the Health and Safety at Work Act 1974 and all other relevant legislation as appropriate. We are committed to the positive promotion of accident prevention and the elimination of accidents involving personal injury, illness or damage. At Board level, our Chief Executive is responsible for Health and Safety. Our Board sub Committees and Staff Council meetings regularly discuss Health and Safety. There were no RIDDOR reportable incidents in 2016-17 and no working days lost to occupational illnesses or injuries. There were four internal accident forms completed.

**Important events affecting CCWater**

On 1 April 2017 the new retail water market opened in England, giving around 1.2 million businesses, charities and public sector bodies the opportunity to switch their water retailer or renegotiate with their existing provider for a better deal on price and service. This was the biggest shake-up in the water industry for more than a quarter of a century. CCWater prepared for this change by ensuring that our consumer relations team was ready to support business customers with advice and information about the new market and to handle any customer complaints. Our policy and communications teams worked with business representative groups and with the Open Water programme partners (Defra, Ofwat and MOSL) to raise customers' awareness of the changes. We also engaged with new retailers to build a relationship with them and ensure they understood our complaints handling process.

**Political donations**

During the financial year 2016-17 CCWater made no 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 2016-17 have been prepared on a going concern basis. Defra and the Welsh Government have agreed CCWater's 2017-18 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

13 June 2017

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

## Statement of Accounting Officer's Responsibilities

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

This Annual Report and Accounts covers the period 1 April 2016 to 31 March 2017.

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

The Principal Accounting Officer for Defra has designated the Chief Executive of CCWater as the Accounting Officer for the organisation, with responsibility for preparing the organisation's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Accounting Officer is required to comply with the '2016-17 government financial reporting manual' (FReM) issued by HM Treasury that follows international financial reporting standards (IFRS) to the extent that it is meaningful and appropriate to the public sector, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the FReM, have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going-concern basis.

The Accounting Officer is responsible for the propriety and regularity of the public finances. This includes keeping proper records and for safeguarding CCWater's assets, as set out in the Accounting Officers' memorandum issued by HM Treasury and published in 'Managing Public Money'.

The Accounting Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

### Accounting Officer's statement and going concern

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

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

## Governance Statement

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

## Funding and classification

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

For policy and administrative purposes, CCWater is classified both as an executive non-departmental public body of Defra and a 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 fulfills the aims and objectives of Defra and the Welsh Government, as set out in the agreed Framework Document. The Board is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of CCWater consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State and the Welsh Ministers;
- ensuring that the responsible UK Minister and the Welsh Ministers are kept informed of any changes which are likely to impact on the strategic direction of CCWater or on the attainability of its targets, and determining the steps needed to deal with such changes;
- ensuring any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor departments of Defra and the Welsh Government, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by Defra and the Welsh Government;
- ensuring that the Board receives and reviews regular financial information concerning the management of CCWater; is informed in a timely manner about any concerns about the activities of CCWater; and provides positive assurance to Defra and the Welsh Government that appropriate action has been taken on such concerns;
- demonstrating high standards of corporate governance at all times, including by using the Audit and Risk Management Committee to help the Board to address key financial and other risks;
- setting performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public resources; and
- conforming with CCWater's Welsh Language obligations in line with the Welsh Language Standards under the Welsh Language (Wales) Measure 2011.

## Board membership

During 2016-17 the Board consisted of the Chair, four regional Chairs for England (one of whom has been appointed as Deputy Chair), a Wales Chair, two independent members and the Chief Executive. Appointments to the Board are made by the Secretary of State for Environment, Food and Rural Affairs; the Wales Chair is appointed by the Welsh Assembly. All appointments are for terms no longer than five years and Board members may be reappointed as their terms expire, but there is no automatic right to this.



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

Name	Date of appointment	Board & Committee membership/attendance				
		Board	Audit and Risk Management Committee	Human Resources and Remuneration Committee	Finance and Resources Committee ***	Advisory Committee ****
Bernard Crump	1/2/17*	11/11		3/3	1/1 (Ch)	
David Heath	1/7/15	11/11		3/3		
Julie Hill	1/2/14	11/11	5/5	3/3		0/0
Philip Johnson	1/2/14	10/11	5/5 (Ch)		1/1	0/0
Robert Light	1/7/15	11/11	5/5		1/1	
Alan Lovell	1/4/15	11/11				
Tony Redmond	1/3/17**	10/11	5/5	3/3 (Ch)		0/0 Ch
Tony Smith (Chief Executive and Accounting Officer)	1/12/05	11/11				
Tom Taylor	1/10/15	11/11			1/1	

Ch – Committee Chair

\* Bernard Crump was reappointed to the Board from 1 February 2017 for a period of 4 years.

\*\* Tony Redmond was reappointed to the Board from 1 March 2017 for a period of 4 years.

\*\*\* The Finance and Resources Committee was wound up on 6 September 2016.

\*\*\*\* The Advisory Committee meets when needed; no meetings of the Committee were held in 2016/17.

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

The Register of Interests is published online at  
<https://www.ccwater.org.uk/aboutus/board/boardregisterofinterests/>

### **Board discussions**

Notwithstanding general customer service and affordability issues, the Board's primary focus during 2016-17 has been on: non-household market reform, reinforcing customer priorities in price setting, preparation for the 2019 Price Review, issues around household market reform, long term water resources planning and oversight of the CCWater governance arrangements.

