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# **Consumer Council for Water**

## **Annual Report and Accounts 2019-20**

**For the year ended 31 March 2020**

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**For the year ended 31 March 2020**

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

Every year presents a fresh wave of challenges for us to remain a powerful and relevant voice for water consumers in a rapidly changing sector and society – and 2019-20 proved no exception.

Whether it was making sure that consumers got a good deal from the 2019 Price Review or ensuring household and business customers were well supported as the unfolding coronavirus crisis took hold of the country, our role in influencing the decisions of the industry, governments and regulators took on an increasing urgency and significance.

We began the year determined to make sure Ofwat and water companies kept their sights firmly fixed on delivering a package of price limits, service levels and investment that reflected what customers wanted from the 2019 Price Review. As Ofwat released its draft decisions we asked more than 10,000 customers to share their views on whether Ofwat's plans were acceptable. It revealed high levels of acceptability among customers in England and Wales, although that fell slightly when they understood the impact of regulatory incentives for companies. We fed the findings back to the regulator to help it understand where customers were on board with their plans and where there remained areas of concern.

On paper, Ofwat's final determinations in December 2019 represented a good deal for many customers over the next five years – but only if companies rise to the challenge and deliver. If they do, many households can look forward to lower bills in exchange for more investment in improving services and tackling issues like reducing leakage by around 16 per cent and curbing pollution incidents by almost a third. More cash will also be pumped into safeguarding services from the growing demands of climate change and population growth. However, we remain unconvinced these measures will help the industry to keep pace with the scale of these longer-term pressures.

Our work on the 2019 Price Review is far from over with four water companies having rejected Ofwat's final determinations and referred their cases to the Competition and Markets Authority (CMA). We'll make sure that the views of Anglian, Yorkshire, Bristol and Northumbrian Water customers are given strong representation during the appeal process over the coming months to ensure a fair outcome for the millions of people they serve.

Our work on the price-setting process did not distract us from the task of putting pressure on water companies and retailers to make good their existing promises and delivered the levels of services customers expect. Throughout the year we helped more than 12,000 customers with complaints against their supplier with our intervention helping to return £1.5 million in financial redress for consumers. We also used the wealth of data and research at our disposal to hold companies to account and shine a light on the best and worst performers in the sector. There was no better example of this than the publication of our annual customer complaints report in September 2019, which attracted widespread media attention. It provided the catalyst for three of the four water companies we criticised to improve their performance.

We also continued to be a strong advocate for business customers (including charities and the public sector) affected by the high volumes of complaints generated by some retailers since the non-household market opened in England in April 2017. Complaints to us from businesses have risen four-fold since the launch of competition, although the causes of many of these dated back to pre-market launch. This year, as we approached the market's third anniversary, there were some small signs of improvement. Complaints from non-household customers to CCW gradually declined during the year but remain a long way short of returning to pre-market levels. The fall in complaints suggests our robust and targeted challenge of poor performing retailers is beginning to be rewarded. In June, we report on the retailers' performance over the previous year, and each quarter we publicise the best and worst performing retailers on complaints and used this to increase the pressure on retailers that need to improve. Our consumer relations team also continued to meet regularly with retailers to discuss areas of concern and how best to tackle recurring causes of complaints.

The emergence of the coronavirus crisis during the latter stages of 2019-20 brought into sharp focus the potential for all of us to suddenly find ourselves in vulnerable circumstances and in need of additional support from our water company. During the year we continued to demand more from water companies in their efforts to support

those struggling financially or in other ways. In the autumn, our *Water for All*<sup>1</sup> report highlighted the significant strides the industry has made in providing more support to customers struggling to afford their bills. In the past 12 months alone we've helped to oversee a take-up in social tariffs schemes which means more than 630,000 low-income households are now receiving reduced water bills.

Customers also continued to take advantage of the wide range of tools and advice on our website, which we promoted through extensive media coverage and social media activity. The most popular tool remained our water meter calculator which helps households quickly work out if they might better off switching to a water meter. It attracted more than 250,000 visitors and helped consumers identify potential savings totalling more than £15 million.

Our strong relationship with the media as the trusted 'go to' source of advice on issues affecting consumers continued to give us powerful platform to influence the public and political debate and bring about positive change. During the year we featured in more than 2,400 individual pieces of coverage as we spoke out on issues ranging from water efficiency and tackling leakage to preventing sewage blockages and seeking help with bills.

As the COVID-19 crisis tightened its grip on the country we reacted quickly to make sure customers in vulnerable circumstances received the financial assistance or other practical help they need. We worked closely with Water UK and water companies as they established a sector wide agreement on an immediate package of measures to help those experiencing increasing hardship. We also used the media and our website to promote the wide range of support schemes available to customers, including social tariffs and payment breaks.

In March 2020, we also launched a consultation on changing the structure of our Regional English and Wales Committees, to reduce the number of our regional committees from five to two. The aim of this change is to bring the composition of CCW's Board in line with that of other organisations while enabling us to hold water companies to account in a more consistent way. As 2019-20 drew to a close, this consultation was ongoing, with the implementation of changes planned for 2020-21, subject to Ministerial approval.

In the coming months the full extent of the impact of coronavirus on both household and business consumers will become clearer. The scale of what lies in front of us remains uncertain but consumers can be assured that we'll be there every step of the way to make sure they get the support they need.



**Tony Smith**  
**Chief Executive**  
**11 June 2020**

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<sup>1</sup> *Water for All – Affordability and vulnerability in the water sector (2018-19)* can be accessed online here:  
<https://www.cwater.org.uk/research/water-for-all-affordability-and-vulnerability-in-the-water-sector-2018-19/> (14/05/20)

## Statement of purpose, objectives and activities of CCW

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

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

The Water Act 2003 gives CCW 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 CCW 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. CCW also has super-complainant status under the Enterprise Act 2002.

Under the Water Industry Act 1991, as amended by the Water Act 2003, the Secretary of State for the Department for the Environment, Food and Rural Affairs (Defra), with the consent of HM Treasury, has directed CCW 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 CCW and of its income and expenditure, statement of financial position and cash flows for the financial year.

## Alignment with UK Government and Welsh Government strategies

To ensure we play our part in helping deliver on government objectives, CCW's activities in 2019-20 were aligned with the strategies set out by both Defra and the Welsh Government. These include the [25-year environment plan](#)<sup>2</sup>, [Defra Group Strategy](#) (*Creating a great place for living: together we are building a green and healthy future*<sup>3</sup>) and in particular the two over-arching priorities of protecting consumers and securing long-term resilience, set out in the Government's Strategic Policy Statement for Ofwat, included in the Government's [Strategic Priorities and Objectives for Ofwat 2017](#)<sup>4</sup>.

### About Defra's Strategic Priorities and Objectives for Ofwat:

#### 1. **Protecting customers**

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

**CCW activity:** Our strategic priority 'Advocate for affordable charges that all current and future consumers see as fair and value for money', ensures we have a focused look at the needs of customers who are struggling to pay, so we can identify and champion improvements. For example, we have raised the profile of the 'postcode lottery' created by the current social tariff arrangements, through one of our campaigns, and encouraged companies to contribute financially to the social tariff funding pot. United Utilities, Dŵr Cymru / Welsh Water and Yorkshire Water have all responded to this call, and we are urging others to follow their example as a necessary next step to supporting customers struggling to pay.

#### 2. **Assistance**

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

**CCW activity:** We deliver on this through two of our strategic priorities; the one mentioned above and 'Challenge water companies to provide their service right first-time, protect household and business consumers when things go wrong, and provide an easy-to-access service for all'. We campaign to improve the quality of support for low income and vulnerable household consumers. For example, we continue to share good practice on affordability initiatives, payment arrangements and support for other vulnerable consumers in our water sector publication, *Water for All*. We also hold an annual industry 'affordability and vulnerability' workshop, where we share good practice and innovations. Our *Getting the Measure* publication also highlights good practice in debt recovery practices to allow the sector to increase the quality of support to low income consumers. In our publication, *Water for All*, we set out where companies need to do more, such as helping 'transient' (temporarily) vulnerable consumers. The number of people registered with their water company to receive priority services assistance increased by 21.9% from 2017-18 to 2018-19 and we have already seen an additional increase of 12%<sup>5</sup> from April 2019 to September 2019.