### **Board Committees: responsibility and work**

During the year ending 31 March 2017 the Board had the following committees:-

#### Audit and Risk Management Committee

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

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

#### Human Resources and Remuneration Committee

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

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

During the year, the Board agreed to wind up the Finance and Resources Committee and reallocated the Human Resources responsibilities to this Committee; the Committee name was changed to reflect this.

#### Finance and Resources Committee

The role of the Finance and Resources Committee is to:

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

In September 2016 the Board agreed to wind up the Finance and Resources Committee and its responsibilities were reallocated between the Board and the remaining Committees.

#### Advisory Committee

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

### **Regional and Wales Committees**

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

The primary role of the Local Consumer Advocates is to:

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

<b>Local Consumer Advocates 2016-17</b>				
<b>Central &amp; Eastern</b>	<b>London &amp; South East</b>	<b>Northern</b>	<b>South West</b>	<b>Wales</b>
Alison Dedicoat	Helen Charlton	Marc Bicknell (resigned with effect from 28/2/2017)	Mike Bell	Ronnie Alexander
Graham Dale (appointed 13 March 2017)	Rachel Onikosi	Angela Collins (appointed 6 March 2017)	Veronica O'Dea	Angela Davies-Jones
Gill Holmes	Penny Shepherd	Bhupendra Mistry	Gudrun Limbrick	Bob Gilchrist
Paul Quinn	Ingrid Strawson	Colin Wilkinson	Mike Short	Lee Gonzales
Richard Powell (resigned with effect from 6 February 2017)	Alison Thompson (appointed 13 June 2016)			Sian Phipps (appointed 1 August 2016)
	Caroline Warner			

Local Consumer Advocates are recruited in line with public appointment best practice 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.

In 2016/17 CCWater undertook a fair and open recruitment process for 4 Local Consumer Advocates. The recruitment panel included the relevant Committee Chair and a non-CCWater Independent person.

**Executive Team**

The Executive Team is chaired by the Chief Executive and comprises CCWater's Deputy Chief Executive, Head of Policy & Research, Head of Consumer Relations & Communications and the Head of Finance & Procurement. 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 Board, on all matters relating to management and resources, as well as implementing the strategy and policy agreed by the Board.

**Board's performance**

For 2016-17, the Board set itself four key objectives, as distinct from the organisation's objectives set out in our Forward Work Programme and Operational Business Plan. The objectives and the Board's assessment of it's achievement against them is set out in the table below:-

Objective	Achievement
<p><b>1) Demonstrate strategic leadership and direction by:</b></p> <ul style="list-style-type: none"> <li>- Setting our Vision and Aims in line with water consumers' priorities and expectations.</li> <li>- Setting strategic policy direction for the Executive Team to implement.</li> <li>- Ensuring our Forward Work Programme will deliver outcomes for the benefit of water consumers whilst keeping our costs low and affordable.</li> <li>- Identifying and accounting for known and potential future challenges affecting water consumers, CCWater and/or the water sector when agreeing our priorities and providing strategic direction.</li> <li>- Reflecting and accounting for the views of water consumers and other stakeholders when agreeing our priorities and providing strategic direction.</li> <li>- Providing an effective oversight of CCWater's governance arrangements.</li> <li>- Individual members add value and strategic oversight to the areas of specialism as allocated.</li> </ul> <p><u>OUTCOME: CCWater is evidence-based and forward looking, with clear strategic objectives and priorities, backed up by sound governance arrangements.</u></p>	<ul style="list-style-type: none"> <li>- The Board held two strategy events (1.5 days) and discussed topics including water consumer representation; CCWater's priorities, and PR19 (CCWater's objectives, CCWater's regional &amp; Wales arrangements, Outcome Delivery Incentives, cost of capital and Consumer Challenge Groups). At these events the Board also carried out horizon scanning activities to inform its work planning and prioritisation.</li> <li>- During the period under consideration the Board agreed the 2016/17 and 2017/18 Forward Work Programmes. Both of these were drawn up bearing in mind the findings of CCWater research in relation to customer priorities and expectations. Both work programmes were the subject of formal consultation. Comments received during the consultation processes were taken on board in the final draft which was subject to challenge from the Board before final approval.</li> <li>- The external review of board effectiveness found that the Board provides good leadership and direction to CCWater. It was particularly noted that that the Board provides an effective oversight of CCWater's governance arrangements and that individual Board Members add value and strategic oversight to the areas of specialism they are allocated to.</li> <li>- The Board set a budget for CCWater that kept costs to consumers at 21p per bill.</li> <li>- In its deliberations the Board places an emphasis on the long term and has considered a number of issues in preparation for PR19.</li> </ul>

Objective	Achievement
<p><b>2) Further improve our relationships with stakeholders, both nationally in England and Wales and regionally, by:</b></p> <ul style="list-style-type: none"> <li>- Taking opportunities to represent CCWater and positively influence their views and perceptions.</li> <li>- Regional Chairs to add value to the Board in their local engagement plans and water company engagement and negotiations.</li> <li>- Independent members to ensure there are no significant variations across the Regions</li> <li>- Articulating and explaining our aims and priorities.</li> <li>- Highlighting our consumer advocacy role and our successes for water consumers.</li> <li>- Emphasising the regional focus of CCWater.</li> <li>- Listening to and addressing any concerns stakeholders express.</li> <li>- Seeking to achieve greater buy-in to our Forward Work Programme.</li> <li>- Building our regional and local stakeholder network.</li> <li>- Seeking to identify suitable opportunities for partnership working.</li> <li>- Acting at all times in line with CCWater's corporate values and behaviours.</li> </ul> <p><u>OUTCOME: CCWater is seen as a professional consumer body operating both nationally in England and in Wales and regionally that delivers outcomes for water consumers.</u></p>	<ul style="list-style-type: none"> <li>- During the year the Board held six meetings in public to engage with stakeholders on a range of topics including: long-term water resources planning, water efficiency and metering programmes; debt and affordability; drainage, flooding and bathing waters; progress against company investment programmes; and renewable energy.</li> <li>- During the period a number of initiatives have taken place to improve CCWater's relationships with stakeholders nationally and regionally including for example:- <ul style="list-style-type: none"> <li>• regional and national stakeholder events;</li> <li>• some Board members attended a 'Board to Board' dinner with Ofwat;</li> <li>• CCWater presence at Ofwat's Board stakeholder dinner in Wales;</li> <li>• Welsh Government liaison meetings; and</li> <li>• membership of the Wales Water Forum.</li> </ul> </li> <li>- The Chair and Chief Executive have met with a number of organisations, including Ofwat, the Drinking Water Inspectorate, Environment Agency, and key Parliamentarians to discuss common issues.</li> <li>- The Chair was a member of Defra's Assurance Group for the non-household retail market.</li> <li>- The external Review of Board Effectiveness recognised that it was not practical to expect the two Independent Board Members to have the resources or exposure to ensure there were no significant variations between areas; this has been reflected in the 2017/18 Board objectives. The review also recognised that some variation was to be expected between Committee areas and that national policy needed to be implemented in a way that respected these differences.</li> <li>- The external effectiveness review recognised the value added by the Regional/Wales Chairs through local engagement plans and the work of the Board to develop CCWater's local stakeholder network.</li> <li>- Regional/Wales Chairs have been interviewed by the media on a number of occasions including on a number of BBC local and independent commercial radio stations in relation to the annual Written Complaints Report and several TV and radio stations in relation to the Thames Water fine for polluting the River Thames.</li> </ul>

Objective	Achievement
<p><b>3) Provide support to the Executive Team by:</b></p> <ul style="list-style-type: none"> <li>- Providing guidance, advice, suggestions and critical challenge in relation to matters of policy development and practice.</li> <li>- Each Board member providing support to a specific workstream or area of focus for CCWater.</li> <li>- Each Board member coaching individual Executive Team members or senior managers working within a specific workstream or area of focus.</li> <li>- Providing feedback on the performance and behaviours of Executive Team members and other senior managers where appropriate.</li> <li>- Encouraging Executive Team members to empower senior managers, thereby affording the Executive Team more time to be strategic and focus on CCWater’s future direction and challenges.</li> </ul> <p><u>OUTCOME CCWater Executive and Senior Managers are empowered and supported when developing policy positions and ideas.</u></p>	<ul style="list-style-type: none"> <li>- The Board has considered and challenged significant policy development matters during the year providing insight and guidance for the organisation.</li> <li>- Issues considered at the Board’s meetings in private in this period included household and non-household retail competition, long-term water resource planning, abstraction reform, sewer flooding, customer vulnerability, and companies’ Charges Schemes; and consideration of policy issues in preparation for PR19.</li> <li>- The external effectiveness review recognised the effective guidance and challenge given by the Board to the development of policy.</li> <li>- The external effectiveness review identified that coaching of Executive Team members by Board Members was not taking place nor was it considered necessary. It found that instead, Board Members often acted in a critical friend capacity and the Executive Team recognised the benefit of this relationship. The 2017/18 Board objectives reflect this finding.</li> </ul>
<p><b>4) Achieve high-class Board behaviours by:</b></p> <ul style="list-style-type: none"> <li>- Acting at all times in line with CCWater’s corporate values and behaviours.</li> <li>- Adapting communication styles to reflect the preferences of others.</li> <li>- Affording other Board Members and attendees at Board meetings the opportunity to speak openly and contribute fully.</li> <li>- Ensuring that robust debate takes place and challenge is made in a courteous and respectful manner.</li> <li>- Closing out discussions, coming to firm conclusions and agreeing actions with timescales that can be monitored and reported.</li> <li>- Taking collective responsibility for agreed Board outcomes and decisions.</li> <li>- Independent members to ensure impartiality of the Regional Chairs’ relationships with water companies to avoid capture.</li> </ul> <p><u>OUTCOME: The Board is seen by CCWater staff and Executive as a cogent, high-performing team and not as a group of individuals.</u></p>	<ul style="list-style-type: none"> <li>- The Board’s Strategy Day in June 2016 included an Insights analysis workshop with an external facilitator. Each Board Member had already received an individual Insights Profile report. The Board then saw these profiles mapped as a group and considered what this revealed about them collectively and what it might mean in the context of working effectively as a team.</li> <li>- The external effectiveness review found that the Board is a high-performing body with membership that provides a wide range of relevant experience. The review also found that the Board acts in line with CCWater’s corporate values and behaviours.</li> <li>- The review identified the opportunities offered to other Board Members and those attending Board meetings to speak openly and contribute fully as a particular strength of the Board. The willingness of the Board to take collective responsibility for agreed outcomes and decisions was also considered to be a strength.</li> </ul>