#### 3. **Securing long-term resilience**

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

**CCW activity:** We primarily help deliver this through our strategic priority 'Press water companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term'. This last year, our efforts to support this objective have been focused on our work with water companies on their five-year business plan development. We have challenged companies to make sure they have considered future consumers, as well as meeting the priorities and expectations of consumers now. We have reviewed and challenged Ofwat's draft determinations through our own acceptability testing research<sup>6</sup> to ensure the final determinations are informed by a balanced view of whether customers think the price is acceptable for the

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<sup>2</sup> Defra's 25 year environment plan can be accessed online here:

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

<sup>3</sup> Defra's Group Strategy can be accessed online here:

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

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

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

<sup>5</sup> These figures are unaudited

<sup>6</sup> CCW's Draft Determination Acceptability research can be accessed online here: <https://www.ccwater.org.uk/research/our-draft-determination-acceptability-research/> (28/04/20)



services that will be received. The research found high levels of overall acceptability both for the price and the proposed change to levels of service. However, our analysis also showed that levels of acceptability varied significantly when factors such as household income were taken into account.

#### 4. **Small Business**

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

**CCW activity:** We help deliver this work through our strategic priority 'Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them'. Our Business Customer Insight research<sup>7</sup> with Ofwat identified that many smaller businesses do not see benefits of switching or renegotiating that justifies the effort to engage with the market, and for some businesses, better information is needed to help them more easily explore what's on offer and make comparisons. We combine this insight with our *Testing the Waters* tracking research<sup>8</sup> and complaints intelligence to inform our approach to small business customers within the water retail market. We are ensuring the customer voice is heard through our participation on the Markets Code Panel, responding to government, regulator or market operator consultations, and engaging directly with the retailers and wholesalers on improving the market.

#### 5. **Making markets work**

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

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

#### 6. **Water supply**

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

**CCW activity:** We primarily help deliver this through our strategic priority 'Press water companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term'. In addition to working with every water company on a local basis, we have engaged with Governmental Water Resource Groups to ensure the consumer voice is heard in decisions on future water supplies at a national level. We also participated in the Water Resources South East Group that considers the actions necessary given the water scarce situation in the South East in the context of future population growth. This year we partnered with other stakeholders in the Love Water campaign<sup>9</sup> to increase consumer awareness of the value of water.

#### 7. **Wastewater**

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

**CCW activity:** We primarily help deliver this through our strategic priority 'Press water companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term'. We have argued for a long-term strategic approach to sewerage companies' drainage plans, and were pleased that the Environment Bill proposes to make sewerage company drainage plans compulsory. We were also delighted that our long-running war against wet wipes took a significant step forward, with Andrex developing wet wipes that met the 'fine to flush' standards. Addressing this priority was also part of our work with wastewater companies during the price review. We have challenged draft determination proposals that have not sufficiently considered adequate maintenance, future investment planning or the views of consumers.

#### 8. **Resilience**

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

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<sup>7</sup> CCW / Ofwat's Business Customer Insight research can be accessed online here: <https://www.cwater.org.uk/research/business-customer-insight-research-2019/> (28/04/20)

<sup>8</sup> A highlights report summarising the results of CCW's *Testing the Waters* research can be accessed online here: <https://www.cwater.org.uk/research/business-customer-insight-research-2019/> (28/04/20)

<sup>9</sup> More information about the Water UK / Environment Agency Love Water campaign can be found online here: <https://www.water.org.uk/news-item/major-campaign-launched-to-encourage-the-nation-to-love-water/> (28/04/20)

**CCW activity:** We deliver this through our strategic priority ‘Press water companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term’. This was also part of our work with companies during the price review. We have challenged draft determination proposals that did not sufficiently consider resilience in the face of potential hazards.

We have also argued that companies should further the resilience of ecosystems that underpin the water and wastewater systems, by encouraging the sustainable drainage proposals and taking part in campaigns to get consumer to value their water, specifically through the ‘Love Water’ campaign.

### **About the Welsh Government’s objectives**

In Wales, we work with the Welsh Government to ensure we play our part in helping it deliver the Well-being of Future Generations Act, the Environment (Wales) Act, and in making Wales a fair, green and prosperous place. In the next few years, we will work closely with the Government and companies in Wales on the commencement of the Wales Act 2017 provisions, which will realign the water industry regulatory boundaries in Wales from wholly or mainly to Wales-only and England-only. We will work with Welsh Government on the development of its revised Water Strategy for Wales.

A new Memorandum of Understanding was agreed with the Welsh Government in 2020 and laid before the National Assembly for Wales and UK Parliament.

In 2019-20 there were some specific areas of work that required additional attention and resources from our Wales team:

**1. Active participation in PR19 discussions in Wales.**

**CCW activity:** we have attended all of the meetings and participated in all of the activities of Dŵr Cymru’s and Hafren Dyfrdwy’s Customer Challenge Groups (CCGs) and of Welsh Government’s PR19 forum, and we have liaised directly with both companies and with other stakeholders in relation to PR19 throughout the year. Our Wales team provided detailed written submissions in relation to the company’s revised business plans in April and Ofwat’s Draft Determinations for each company in July.

**2. Supporting Hafren Dyfrdwy consumers as the new company finds its feet.**

**CCW activity:** In addition to our regular liaison meetings with the company, we had additional meetings focused on specific topics and issues to help and challenge this new company. Hafren’s performance in 2018-19 was poor against a range of operational measures, including consumer complaints. We requested additional, more detailed reports from the company in relation to its complaints performance and the steps it was taking to improve performance and reduce complaints.

**3. Managing an increased number of debt management related complaints relating to Dŵr Cymru.**

**CCW activity:** We have monitored the increase in debt management related complaints from Dŵr Cymru customers to our team and worked with the company to help improve the way the company talks to its customers about debt issues.

**4. Monitoring Dŵr Cymru and Hafren Dyfrdwy on the implementation of Welsh Government (non-owner) occupier (bad debt) regulations.**

**CCW activity:** We have liaised with both companies and with Welsh Government, making suggestions and raising concerns about how the two companies are managing the debt-related issues associated with these regulations. We have highlighted that they are not approaching this in a consistent way and that this is confusing for landlords. We have also been monitoring the number of complaints relating to the way the companies are managing these issues and seeking information, which would help evaluate how successful the regulations have been.

**5. Monitoring the fairness of company charges and charging schemes**

**CCW activity:** Each year we liaise with water companies in relation to planned changes to their tariffs and charging policies with a view to making sure that the incidence effects on customers are fair and reasonable. Both Dŵr Cymru and Hafren Dyfrdwy were considering changes to their social tariff schemes and we challenged both to consider the impacts of such changes on vulnerable households. Hafren was also proposing changes to the structure of its rateable value charges and increases to wastewater tariffs due to a revenue shortfall, which would have resulted in significant bill increases for some customers in

2020-21. We successfully made representations to the company such that it took steps to avoid these large bill increases and make the changes needed more acceptable and affordable.

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

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

**1. Leading on advice on affordable water bills and debt management.**

**CCW activity:** We work with both water companies in Wales in relation to their social tariffs and affordability assistance. During the year both Dŵr Cymru and Hafren Dyfrdwy proposed making changes to their assistance schemes, targets for social tariff take-up were a key aspect of the companies' PR19 business plans and Ofwat's Draft and Final Determinations. We challenged both companies on their plans and their ambitions and liaised with Welsh Government on developments which arose during the year, in particular relating to Dŵr Cymru which put forward proposals to increase the customer cross-subsidy and adjust its RCV run-off rate to provide additional funds for its assistance schemes.

**2. Working with Welsh Government and others on its plan to develop consistent messages to aid customer education on water debt management, water efficiency, and how consumers can engage with their water company.**

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

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

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

**4. Working closely with the Welsh Government to help:**

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

**CCW activity:**

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

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

**CCW activity:**

Welsh Government commenced a review of the Strategy during 2019-20 with a view to updating it where required. Through the Wales Water Forum and in direct liaison with Welsh Government, we have provided comments and suggestions about how and in what respect this might be done.