**Board performance and assessment of its own effectiveness**

In 2016-17, in line with good practice, an external review of the effectiveness of the CCWater Board was completed by an independent consultant. The review drew on the objectives that the Board has set itself, the obligations placed in the framework document in place between CCWater, Defra and Welsh Government as well as good practice criteria for public sector boards.

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

- Good strategic leadership and direction to the organisation;
- effective oversight of CCWater's governance arrangements;
- value and strategic oversight given to the specialist areas Board members are allocated to; and
- the conduct of Board debate that enables matters to be considered fully, affording all Board members the opportunity to speak openly and contribute fully.

Areas for improvement identified included:

- how CCWater might check consistency in its approach across all regions/Wales;
- relationships with stakeholders and visibility of the Board; and
- Board diversity.

An action plan has been agreed by the Board to respond to the recommendations made in the review.

**Audit assurances****Internal audit**

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

RSM has been CCWater's Internal Auditor since 2012-13. They provide an independent appraisal service for management by measuring and auditing the adequacy, reliability and effectiveness of management and financial control systems. During 2016-17, RSM reviewed the following areas of work:

- Human Resources – Recruitment & Selection
- Business Planning & Control
- Procurement (follow up audit)
- Key Financial Controls
- Risk Management

Across all Audits there were two medium recommendations and ten low recommendations. The cost of the internal audit for 2016-17 was £15,460 (2015-16, £20,200).

**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 42 and 43. The cost of providing audit services in respect of the Annual Report and Accounts 2016-17 was £23,000 (2015-16, £23,000). There was no external auditor remuneration for non-audit work.

**Operational assurances**

The Chairs of the Board Committees (Audit & Risk Management Committee, Finance & Resources, Advisory and Human Resources 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, finance and staff management.

## Corporate Governance

### Code of Governance

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

### Counter fraud, bribery and corruption

In 2016-17 CCWater has completed a number of pieces of work to counter fraud, bribery and corruption, including the review of this policy and the introduction of an attempted fraud incident log. Training on fraud, bribery and corruption is mandatory for all CCWater staff, Board members and LCAs. Staff have also been reminded about the need to be alert to these issues as they go about their work.

### Effectiveness of whistleblowing arrangements

CCWater has had a Whistleblowing policy in place since 2011 which was last updated in 2015. In 2016/2017, there were no complaints made under this policy. The policy is freely available to all staff via the intranet pages and forms part of the staff handbook. Staff were reminded about the policy and the protections in place for those who 'blow the whistle' in November 2016.

### Ministerial Directions

There have been no Ministerial Directions in 2016-17.

### Managing risk

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

### Strategic risks for CCWater

In 2016-17 the most significant risks facing CCWater related to:

- a risk that CCWater does not demonstrate to Government the need for a robust and independent consumer body representing water consumers; and,
- a risk that CCWater becomes marginalised with the result that water companies and Ofwat look towards Customer Challenge Groups rather than CCWater.

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 data losses in the course of the year that required reporting to the Information Commissioner's Office. Our IT security is under constant review to ensure it is robust.

CCWater's information and data security policy continues 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 undertake 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.

**Management of Procurement**

CCWater has taken steps during the year to update the controls in place for procurement. The recent audit of the procurement function indicated a substantial assurance with no recommendations for action.

**The Accounting Officer's review of effectiveness**

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

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

Tony Smith  
Chief Executive and Accounting Officer  
Consumer Council for Water

13 June 2017

## Remuneration and Staff Report

### Staff remuneration

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

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

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

In line with other government organisations Defra asked CCWater to submit proposals to remove contractual obligation to annual performance related pay uplifts by the end of 2015-16. As many posts have had this contractual right removed, Treasury are content that good progress has been made and no further action is required.

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 are subject 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)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Council Chair</b>						
Alan Lovell	50-55	50-55	3,900	4,000	50-55	50-55
<b>Regional &amp; Wales Chairs</b>						
Bernard Crump	35-40	35-40	1,600	2,200	35-40	40-45
David Heath	35-40	30-35 (fye 35-40)	-	400	35-40	30-35
Robert Light	35-40	30-35 (fye 35-40)	-	300	35-40	30-35
Tony Redmond	35-40	35-40	100	1,100	35-40	35-40
Tom Taylor	35-40	15-20 (fye35-40)	1,900	1,100	35-40	15-20
<b>Independent Members</b>						
Philip M. Johnson	5-10	5-10	2,300	3,300	10-15	10-15
Julie Hill	5-10	5-10	300	700	5-10	5-10

**fye = full year equivalent**

Board member positions are non-pensionable.

**Remuneration of senior managers**

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

<b>Single total figure of remuneration</b>										
Name, Role and Senior Civil Service Band Equivalent	Salary (£'000)		Bonus and Performance Payments (£'000)		Benefits in kind (to nearest £100)		Pension Benefits (to nearest £'000)		Total (£'000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Tony Smith Chief Executive SCS2	110-115	105-110	10-15	10-15	100	-	24,000	40,000	145-150	160-165
Phil Marshall ** Deputy Chief Executive SCS1	80-85	80-85	0-5	-	-	-	28,000	31,000	110-115	115-120
Deryck Hall Head of Policy & Research SCS1	60-65	60-65	0-5	0-5	-	-	19,000	22,000	80-85	80-85
Carl Pegg Head of Consumer Relations & Communications SCS1	65-70	65-70	0-5	0-5	-	-	28,000	29,000	95-100	95-100
Marie Perry Head of Finance & Procurement SCS1	40-45*	5-10 (fye 35-40)*	-	-	-	-	17,000	2,000	55-60	5-10

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

\*\*Pension Transfer in during the period

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.

**Third party payments\***

The following information was subject to audit.

	2016-17 Payment £000	2015-16 Payment £000
Badenoch and Clark Limited, Philip Lloyd Interim Head of Corporate Services	0	127

\*Civil Service Pension rights are not applicable to members of the Senior Management Team while contracted through a third party.

**Salary**

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

**Benefits in kind**

The monetary value of benefits in kind covers any benefits provided by CCWater and treated by the HM Revenue and Customs as a taxable emolument. Payments to the Board members for home to office expenses were paid gross of tax and the tax amounts were paid over to HM Revenue and Customs. Items that fell into this category were travel and subsistence incurred whilst attending meetings at their normal place of work.

### Bonuses and Performance Payments

The Chief Executive is entitled to a contractual bonus payment. This relates to the achievement of his objectives. The bonus reported in 2016-17 relates to the achievements of performance targets in 2015-16. The comparative bonuses reported for 2015-16 relate to the performance in 2014-15.

### Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in CCWater in the financial year 2016–17 was £120,000 – £125,000 (2015-16, £120,000 – £125,000). This was 4.3 times (2015-16, 4.6 times) the median remuneration of the workforce, which was £28,201 (2015-16, £26,805). This change was due to a pay and grading review of Consumer Relations staff at the end of 2015-16, resulting in an uplift of salaries. In 2015-16, nil (2014-15, nil) employees received remuneration in excess of the highest paid director. Remuneration ranged from £17,142 to £121,946 (2015-16 £17,142 to £122,296).

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 2017

Name	Accrued pension at pension age as at 31 March 2017 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2017	CETV at 31 March 2016	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Tony Smith – Chief Executive	35-40	0-2.5	735	708	23
Phil Marshall – Deputy Chief Executive	10-15	10-12.5	152	25	19
Deryck Hall – Head of Policy & Research	30-35 plus a lump sum of 90-95	0-2.5 plus a lump sum of 2.5-5	656	611	18
Carl Pegg – Head of Consumer Relations and Communications	35-40	0.25	682	630	24
Marie Perry – Head of Finance & Procurement	0-5	0-2.5	10	1	6

CETV – Cash Equivalent Transfer Value

### Contingent labour - temporary staff

During 2016-17 CCWater spent £279k (2015-16, £405k) on temporary staff to cover vacancies and consultancy costs. During 2015-16 this included £127,000 for the services of Philip Lloyd, Interim Head of Corporate Services.

### Civil Service Pensions

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

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

Employee contributions are salary-related and range between 3 per cent and 8.05 per cent of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6 per cent and 8.05 per cent for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32 per cent. 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 per cent and 12.5 per cent up to 30 September 2015 and between 8 per cent and 14.75 per cent from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary up to 30 September 2015 and 0.5 per cent of pensionable salary from 1 October 2015 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**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for employees show pension earned in PCSPS or **alpha** – as appropriate. Where the employee has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued

to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

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

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

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

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

As at 31 March 2017:

Number of :	Staff	Board (excl CEO)	Local Consumer Advocates
<b>Total</b>	71	8	22
<b>Women</b>	45	1	13
<b>Ethnic minority</b>	7	0	2
<b>Disability</b>	3	1	1

### Staff costs comprise:

	2016-17			2015-16
	Permanently Employed Staff**	Others***	Total	Total
	£000s	£000s	£000s	£000s
Wages and salaries	2,251	414	2,665	2,730
Social security costs	234	27	261	200
Other pension costs	432	-	432	401
Other staff costs ****	(19)	-	(19)	272
<b>Total net costs*</b>	<b>2,898</b>	<b>441</b>	<b>3,339</b>	<b>3,603</b>

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

\*\* Includes Casual staff

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

\*\*\*\* Reversal of 2015-16 redundancy accrual

### Salary

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

### Pension

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but CCWater is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued

the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2016-17, employers' contributions of £421,561 were payable to the PCSPS (2015-16, £386,617) at one of four rates in the range 16.7 per cent to 24.3 per cent 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 2016-17 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 £9,754 (2015-16, £13,929) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £287 (2015-16, £393), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £720 (2015-16, £1,023). Contributions prepaid at that date were nil.

There were no compensation scheme payments made for early departure in this year or the previous year. There were no early retirements on ill health grounds during 2016-17 (one ill health retirement in 2015-16, ill health retirement costs are met by the pension scheme).