## Performance Summary

A summary of CCW's performance during 2019-20:

### Challenging companies to provide their service right first time

- We supported customers by dealing with over **12,000 customer complaints and enquiries** about water companies and retailers in 2019-20. This brings the total number we have handled since 2005 to more than 410,000. We met our case acknowledgement and case closure targets. Customer satisfaction with various aspects of our service has increased compared to 2018-19. However, due largely to the challenges of the non-household retail market in England, we still have work to do to reach our targets for customer satisfaction with case outcome, speed of our handling and the overall quality of our service (see page 18).
- We secured **£1.5 million in compensation and financial redress** for customers during 2019-20. This brings the total amount we have helped return to household and non-household customers to more than **£31 million** since we were established in 2005.
- We continued to press water companies to **improve their performance and to get things 'right first time'** for customers. We held meetings with individual companies and retailers to resolve customer complaints as well as overall performance. In February 2020 we published our report '*Getting the measure of billing and debt complaints*'<sup>10</sup>. It set out some of the simple steps the industry could take to reduce the number of complaints involving a customer disputing the liability of a measured bill or debt recovery action, one of the biggest causes of complaints in the industry. The report's findings and recommendations were explored during a workshop we held with companies in March 2020. New ideas and best practice were shared during the event and we will monitor the progress made in reducing these type of complaints in 2020-21.
- We began work with Defra and Ofwat, looking at the customer complaints process and how it could be improved **to make the complaint journey low-effort, quick and effective for consumers**. We're currently interrogating data from a variety of sources, on complaint causes, resolution time and customer satisfaction, with a view to making recommendations for improvement in 2020-21.
- We published quarterly updates on the performance of retailers in reducing complaints about their service made to us by non-household customers. The included highlighting the better and poorer performing retailers based on complaints received by CCW. The updates provided an invaluable tool in holding poor performers to account, while also helping customers to make a more informed choice when switching or renegotiating supplier.

### Advocating for affordable charges that are fair and value for money

- We spearheaded efforts to raise awareness among low-income households of the help available through water companies' social tariffs. Our work with the industry helped to bolster take-up of these schemes by almost 20 per cent during the first six months of the year with **630,075** households registered for assistance. The value of support provided through these schemes and WaterSure has surpassed £100 million a year.
- Our benefits calculator and grants search tool continued to help low-income customers identify additional income to which they may be entitled. During 2019-20, 2,127 people used our benefits calculator to identify **£4.2 million** in new potential benefit entitlements. A further 679 people used the grant search tool to find financial help.
- We also helped customers save water and money, with **over 256,000** visits to our water meter calculator in 2019-20. The total potential saving for these customers was estimated at nearly **£15.6 million**.

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<sup>10</sup> *Getting the measure of billing and debt complaints* can be accessed online here: <https://www.ccwater.org.uk/research/getting-the-measure-of-billing-and-debt-complaints-2/> (28/04/20)

- In 2019-20, our work cost each water bill payer just **22p**. CCW's own cost increases have remained below the retail price index (RPI) for the past ten years, with a keen focus on efficiency and value-generating cost increases that are below the rate of inflation.

#### **Informing and engaging all consumers and stakeholders**

- Having worked with each company in the industry and the regulator, Ofwat, on trying to get a customer-focused package from the water price review, we captured the views of more than 10,000 customers on Ofwat's draft determinations for their water company's five-year package of prices, service levels and investment. It revealed high levels of customer acceptability for the regulator's 2019 Price Review proposals, although this dropped slightly when the potential impact of rewards and incentives was explained to them. We fed our findings into our consultation responses, setting out where we supported Ofwat's interventions and where there remained significant concerns.
- Our extensive programme of research helps us to gather insight on consumers' views on a wide range of issues which we use to develop our policy positions and help inform and influence key decisions in the water industry, regulation and Government. In the past year we published a series of research reports which captured the views of household and business customers on issues ranging from satisfaction with services and value for money to proposals by the regulator Ofwat on future bill levels and investment. Many of our findings – including our annual tracking survey *Water Matters* – attracted significant media attention.
- Towards the end of year we also began piloting our new Water Voice online community. About 600 consumers are part of the community which will help us to keep our finger on the pulse of people's shifting views on a wide range of topics. We will also use the community to gather feedback on our communications and consultation responses to help us refine and improve the way we represent consumers.
- We remained the 'go to' source of advice and insight for the media on a wide range of water consumer issues throughout the year – ranging from companies' performance on tackling leakage resolving complaints, to the future of our water resources and saving money on bills. We featured in more than 2,400 individual pieces of coverage spread across print, online and broadcast media both nationally and locally, reaching a potential audience of almost **218 million** people.

## Performance Analysis

CCW 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 2019-20. This performance analysis shows how we achieved our measures of success for each strand of work.

As part of our Forward Work Programme for 2019-22, we refreshed our strategic aim which is supported by four strategic priorities, as follows:

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

The strategic priorities for 2019-22 are:

- Shape the water sector by ensuring consumers' voices are at the heart of decision-making and inform consumers about issues that affect them
- Press companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term
- Challenge companies to provide their service right first time, protect household and business consumers when things go wrong and provide an easy-to-access service for all
- Advocate for affordable charges that all current and future consumers see as fair and value for money

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

One in eight customers in England and Wales have told us that their water bills are unaffordable. It's critical these households receive support from their water company before they sink deeper into financial hardship.

Positive progress has been made in the past year with more than **600,000 low-income households** now receiving reduced water bills following CCW's work with all water companies to develop and promote social tariffs. Take-up of these schemes **rose by 18 per cent** during the first half of 2019-20.

Our *Water for All* report, published in October 2019, highlighted the significant strides made by companies in supporting more customers who are struggling to afford their water bills. However it also revealed substantial regional variations in the number of customers receiving assistance and the levels of support on offer. Average bill reductions provided through customer-subsidised social tariffs range from as much as £272 to as little as £19. That is largely because the impact of these schemes is constrained by companies relying on other customers' willingness to fund them.

Only three companies – Welsh Water, Yorkshire Water and United Utilities – contribute some of their own profits to social tariffs and we will continue to press others to follow suit.

We took advantage of our strong relationship with consumer media and growing presence on social media to promote awareness of social tariffs and our guide to the schemes which features on our website.

CCW also brought together water companies, consumer groups and other organisations which support the financial vulnerable at our affordability and vulnerability seminar in February 2020. It provided an opportunity to share good practice and innovative ways to deliver and promote help for customers.

Customers continued to take advantage of our Benefits Calculator and Grant Search Tool. These website tools are provided to us by poverty relief charity Turn2Us and enable people to discover whether they are entitled to further welfare benefits or assistance through grants. In 2019-20 2,127 consumers used the Benefits Calculator and identified that they may be eligible for annual benefits totaling **£4.2 million**. Our Grants Search Tool also

attracted 679 visitors who searched to see if they might qualify for assistance from a pool of more than then 3,000 charitable funds.

### WaterSure

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

Take-up **increased by 3%** in the first half of 2019-20. More than 161,000 metered customers are now registered for help across England and Wales. Of these, approximately 10% are customers in Wales. Over the last four years the increase of customers registered on the WaterSure scheme has been 54%.

### Fair charging

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

In February 2020, water companies announced that the average household water and sewerage bill in England and Wales would fall by £17 to £397 from 1 April 2020. This includes inflation and is in line with the new five-year price limits set by Ofwat, the industry regulator, in December 2019. During the first half of the decade, average water bills are forecast to fall by £50 in real terms.

Working closely with national and regional media we were able to promote the wide range of options available to customers to save money on their bills. Our free water meter calculator gained widespread coverage, helping households to quickly identify if they might be better off on a water meter. It attracted more than **256,000 visits** with customers identifying **£15.6 million in potential savings**.

### Supporting consumers in vulnerable circumstances

Making sure customers in a wide range of vulnerable circumstances get the support they need from their water company remained a key part of our work. We continued to work closely with water companies to increase the consistency and levels of support that are available to customers with a wide range of additional needs.

At the heart of this work was the promotion of Priority Services, which can provide additional, free support to customers who need extra help in accessing a company's services or to provide emergency assistance to vulnerable customers when their water supply is disrupted.

The number of consumers registered for help through these services rose **from 420,392 in 2018-19 to 471,066 in the first half of 2019-20 - an increase of 12%**. However, the overall percentage of households on priority services registers remains a long way short of reaching the 7% target, which Ofwat wants to see achieved by 2025.

More collaboration is needed across the industry and beyond which is why we were encouraged to see so many organisations attend our affordability and vulnerability seminar in February 2020. We explored issues including supporting and protecting consumers in longer-term and transient vulnerable circumstances, the role of utility companies' in protecting customers against scams and supporting those who may be experiencing mental health problems.

We continue to be a representative on the National Mental Capacity Utilities Working Group, which now features on the SCIE (Social Care Institute for Excellence) website. The group's successes include utility companies signing up to be Utilities Against Scams organisations. We are proud to be part of this scheme and a Dementia Friendly organisation.

### Helping consumers in vulnerable circumstances due to the coronavirus.

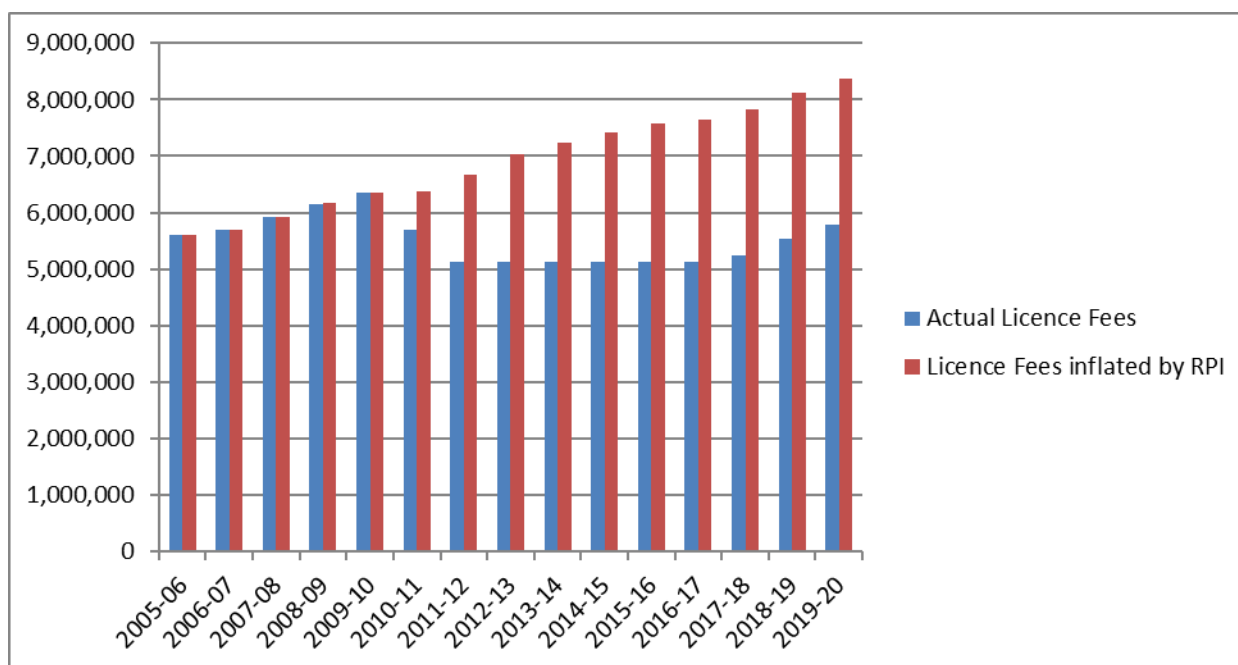
The outbreak of the COVID-19 virus in March 2020 has brought widespread challenges for the water industry and the consumers that depend on its services. One of our most pressing concerns was ensuring water

companies reacted quickly make sure customers in vulnerable circumstances receive the financial assistance or other practical help they need.

We worked closely with Water UK and companies as they established a sector wide agreement on a series of immediate support measures to address the range of potential vulnerabilities arising from the health crisis. We will continue to work with the sector as it develops plans to support impacted customers in the longer term. Through our media work and social media channels we are also promoting the wide range of support schemes available to customers, including social tariffs and payment breaks.

**Our Costs**

We believe that keeping our costs to a minimum is important, as they are charged to consumers through water companies’ bills. For 2019-20 our licence fee was £5.78m. This cost each bill payer 22p and has increased from 21p for the first time since 2011/12. We have consistently kept our costs low by identifying savings that help us to avoid inflationary pressures, whilst still investing in our services. The graph below shows our actual licence fee year-on-year, compared to an inflation increase at the Retail Price Index (RPI) rate.



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

We continued to press companies to improve their service and reduce the number of complaints they receive from customers. The publication of our annual water industry complaints report in September 2019 highlighted significant concerns over the performance of four water companies. Extensive coverage of our report in the media allowed us to increase the pressure on these companies to address the root causes of complaints rises. Our Regional Chairs also requested quarterly updates from the four – Northumbrian Water, Essex and Suffolk Water, Hafren Dyfrdwy and Thames Water – setting out what actions they were taking to reduce written complaints and calls from customers to resolve problems. The progress made by these companies will be highlighted in our next report in September 2020.

By the end of quarter 4, we had received more than 12,000 consumer complaints and enquiries about water companies and retailers. This is a decrease of 8% compared to 2018-19 but our workload remained undiminished due to a steep rise in the number of investigations of serious failings by companies we carried out. Nearly 150 of the complaints we received went on to be investigated – up 122% on 2018-19.



## Complaints

Complaints made to us fell by 9% compared to the previous year. We saw a decrease in complaints from household customers (-7%) but an even bigger drop in complaints from non-household customers (-14%) compared to 2018/19. This marked a much-needed improvement given the previous continuous rise in complaints that has hampered the retail water market in England since it opened in April 2017. The usual steep rise in complaints we experience when customers receive their new bills between February and April also did not reach the same high levels. This may have been due to the impact of the coronavirus and companies stepping up their communication with customers during the early stages of the pandemic. More generally, contact with CCW fell dramatically as the Covid-19 health crisis deepened during March. At the start of quarter four we had received 4% fewer complaints but by the end of the period it has fallen by 9%.

Contacts to CCW from customers	2019-20	2018-19	2017-18	2016-17	2015-16
Enquiries	2,017	2,019	9,165	10,699	8,453
Complaints	10,256	11,254	9,650	8,715	9,991
Formal Investigations	143	65	29	7	18

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

We exceeded or met our complaint acknowledgement and case closure targets. This is a welcome turnaround from 2018-19, when we fell short of our targets for closing cases in 20 and 40-working days.

Enhancements to our reporting and forecasting allowed us to better plan for high levels of contact. We improved our ability to deploy additional resource at short notice to enhance both our telephony and complaints handling, through contracts and secured additional funding. We built on these improvements by enhancing how our systems work together, lowering administration time so customer issues reach the appropriate case worker sooner. We have also improved our complaint and enquiry web form, allowing customers an easier way to electronically send us their information.

	2019-20		2018-19		2017-18		2016-17		2015-16 <sup>11</sup>	
	OBP target	Achieved	OBP target	Achieved	OBP target	Achieved	OBP target	Achieved	OBP target	Achieved
Acknowledged in 5 working days	99.5%	99.9%	99.5%	99.7%	99.5%	99.7%	99.5%	99.6%	99%	99.9%
Closed in 20 working days	80%	80.0%	80%	76.4%	80%	80.0%	80%	80.4%	78%	82.4%
Closed in 40 working days	91%	91.8%	91%	88.7%	91%	92.4%	91%	92.1%	90%	92.6%

During the year we surveyed up to 100 customers a month to find out how satisfied they were with all aspects of our service. We exceeded our target for customer satisfaction with our courtesy but fell short of our targets for overall satisfaction with service, complaint outcome and speed. Naturally, we are disappointed with this performance.

In 2018/19 we put in place measures, such as better forecasting abilities and resource that we could flex to meet demand at pace to address the decrease we had seen in satisfaction. We saw the green shoots of improvement in the later part of the year and are pleased to see it has continued into 2019-20, with customer satisfaction levels. We have exceeded our 2018/19 performance in every satisfaction measure. We have worked on further improvements throughout 2019-20, including making our service easier to access for customers through tools such as our web form. We have also undertaken research into our customers' needs and expectations in differing circumstances, and are improving our customer journeys to meet these desires. We anticipate further improvements to our satisfaction levels in 2020/21.

<sup>11</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

	2019-20		2018-19		2017-18		2016-17		2015-16 <sup>12</sup>	
Customer satisfaction with all aspects of CCW's complaint handling	OBP target	Achieved	OBP target	Achieved	OBP target	Achieved	OBP target	Achieved	OBP target	Achieved
Outcome of the complaint	61%	57.9%	61%	54.7%	61%	63.5%	61%	62.5%	58%	60.4%
Speed	80%	73.7%	80%	66.4%	80%	69.1%	80%	77.2%	79%	81%
Service	75%	72.6%	75%	67.9%	75%	73.3%	75%	75.9%	72%	73.8%
Courtesy	93%	94.8%	93%	93.7%	93%	93.5%	93%	93.6%	90%	92.8%

### Complaints to the Parliamentary and Health Service Ombudsman

If a consumer remains dissatisfied about the way CCW has dealt with a complaint they can, with the support of their MP, refer the matter to the Parliamentary and Health Service Ombudsman (PHSO). The PHSO has not informed us of any investigations it has made into our case handling in 2019-20.

### Water Redress Scheme (WATRS)

If a case has exhausted a water company complaint procedure and CCW feels there is nothing further it can achieve, a consumer who remains dissatisfied with the outcome can refer their complaint to the Water Redress Scheme (WATRS). This is an independent adjudication scheme. At the end of 2019-20, 448 consumers had approached WATRS. This is around 4% of all complaints that we closed in the year. Consumers have six months from the time we close their case to go to WATRS, so this number may increase over the coming months. Of the applications received and closed by WATRS, 130 customers (29% of applicants) received a decision that required their company to take further action to resolve the case.