#### Average numbers of persons employed

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

Number	2016-17	2015-16
Directly Employed	70	70
*Others	-	-
Total	<u>70</u>	<u>70</u>

\*This includes staff on secondment.

#### Average number of public appointees

Number	2016-17	2015-16
Board	8	8
Local Consumer Advocates	<u>22</u>	<u>22</u>
Total	<u>30</u>	<u>30</u>

#### Sickness absences

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

During 2016-17 the number of working days lost was 3.7 per annum per employee compared to 7.14 days for 2015-16. This compares to the Chartered Institute of Personnel and Development (CIPD) average of 8.5 days for the public sector (CIPD Absence Management report 2016).

#### Employee involvement

CCWater attaches great importance to managing, developing and training its staff in accordance with best practice. A Staff Council exists within the organisation. All new employees recruited into the organisation

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

#### Reporting of Civil Service and other compensation schemes - exit packages

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Ill-health retirement costs are met by the pension scheme and are not included in the table. -1 exit package relates to accrual in 2015-16 which didn't materialise because the individual transferred to another government department.

The following information was subject to audit.

Exit package cost band	Number of compulsory redundancies	2016-17 Number of other departures agreed	Total number of exit packages by cost band	2015-16 Total number of exit packages by cost band
<£10,000	-	-	-	4
£10,000 - £25,000	(1)	-	(1)	9
£25,000 - £50,000	-	-	-	3
£50,000 - £100,000	-	-	-	-
£100,000- £150,000	-	-	-	-
£150,000- £200,000	-	-	-	-
<b>Total number of exit packages</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>16</b>
<b>Total resource cost /£000</b>	<b>(19)</b>	<b>-</b>	<b>(19)</b>	<b>272</b>

#### Off-payroll engagements

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

There have been no off payroll engagements during 2016-17 exceeding £220 per day and exceeding six months in duration (2015-16, 1 which related to an interim Head of Corporate Services).

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

##### Voluntary exits

There were no voluntary exits during 2016-17. (2015-16 14 people left under a Cabinet Office approved voluntary exit scheme. They received a compensation payment of between £3,000 and £37,000)

##### Compulsory exits

There were no compulsory exits in 2016-17. (2015-16 one compulsory exit, the compensation payment was £6,000.)



## Parliamentary Accountability and Audit Report

The following notes were subject to audit:

### Regularity of Expenditure

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

### Losses and Special Payments

There were no losses or special payments reportable during the year (nil during 2015-16).

### Remote Contingent Liabilities IAS 37

In addition to contingent liabilities reported within the meaning of IAS 37, the NDPB also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. CCWater does not have any remote contingent liabilities as at 31 March 2017.

Tony Smith  
Chief Executive and Accounting Officer  
Consumer Council for Water

13 June 2017

**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 2017 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 and Staff Report and the Parliamentary Accountability Disclosures 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 the 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 the Consumer Council for Water's affairs as at 31 March 2017 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Water Industry Act 1991 as amended by the Water Act 2003 and Secretary of State directions issued thereunder.

**Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report and Parliamentary Accountability Disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Water Industry Act 1991; and
- the information given in Performance Report and Accountability 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability Disclosures 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**

**10 July 2017**

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

## FINANCIAL STATEMENTS

### Statement of Comprehensive Net Expenditure

for the year ended 31 March 2017

	Note	2016-17	2015-16
		<u>£000s</u>	<u>£000s</u>
Operating Income	4	-	(18)
<b>Total operating income</b>		<b>-</b>	<b>(18)</b>
Staff costs	2.1	3,339	3,603
Purchase of goods and services	3	1,850	1,943
Depreciation, amortisation and impairment	3	11	32
<b>Total operating expenditure</b>		<b>5,200</b>	<b>5,578</b>
<b>Net operating expenditure</b>		<b>5,200</b>	<b>5,560</b>
<b>Comprehensive net expenditure for the year</b>		<b>5,200</b>	<b>5,560</b>

There is no other comprehensive net expenditure.

The notes on pages 48 to 56 form part of these accounts.

**Statement of Financial Position**

as at 31 March 2017

	Note	2016-17 £000s	2015-16 £000s
<b>Non-current assets</b>			
Property, plant and equipment	5	76	13
Intangible assets	6	-	-
<b>Total non-current assets</b>		<u>76</u>	<u>13</u>
<b>Current assets</b>			
Other current assets	7	105	124
Cash and cash equivalents	8	602	578
<b>Total current assets</b>		<u>707</u>	<u>702</u>
<b>Total assets</b>		<u>783</u>	<u>715</u>
<b>Current liabilities</b>			
Trade and other payables	9	(623)	(467)
Provisions	10	-	(83)
<b>Total current liabilities</b>		<u>(623)</u>	<u>(550)</u>
<b>Total assets less current liabilities</b>		160	165
<b>Non-current liabilities</b>			
Provisions	10	(65)	-
<b>Total non-current liabilities</b>		<u>(65)</u>	<u>-</u>
<b>Total assets less total liabilities</b>		<u>95</u>	<u>165</u>
<b>Taxpayers' equity and other reserves:</b>			
General fund		95	165
<b>Total equity</b>		<u>95</u>	<u>165</u>

The financial statements on pages 44 to 56 were approved by the Board on 13 June 2017 and were signed on its behalf by;

*Tony Smith*  
Chief Executive and Accounting Officer

13 June 2017

The notes on pages 48 to 56 form part of these accounts.