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

#### Planning for the future and water efficiency

CCW was actively engaged in the development of the National Water Resources Framework, which was published on 16 March 2020. The framework identifies the scale of the challenge climate change and population growth will pose for the public water sector and for the other industries that rely on our shared water resources. It sets out the UK Government's and regulators' expectations of water companies to work together with other water users to develop regional plans that will collectively meet the national need for water in the future. This will potentially include development of new, large scale, strategic water resources (transfers and reservoirs) as well as new water sources like desalination and recycling. Alongside these developments there will need to be a significant reduction in leakage and continued campaigning and activity to encourage people to adopt more water efficient behaviours.

We also joined other industry stakeholders, including water companies, academics and environmental organisations, to help shape and support the launch of the Love Water campaign in England. The campaign has been led by the Environment Agency and Water UK and aims to help people understand the value of every drop of water they use. In the run up to the campaign launch in summer 2019, we played a key role in developing and refining some of the consumer-focused messages on saving water. We also shared our research and insight to help influence the campaign's tone and focus.

Our involvement in the next phase of the campaign will continue in 2020-21.

<sup>12</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

## Leakage

Our water resilience report – *Water, Water, Everywhere*<sup>13</sup> – was published in September 2019. It revealed that the amount of water lost through leaky pipes had fallen for the first time since 2015-16. However, this was a marginal decrease of 0.2% compared to the previous year, and three companies missed their leakage targets. The report raised serious questions over whether some companies would be able to rise to the challenge of meeting the much more demanding targets set out by the regulator for the next five years. We also warned the industry that consumers would be less motivated to use water wisely if there was the perception water companies were not doing enough to reduce wastage.

## Supply interruptions

Companies oversaw a 39.9% reduction in supply interruptions during the year, a figure skewed by the impact of the extreme cold weather followed by a rapid thaw on interruptions in 2017-18. Compared to the more 'typical' year of 2016-17, supply interruptions rose by 21.8%, which is a serious concern.

Companies must recognise the need to plan for extremes in our weather or one-off events, which are becoming more common due to climate change. It is essential they have plans to, where possible, avoid failures, mitigate the effects, and recover quickly from disruptive weather conditions.

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

- Push companies to keep this to a minimum;
- Monitor the poorer performing companies and challenge any upward trends; and
- Press companies to provide the support and information customers, particularly those in vulnerable circumstances, need during and after the event.

## Wales Water Forum & PR19 Forum

We contributed to both Wales Water Forum events held by Welsh Government in 2019-20. Matters discussed included the weather events of 2018 (Storm Emma and the dry summer); catchment management; Drainage & Wastewater Management Plans (DWMPs); Natural Resources Wales' Area Statements and State of Natural Resources Report; climate change adaptation; the Welsh Government's national flood strategy and the role of the new National Infrastructure Commission for Wales.

With regard to Ofwat's 2019 Price Review, CCW was a key contributor to all six of the Welsh Government's PR19 Forum meetings in 2019-20. We raised issues, concerns and considerations relating to how Ofwat's price review determinations complemented or contradicted Government Policy. This year saw Ofwat participating in two of the six PR19 Forums, with the final meeting covering a broad review of its final determinations, from social tariff uptake and delivery to surface water management objectives and longer-term infrastructure and water resource resilience issues. In addition to our engagement with Ofwat in its Wales stakeholder event in 2019-20, those meetings aimed to help commence a review of the PR19 process and regulatory priority for Wales. The PR19 Forum will continue to meet to oversee a Welsh Government review on lessons learnt from PR19 in Wales.

## Other Wales strategic groups

Our Wales team has also continued to attend strategic groups such as the Wales Water Management Group (dealing with river basin management and water resources planning) and the Water Health Partnership for Wales steering and lead removal task and finish groups (Wales alliance of regulators, companies and local authorities on water quality issues focusing on coordinated response to key water quality priorities and incidents). CCW attended all of the meetings of the first group and the majority of the Water Health Partnership meetings.

## Sewer flooding

Few service failures have the potential to cause more distress for consumers or damage to the environment than sewer flooding. Over the years we've helped many households and businesses deal with the miserable aftermath and that has only strengthened our resolve to consign the issue to history.

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<sup>13</sup> *Water, Water, Everywhere: Delivering resilient water and wastewater services 2018-19* can be accessed online here: <https://www.ccwater.org.uk/research/water-water-everywhere-delivering-resilient-water-and-wastewater-services-2018-19/> (28/04/20)

CCW's campaigning and work with companies has been instrumental in bringing about a marked reduction in sewer flooding incidents. Over the past five years the number of properties flooded with sewage has fallen by a quarter, while external flooding incidents are down almost 40% during the same period.

Collaboration across the industry has been key to the progress made in this area – not least the work of the Water UK-led 21<sup>st</sup> Century Drainage Programme Board. We were a member of the board which included all 12 sewerage companies, as well as representatives from governments, regulators and environmental groups. Huge strides were taken by the group in setting out how the UK's drainage systems would overcome the pressures posed by climate change and population growth over the next 50 years. We were disappointed to see the Board disbanded in 2019.

We have continued to help spearhead efforts to reduce the number of blockages and flooding incidents caused by inappropriate items being disposed of down the sink, toilet and drain. These blockages have far-reaching consequences for consumers and the environment. Sewerage companies collectively spend around £100 million a year clearing clogged up pipes and that cost is passed onto bill payers. Far worse though is the personal cost of witnessing your home and possessions swimming in foul sewage.

During 2019-20 we continued to press the industry – as well as environmental and customer groups - to unite behind a national campaign to help consumers understand how they can help to protect our sewers from misuse. Little progress was made at a national level but that did not deter us from supporting some companies with their own regional campaigns.

We remained outspoken on the issue of product labelling and making sure consumers were not being misled over what items were safe to flush down the toilet. In October 2019, we publicly supported a landmark ruling by the Advertising Standards Authority (ASA) which banned an advert for misleading consumers over the flushability of Andrex Washlets. That paved the way for manufacturer Kimberly-Clark to sign up to the industry's recognised Fine to Flush standard. Our hope is that more manufacturers will now follow suit so consumers are empowered with a wide choice of affordable products that they can safely flush down the loo without risking a blockage.

In January 2020, Anglian Water and United Utilities rose to our challenge to bring together a broad range of bodies to develop a strategy to reduce sewer misuse and blockages. The Unflushables group has the potential to drive forward significant progress on this issue and we look forward to supporting its work.

Water and sewerage companies in England and Wales have agreed to produce Drainage and Wastewater Management Plans by the end of 2022. These will push the companies to work more collaboratively with other parties that have responsibilities for managing flooding and drainage when it comes to long-term planning.

The early signs have been positive with companies actively engaging with other organisations and customer groups as they develop the framework for these plans. We will continue to help shape this work through our involvement in the Water UK steering group.

### **Price Review commitments**

The conclusion of the Price Review in December 2019 set in a motion of fresh wave of commitments and investment aimed at reducing sewer flooding incidents and making the sewer network more resilient over the next five years.

Commitments to expand the use of sustainable drainage systems and embrace more innovative solutions – like smart sewer schemes – met with our approval. However, we want to see the industry show a more consistent level of ambition to eradicate sewer flooding and the misery it causes the families and communities it affects. We will continue to press for this over the next five years.

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

### **Influencing the 2019 Price Review**

The 2019 Price Review (PR19) continued to dominate much of our attention as the price-setting process edged closer to Ofwat's final determinations in December 2019, which will set price caps for customers for the next five years. As the regulator released its draft decisions earlier in the year, we set about interviewing more than 10,000

customers drawn from every water and sewerage company to understand how acceptable they found the proposals. Individual company responses were produced alongside an industry-wide analysis which showed high levels of acceptability among customers for the plans (86% England, 88% Wales). However this dropped by about 10% when the potential impact of operational delivery incentives for companies (ODIs) was understood.

The research helped to inform our consultation responses to each of the three companies that were awarded fast-track status (South West Water, Severn Trent and United Utilities), as well as the rest of the companies on the slow track or facing significant scrutiny. Our responses set out where we supported the regulator's interventions and where there remained concerns over aspects of the companies' business plans.

CCW also responded to Ofwat's consultation on the C-Mex (Customer Measure of Experience) incentive – which we hope will push companies to improve their customer focus – having been a member of the working group tasked with developing it. We remained concerned there was not sufficient focus on complaints within the measure, which runs the risk of companies being rewarded despite a poor complaints performance.