**Statement of Cash Flows**

for the year ended 31 March 2017

	Note	2016-17	2015-16
		<u>£000s</u>	<u>£000s</u>
<b>Cash flows from operating activities</b>			
Net operating cost		(5,200)	(5,560)
Adjustments for non-cash transactions	3	11	(5)
(Increase)/decrease in trade and other receivables	7	19	37
Increase/(decrease) in trade and other payables	9	156	63
Use of provisions	10	(18)	-
<b>Net cash outflow from operating activities</b>		<b><u>(5,032)</u></b>	<b><u>(5,465)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(74)	-
Purchase of intangible assets	6	-	-
<b>Net cash outflow from investing activities</b>		<b><u>(74)</u></b>	<b><u>-</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>24</b>	<b>(335)</b>
<b>Cash at the beginning of the period</b>	8	<b>578</b>	<b>913</b>
<b>Cash at the end of the period</b>	8	<b><u>602</u></b>	<b><u>578</u></b>

The notes on pages 48 to 56 form part of these accounts.

**Statement of Changes in Taxpayers' Equity**  
for the year ended 31 March 2017

	<b>General Fund</b>
	<b>£000s</b>
<b>Balance at 31 March 2015</b>	<b>595</b>
Grant from sponsoring department	5,130
Comprehensive net expenditure for the year	(5,560)
<b>Balance at 31 March 2016</b>	<b>165</b>
Grant from sponsoring department	5,130
Comprehensive net expenditure for the year	(5,200)
<b>Balance at 31 March 2017</b>	<b>95</b>

The notes on pages 48 to 56 form part of these accounts.

## Notes to the Accounts

### 1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2016-17 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:

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

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

#### 1.4 Leases

CCWater had no finance leases as at 31 March 2017 (nil at 31 March 2016). Rentals due under operating leases are charged over the lease term on a straight-line basis, or on the basis of actual rental payable where this fairly reflects usage.

#### 1.5 Grants receivables

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

#### 1.6 Value added tax

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



## 1.7 Provisions

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

## 1.8 Contingent liabilities IAS 37

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

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

## 1.9 Pensions

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

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

## 2 Staff costs

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

### 2.1 Staff costs comprise:

	2016-17			2015-16
	Permanently Employed Staff**	Others***	Total	Total
	£000s	£000s	£000s	£000s
Wages and salaries	2,251	414	2,665	2,730
Social security costs	234	27	261	200
Other pension costs	432	-	432	401
Other staff costs ****	(19)	-	(19)	272
<b>Total net costs*</b>	<b>2,898</b>	<b>441</b>	<b>3,339</b>	<b>3,603</b>

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

\*\* Includes Casual staff

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

\*\*\*\* Reversal of 2015-16 redundancy accrual

**3 Programme Costs**

	2016-17	2015-16
	<u>£000s</u>	<u>£000s</u>
<b>Rentals under operating leases:</b>		
Accommodation	325	518
IT software	150	141
Office equipment	2	5
	<u>477</u>	<u>664</u>
<b>Non cash items:</b>		
Depreciation	11	30
Amortisation	-	2
(Profit)/Loss on disposal of assets	-	8
Office relocation provision released	-	(63)
Provision for pay award	(18)	18
Unwinding of discount on provision	-	-
	<u>(7)</u>	<u>(5)</u>
<b>Other expenditure:</b>		
Research & consultancy	586	562
Personnel Overheads	288	226
Training	63	42
Publicity, Library & Parliament	92	83
Computer Services	78	72
Office Support costs	131	161
Auditors' remuneration*	23	23
Other accommodation costs	130	147
	<u>1,391</u>	<u>1,316</u>
Total	<u>1,861</u>	<u>1,975</u>

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

**4 Income**

	2016-17	2015-16
	<u>£000s</u>	<u>£000s</u>
Income	-	18
<b>Total</b>	<u>-</u>	<u>18</u>

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

**5 Property, plant and equipment**

	Furniture fixtures and fittings	Leasehold improvements	IT equipment	Total
	£000s	£000s	£000s	£000s
<b>Cost or valuation</b>				
At 1 April 2016	-	215	89	304
Additions	11	63	-	74
Disposals	-	-	-	-
<b>At 31 March 2017</b>	<b>11</b>	<b>278</b>	<b>89</b>	<b>378</b>
<b>Depreciation</b>				
At 1 April 2016	-	215	76	291
Charged in year	-	-	11	11
Disposals	-	-	-	-
<b>At 31 March 2017</b>	<b>-</b>	<b>215</b>	<b>87</b>	<b>302</b>
<b>Carrying value at 31 March 2017</b>	<b>11</b>	<b>63</b>	<b>2</b>	<b>76</b>
<b>Carrying value at 31 March 2016</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>13</b>