### **Future work on PR19 appeals**

The publication of Ofwat's final determinations in December 2019 set out a package that will see the average household water and sewerage bill fall by about £50 before inflation is added. Companies will have to deliver a raft of improvements in return for customers' cash, including cutting leakage by 16% and reducing pollution incidents by almost a third. More support will also be made available to customers struggling to afford their bills or in other vulnerable circumstances, although CCW does not believe these measures go far enough.

Many customers will view Ofwat's final decisions as being a good deal for their household and that is reflected in our acceptability research. However, more must be done to ensure everyone can afford their bill and sufficient investment is put into safeguarding the future resilience of water and sewerage services.

Four water companies – Anglian Water, Bristol Water, Northumbrian Water and Yorkshire Water – rejected Ofwat's final determinations and their appeals will be heard by the Competition and Markets Authority (CMA) in 2020-21. CCW will make sure that the views of each company's customers are given strong representation at every stage of the appeal process.

We will also be carrying out a review of PR19 to understand what has worked well and what needs to improve for PR24.

### **Non-household retail competition**

Since 1 April 2017, businesses and other non-household customers in England have had the freedom to switch water retailer. These retailers provide customer-facing services including billing, meter reading and managing customer service.

Over the past three years we have kept a close eye on the retail market to see if it is living up to customers' expectations, and challenging retailers who deliver a poor service. In 2019 our research revealed that 13% of business customers had engaged with the market through either switching, renegotiating terms with their current retailer or giving it some consideration. Nine out of ten switchers expressed satisfaction with the process.

However, complaints to us from business customers have increased by 400% since the market opened, although many of the causes of these complaints existed before the market opened. There were some very small signs of recovery as complaints fell during three quarters of 2019-20, but there is still much more to be done to return to pre-market levels. The recent reductions provide some evidence that our robust and targeted challenge of poor performing retailers is beginning to be rewarded. Each quarter we publicised the best and worst performing retailers on complaints and used this to increase the pressure on those that need to improve. Our consumer relations team also continued to meet regularly with retailers to discuss areas of concern and how best to tackle recurring causes of complaints.

We helped to ensure that several good practice guides published by the Retailer, Wholesaler Group (RWG) were focused on areas that cause the most detriment to business customers. We have played an active role in the establishment of RWG's group on water efficiency, which aims to encourage wholesalers and retailers to work together to improve water efficiency offerings for non-household customers. In addition to this, we will also

become part of the sub-group that will be looking at how the 2024 Water Resources Management Plans can help to deliver significantly improved levels of water efficiency for non-household customers.

There remains scope for retailers to deliver more value added services for small and medium-sized business (SMEs), particularly around water efficiency. That in turn may help to bolster falling levels of satisfaction with services which we have witnessed in our tracking research with business customers.

The market operator, MOSL, and CCW continued to work together. We have been calling on MOSL to put out more market intelligence around trading parties who aren't meeting performance requirements, such as reading meters in a timely manner, and we plan to make market data, based on the intelligence of both CCW and MOSL, more transparent going forward

In October 2019, a member of CCW became the customer representative with voting rights on MOSL's Market Codes Panel. This now allows us to vote on code change proposals, and ensure that the best interests of customers are represented. Using our membership of the Panel, we will be working with MOSL to ensure that changes to the Market Codes are focused on resolving the issues that are causing the largest customer detriment.

As we approached the end of 2019-20, some business customers found themselves embroiled in the coronavirus outbreak with companies having to temporarily close, in some cases. We moved quickly to work with Government, MOSL and Ofwat to minimise the disruption and impact on customers. This included an assessment of the retailers' websites, where we provided retailers with feedback on potential improvements to ensure customers were informed of the support measures available to them. Changes were quickly introduced to ease the pressure on retailers and free up support for business customers that needed financial relief.

The measures included allowing business customers that have had to temporarily close to be exempt from paying water charges, while we continued to push retailers to offer payment breaks to customers struggling to afford their bills and suspend the threat of disconnection.

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

In 2019-20, we reviewed our Stakeholder Engagement Strategy to strengthen the organisation's influence with key stakeholders in the water sector and the wider business community, as well as tracking new appointments in Parliament and Welsh government to ensure we remain well-connected to key political decision-makers. We have also continued to nurture constructive relationships with key industry stakeholders – including Ofwat, the Drinking Water Inspectorate, company Customer Challenge Groups and the Environment Agency – for the benefit of water consumers.

Our ability to engage directly with Parliamentarians continued to be limited by EU Exit, a period of purdah ahead of the December 2019 General Election, and the outbreak of coronavirus. However, we have held several productive one-to-one meetings with MPs, Ministers and Government officials. For a time during 2019-20, our engagement with sponsorship teams in Defra and Welsh Government was also reduced because of their workloads relating to EU Exit. Despite this, we continued to provide them with insight and support on a number of occasions, via Ministerial briefings and research statistics.

Additionally, because of the ongoing focus on the water industry in relation to its transparency and credibility in the eyes of consumers, our CEO, Tony Smith, was invited by the then Secretary of State, Michael Gove, to attend a closed meeting of water company and regulator CEOs on water sector performance in July 2019.

The appointment of a new National Chair for CCW in June 2019 provided the impetus for a series of additional stakeholder meetings between Rob Light and key Government officials, stakeholder organisations and water industry leaders. In support of our key strategic campaigns, Rob and other senior CCW spokespeople have addressed delegates at a number of high-profile conferences and events, including the Westminster Energy conference, Utility Week's Customer and Affordability Conferences, the Water Report's Social Contract Summit and a Parliamentary roundtable event hosted by the New Statesman.

Our Chief Executive, Tony Smith, also travelled to Australia in May 2019 to represent CCW at the South Australian Council of Social Services (SACOSS) Energy, Water and Telco Conference. He delivered a keynote address focusing on putting consumers at the heart of the water sector, and participated in an advocacy workshop. While in Australia, Tony also presented to the Water Services Authority Australia (WSAA) and met with contacts at Yarra Valley Water. This trip was funded by SACOSS.

In 2019-20, we developed a strategy specifically focusing on stakeholder engagement in Wales, in order to ensure consistent engagement with Welsh equivalents of our key stakeholder organisations. We continue to maintain close links with Welsh Assembly Members, some of whom have attended our Wales Committee Meetings in Public. We also met privately with Welsh Government Ministers as well as Natural Resources Wales and the National Infrastructure Commission for Wales, to discuss a range of topics including the 2019 Price Review, the impact of the transition from Dee Valley Water to Hafren Dyfrdwy on customers and the development of new landlord regulations in Wales.

In November 2019, a new Chair for CCW's Wales Committee, Rhodri Williams, was appointed by the Minister for Environment, Energy and Rural Affairs, Lesley Griffiths AM.

### Gauging the views of consumers

The strength of our work championing the interests of consumers is rooted not only in talking to customers every day and dealing with customer complaints, but also in the wide range of research we undertake every year to keep track of household and business customers' views on the issues that matter most to them. Whether it's gauging their views on the reliability and affordability of the services they receive or testing out the regulator's future plans – our research gives us a valuable insight into how the industry is performing for consumers.

During 2019-20 we published four major pieces of research which included our annual tracking survey of households' views on their water and sewerage services. We used the report to repeat our warning to the industry that more action was needed to convince consumers they were getting a fair deal and value for money.

Other highlights from the year included the publication of our draft determinations acceptability testing, which examined customers' support for Ofwat's draft package of price limits and service improvements for the next five years. The research found high levels of overall acceptability both for the price and proposed change to levels of service – although this varied significantly when factors such as household income were taken into account.

Towards the end of the year we also began piloting our new Water Voice online community in an effort to broaden our understanding of consumers' views. About 600 consumers have joined the community, which will bring a new dimension to our ability to quickly gauge customers' views on industry-related issues, as well as our own communications and consultation responses.

### A brand new look for CCW

We launched a fresh new look and brand in February 2020 – **CCW – the voice for water consumers**. The changes saw us depart from the CCWater name and logo, which had remained largely unchanged since the birth of the organisation back in 2005.

The changes were inspired by consumers and will form a crucial part of our wider efforts to raise awareness of our work championing their interests and ensuring our services are always easy-to-access.

Alongside the more confident and vibrant **CCW** brand, we've also improved our 'tone of voice' to ensure we consistently speak the same language as consumers, whether that's resolving their complaint or providing advice on everything from saving money to securing extra support from their water company.