	Furniture fixtures and fittings	Leasehold improvements	IT equipment	Total
	£000s	£000s	£000s	£000s
<b>Cost or valuation</b>				
At 1 April 2015	-	236	89	325
Additions	-	-	-	-
Disposals	-	(21)	-	(21)
<b>At 31 March 2016</b>	<b>-</b>	<b>215</b>	<b>89</b>	<b>304</b>
<b>Depreciation</b>				
At 1 April 2015	-	210	64	274
Charged in year	-	18	12	30
Disposals	-	(13)	-	(13)
<b>At 31 March 2016</b>	<b>-</b>	<b>215</b>	<b>76</b>	<b>291</b>
<b>Carrying value at 31 March 2016</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>13</b>
<b>Carrying value at 31 March 2015</b>	<b>-</b>	<b>26</b>	<b>25</b>	<b>51</b>

**6 Intangible assets**

	<u>Software Licences</u> £000s
<b>Cost or valuation</b>	
At 1 April 2016	172
Additions	-
Disposals	-
<b>At 31 March 2017</b>	<b><u>172</u></b>
<b>Amortisation</b>	
At 1 April 2016	172
Charged in year	-
Disposals	-
<b>At 31 December 2017</b>	<b><u>172</u></b>
<b>Carrying value at 31 March 2017</b>	<b><u>-</u></b>
<b>Carrying value at 31 March 2016</b>	<b><u>-</u></b>
<b>Cost or valuation</b>	
At 1 April 2015	172
Additions	-
Disposals	-
<b>At 31 March 2016</b>	<b><u>172</u></b>
<b>Amortisation</b>	
At 1 April 2015	170
Charged in year	2
Disposals	-
<b>At 31 March 2016</b>	<b><u>172</u></b>
<b>Carrying value at 31 March 2016</b>	<b><u>-</u></b>
<b>Carrying value at 31 March 2015</b>	<b><u>2</u></b>

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

	2016-17	2015-16
	<u>£000s</u>	<u>£000s</u>
<b>Amounts falling due within one year:</b>		
Other receivables	17	7
Advances*	6	7
Prepayments and accrued income	82	110
	<u><b>105</b></u>	<u><b>124</b></u>

\*Advances comprise of 10 travel season ticket loans

**8 Cash and cash equivalents**

	2016-17	2015-16
	<u>£000s</u>	<u>£000s</u>
Balance at 1 April	578	913
Net change in cash balances	24	(335)
Balance at 31 March	<u>602</u>	<u>578</u>
The following balances at 31 March were held at :		
Government Banking Services	<u>602</u>	<u>578</u>
Balance at 31 March	<u><b>602</b></u>	<u><b>578</b></u>

**9 Trade payables and other current liabilities**

	2016-17	2015-16
	<u>£000s</u>	<u>£000s</u>
<b>Amounts falling due within one year:</b>		
Trade payables	25	17
Accruals and deferred Income*	482	342
Other tax and social security	68	64
Other payables	48	44
	<u><b>623</b></u>	<u><b>467</b></u>

\*Within accruals £5k (2015-16 £ nil) relates to rent free premises for Victoria Square House of is all due after one year.

**10 Provisions for liabilities and charges**

	Leasehold Property Dilapidations £000s	Pay Award £000s	Total £000s
Balance at 1 April 2016	65	18	83
Provided in year	-	-	-
Provision not required written back	-	-	-
Provision utilised in year	-	(18)	(18)
Unwinding of discount	-	-	-
<b>Balance at 31 March 2017</b>	<b>65</b>	<b>-</b>	<b>65</b>

Analysis of expected timing of discounted cash flows

	£000s
Not later than one year	-
Later than one year and not later than five years	65
Later than five years	-
<b>Balance at 31 March 2017</b>	<b>65</b>

	Leasehold Property Dilapidations £000s	Pay Award £000s	Total £000s
Balance at 1 April 2015	128	-	128
Provided in year	-	18	18
Provision not required written back	(63)	-	(63)
Provision utilised in year	-	-	-
Unwinding of discount	-	-	-
<b>Balance at 31 March 2016</b>	<b>65</b>	<b>18</b>	<b>83</b>

Analysis of expected timing of discounted cash flows

	£000s
Not later than one year	83
Later than one year and not later than five years	-
Later than five years	-
<b>Balance at 31 March 2016</b>	<b>83</b>

**10.1 Leasehold Property Dilapidations**

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

	2016-17 £000s	2015-16 £000s
<b>11 Capital commitments</b>		
Capital commitments as at 31 March not otherwise included in these financial statements		
Leasehold improvements	9	-
	9	-

**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.

	2016-17	2015-16
	<u>£000s</u>	<u>£000s</u>
Obligations under operating leases for the following periods comprise:		
Buildings:		
Not later than one year	202	14
Later than one year and not later than five years	615	-
Later than five years	-	-
	<u>817</u>	<u>14</u>
Other:		
Not later than one year	158	152
Later than one year and not later than five years	63	61
Later than five years	-	-
	<u>221</u>	<u>213</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 2017 (nil as at 31 March 2016).

**14 Losses and special payments**

There were no losses or special payments reportable during the year (nil during 2015-16).

**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 2016-17, £5.13m (2015-16: £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 had a Memorandum of Terms of Occupation (MOTO) agreement with Defra for the use of the Birmingham and Cardiff offices. 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**

There were no reportable events after the 31 March 2017.

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



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