### Communication

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

**Media:** Mainstream national and regional media remains a vital platform for us to inform water consumers, protect their interests and make sure their voice is heard by key decision makers. During 2019-20 our consumer advice and other messages featured in more than 2,400 individual pieces of coverage, spread across online, print and broadcast media. This had the potential to reach a total combined audience of almost 218 million people.

**Website:** Our website provides a wealth of information and support for consumers needing help with issues relating to their water and sewerage services. It also features a range of tools that can help households identify ways to cut their water bills or take their first steps towards securing financial help. The site attracted more than 406,000 visitors, exceeding our target of 400,000. Our water meter calculator once again provided a huge hit with

households looking to see if they might be better off switching to a meter. It featured regularly on TV and in print media.

**Water meter calculator:** Our water meter calculator remains an invaluable tool in helping customers to identify whether they can save money by paying for their water by meter. Widespread exposure in the media helped to drive more than 256,000 visits to the online calculator in 2019-20. The total potential saving for these customers was estimated at about £15.6 million.

**Social media:** Social media remained a vital part of our strategy to inform and advise consumers, as well as engage with stakeholders within and beyond the sector. In 2019-20, about 2.6 million people engaged with our messages across our channels through visiting our pages and liking, sharing or commenting on our content. Our largest social media footprint remains on Twitter where we attracted more than 700 new followers. Our presence and levels of engagement continue to grow on other platforms too, including Instagram, LinkedIn and Facebook.

**Stakeholder events:** In 2019-20, we hosted a number of stakeholder events, which enabled us to engage with a wide range of stakeholders from the water sector, Governments, regulators, charities and environmental and consumer bodies in England and Wales.

In June 2019, we hosted our annual Customer Matters workshop in London, providing stakeholder organisations with an opportunity to share their views on how we can further protect the interests of water consumers at the end of the 2019 Price Review. This event was well-attended, with presentations from Scotland's Consumer Forum, Ofwat and the Environment Agency. The Welsh version of this workshop – planned to take place in Cardiff in November – was unfortunately cancelled due to purdah in the run-up to the General Election.

In January 2020, we added a new event to our programme with the launch of 2020 Vision: Understanding Water Consumers. This inaugural event aimed to highlight CCW's unique position as a consumer body, combining our complaints data, engagement and research to understand the bigger picture of customer detriment. The event included presentations from CCW spokespeople as well as our research partners, encouraging delegates to use our research in different ways and providing them with a preview of some of our upcoming research.

In addition to this activity, CCW representatives have delivered key presentations at a number of industry conferences including Westminster Energy's *'Next Steps for the Water Market'* (July 2019), the Institute of Civil Engineers' *'Building Collaboration in the Water Industry'* and the Institute of Water conference on *'net positive vision for the water sector'*.

## STRATEGIC RISK

Information about the link between our performance outcomes and the strategic risks facing CCW during 2019-20 is highlighted in the 'Managing risk' section of the Governance Statement on page 40-41.

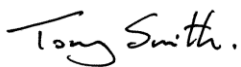


## Financial Summary

The main financial highlights are summarised below:

<b>Operating Cost Summary</b>	<b>2019-20</b>	<b>2018-19</b>
	<b>£000s</b>	<b>£000s</b>
<b>Other Operating Income</b>		
Total income from contracts with customers	(46)	-
	(46)	-
<b>Expenditure</b>		
Operating Costs	5,909	5,527
<b>Net Operating Cost</b>	<b>5,863</b>	<b>5,527</b>

The revenue budget for CCW during 2019-20 was £5,912k including £99k carried forward from 2018-19. CCW 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

11 June 2020

Consumer Council for Water  
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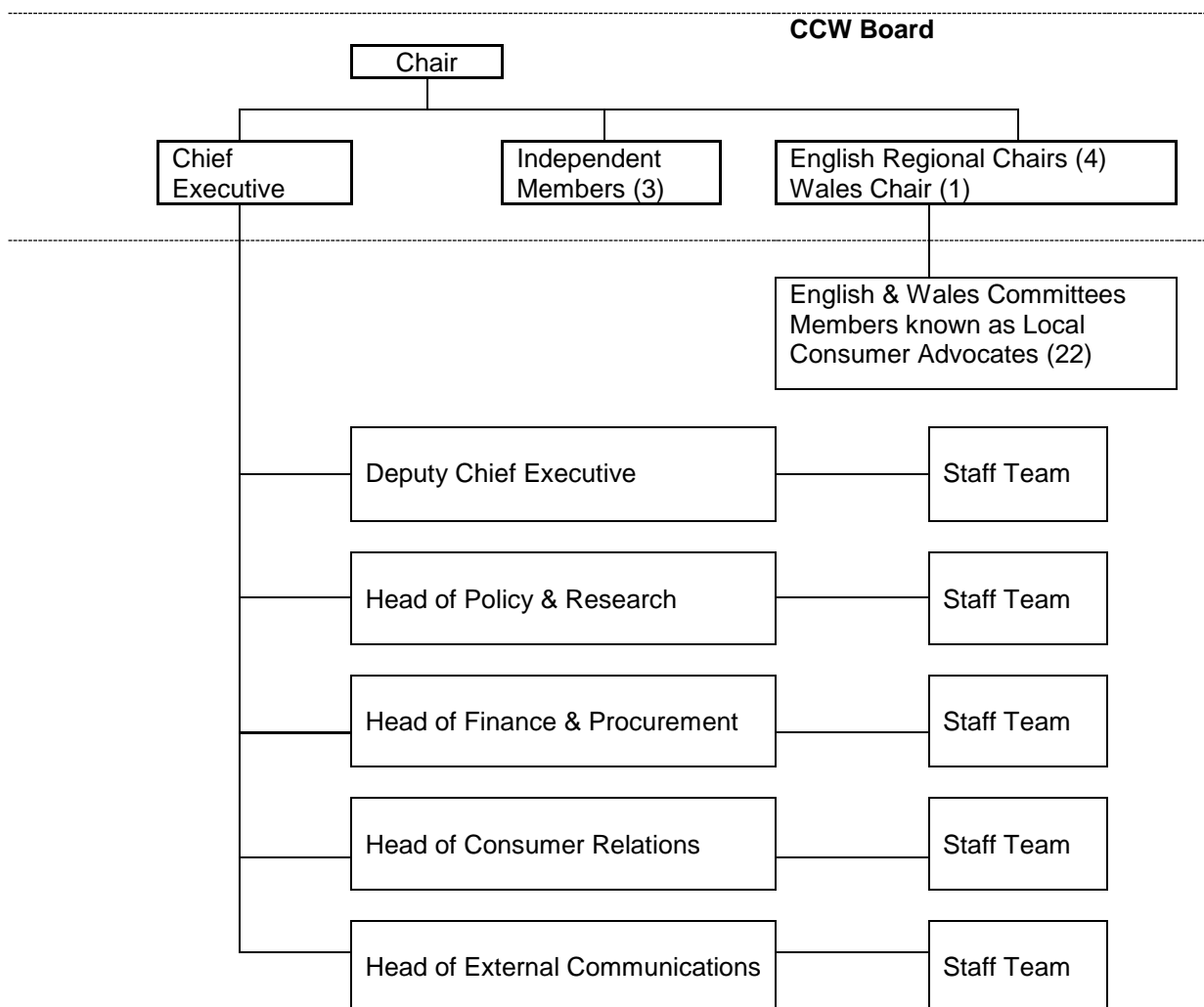
# ACCOUNTABILITY REPORT

## Corporate Governance Report

### Directors’ Report

#### Organisational structure

CCW 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 2019-20 was:

Council Chair	Robert Light	Appointed: 6 June 2019	Re-Appointed:	Expires: 5 June 2022
Chief Executive	Tony Smith	1 December 2005	1 December 2009 1 December 2013 1 December 2017	30 November 2021

**England Regional Committees Chairs:**

Northern	Robert Light	1 June 2015		31 May 2019
Western	David Heath	1 June 2015	1 June 2019	28 February 2020
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	Rhodri Williams	1 November 2019		27 October 2023
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**Independent Members:**

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

During 2019-20 Defra appointed Robert Light as CCW's National Chair from 6 June 2019; Robert had previously been CCW's Northern Chair. Rhodri Williams was appointed Wales Chair from 1 November 2019 by Welsh Government.

**Board register of interests**

CCW maintains a register of Board members' interests which is reviewed annually and is available on CCW's website<sup>14</sup>. CCW also maintains a register of interests for its Local Consumer Advocates and Executive Team which are also updated on an annual basis.

**The senior management team**

The composition of the senior management team, known as the Executive Team, during 2019-20 was:

Tony Smith	Chief Executive
Phil Marshall	Deputy Chief Executive
Mike Keil	Head of Policy & Research
Carl Pegg	Head of Consumer Relations
Marie Perry	Head of Finance & Procurement (left 7 January 2020)
Paul Hibbert	Interim Head of Finance & Procurement (from 12 Dec 2019)
Amanda Caton	Head of External Communications

The Chief Executive was appointed by the Secretary of State as a member of the Board. His contract as Chief Executive is a standard open-ended contract with a six-month notice period. Defra reappoints the Chief Executive to the Board every four years. The Chief Executive, on his appointment, was designated as CCW'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.

<sup>14</sup> The register of CCW Board members' interests can be found online here: <https://www.ccwater.org.uk/wp-content/uploads/2019/04/Board-Register-of-Interests.pdf> (18/05/20)

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

### **Support services & spending control compliance**

Since April 2010, with the exception of information technology (IT), internal audit and payroll, all support services have been provided in-house. IT infrastructure services were provided by Capita. Our web-based complaints management system is provided by Capventis. Our website and intranet hosting were transitioned from DXW to Civic during the year following a competitive tender exercise. Payroll services are provided by CGI. In 2019-20, we have continued to operate within the Government's spending controls. Our CEO has delegated authority to approve external staff recruitment.

### **Payment of suppliers**

CCW achieved 100% against the Government target for paying agreed invoices within 30 days of receipt during 2019-20 (100% in 2018-19). 87% were paid within 5 working days compared to a target of 80% (85% in 2018-19). Creditor days were 6.3 days at 31 March 2020 and 2.77 days at 31 March 2019.

### **Health and Safety**

CCW is committed to the health and safety of its staff, visitors and any contractors working on its premises. We follow and encourage an open participative approach and staff are invited to take any concerns on health and safety matters direct to the Health and Safety manager or a Staff Council representative. We continue promote safe and effective working practices for our home working colleagues during the year. We comply with the Health and Safety at Work Act 1974 and all other relevant legislation as appropriate. We are committed to the positive promotion of accident prevention and the elimination of accidents involving personal injury, illness or damage. At Board level, our Chief Executive is responsible for Health and Safety. Our Board sub-Committees and Staff Council meetings regularly discuss Health and Safety. There were no RIDDOR reportable incidents in 2019-20 and no working days lost to occupational illnesses or injuries. There were four internal accident forms completed.

### **Important events affecting CCW**

Towards the end of 2019-20, CCW's operation – and that of the wider water sector – was affected by the emerging Covid-19 pandemic. As an organisation, we moved quickly to deploy our business continuity procedure, with all staff continuing to work from home. We also worked closely with the industry and our contacts within Defra and Welsh Government to address the potential consequences of the pandemic for customers. The accounts for 2019-20 have been prepared on a going concern basis. Defra and the Welsh Government have agreed CCW's 2020-21 revenue budget. CCW is in a net asset position and there is no reason to believe that future approvals will not be forthcoming.

### **Political donations**

During the financial year 2019-20 CCW made no donations to political parties.

### **Personal Data Related Incidents**

There was one ICO reportable personal data breaches during the year.

### **Directors' statement and going concern**

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

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

The accounts for 2019-20 have been prepared on a going concern basis. Defra and the Welsh Government have agreed CCW's 2020-21 revenue budget. CCW is in a net asset position and there is no reason to believe that future approvals will not be forthcoming. CCW has assumed that funding will continue beyond the financial year

2020/21 broadly in line with current levels, CCW has a statutory basis for both function and funding and there are no reasons why this would not continue. On 20<sup>th</sup> May 2020 HMT issues revised guidelines around the consideration of going concern and whether there are any material uncertainties in this area. CCW considers there are not such material uncertainties, our funding is statutory and there are no consultations on changing the existence, nature or funding of CCW.



Tony Smith  
Chief Executive and Accounting Officer  
Consumer Council for Water

11 June 2020

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## Statement of Accounting Officer's Responsibilities

The Consumer Council for Water (CCW) 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 2019 to 31 March 2020.

Under the Water Act 2003, the Secretary of State for the Environment, Food and Rural Affairs, with the consent of HM Treasury, has directed CCW 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 CCW and of its income and expenditure, statement of financial position, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the '2019-20 Government Financial Reporting Manual' (FReM), and in particular to:

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

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

### Accounting Officer's statement and going concern

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

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

## Governance Statement

This statement explains CCW'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 CCW.

## Funding and classification

The joint sponsors of the organisation are Defra and the Welsh Government. CCW 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 CCW draws its funds through grant-in-aid from Defra.

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

CCW's organisation structure and appointments to its Board are contained in the Directors' report.

## Board responsibilities

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

- establishing and taking forward the strategic aims and objectives of CCW 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 CCW 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 CCW; is informed in a timely manner about any concerns about the activities of CCW; 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 CCW's Welsh Language obligations in line with the Welsh Language Standards under the Welsh Language (Wales) Measure 2011.

## Board membership

During 2019-20 the Board consisted of the Chair, three regional Chairs for England (one of whom has been appointed as Deputy Chair), a Wales Chair, three independent members and the Chief Executive. Appointments to the Board are made by the Secretary of State for Environment, Food and Rural Affairs; the Wales Chair is appointed by Welsh Assembly Ministers. The National Chair position was vacant at the beginning of 2019-20 as the term of the previous post holder had finished at the end of March 2019. Rob Light was appointed to the post from 6 June 2019 for three years having previously served as CCW's Northern Chair until 31 May 2019. During 2019-20 Rob covered the Northern Chair role in addition to the National Chair duties. 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 reappointment.

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

Name	Date of appointment	Board & Committee membership/attendance (number of meetings attended / eligible to attend)			
		Board	Audit and Risk Management Committee	Human Resources and Remuneration Committee	Advisory Committee***
Alison Austin	1/9/18	8/8	5/5 (Ch)		0/0
Bernard Crump	1/2/17	8/8		4/4	
David Heath	1/7/15	7/8		3/4	
Julie Hill	1/2/18	7/8	5/5	3/4	0/0 (Ch)
Robert Light	1/7/15 & 6/6/19*	7/7 (Ch)*	1/1		
Tony Redmond	1/3/17	7/8	5/5	4/4 (Ch)	
Tony Smith (Chief Executive and Accounting Officer)	1/12/05	8/8			
Rhodri Williams**	1/11/19	3/3			
Robert Wilson	1/9/18	7/8	4/5	2/4	0/0

#### Ch – Committee Chair

\* Rob Light was appointed Regional Chair (Northern) on 1 June 2015; this appointment and his appointment to the Audit and Risk Management Committee ended on 31 May 2019. Rob was appointed as National Chair from 6 June 2019 for three years.

\*\* Rhodri Williams was appointed as Wales Chair on 1 November 2019 for four years.

\*\*\* The Advisory Committee meets when needed; no meetings of the Committee were held in 2019-20.



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

The Register of Interests is published online at

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

### **Board discussions**

Notwithstanding general customer service and affordability issues and the performance and legitimacy of the water companies and regulation, the Board's primary focus during 2019-20 has been on: the 2019 Price Review (PR19), oversight of the performance of the non-household retail water market, reinforcing customer priorities in tariff setting, long term water resources planning, oversight of CCW's research programme and oversight of CCW's governance arrangements and performance.

### **Covid 19**

At the end of the year with the outbreak of Covid19, CCW followed government advice and, utilizing our business continuity plan, moved all staff to homeworking. The board and its committees have been meeting remotely in line with our planned timetable, and have continued with our planned work programme and supporting consumers.

As we move into 2020-21, we are carefully following government communications, and consulting with management about how we can continue to provide an efficient and effective service as the lockdown is relaxed, and how we can take our learning from lockdown into the future.

Given the nature of CCW's funding and work, we do not anticipate Covid 19 to have any effect on our ability to carry out our work, nor does it present a threat to CCW as a going concern.

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

During the year ending 31 March 2020 the Board had the following committees:-

#### Audit and Risk Management Committee

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

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

#### Human Resources and Remuneration Committee

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

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

Advisory Committee

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

**Regional and Wales Committees**

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

The primary role of the Local Consumer Advocates is to:

- advise and inform the Board on consumer matters in their local area;
- work at the local level, to develop implementation plans on key issues within a framework of priorities and policy positions established by the CCW 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><u>Local Consumer Advocates 2019-20</u></b>				
<b>Central Eastern &amp; London &amp; South East</b>	<b>Northern</b>	<b>South West</b>	<b>Wales</b>	
Graham Dale *	Claire Keatinge *	Bhupendra Mistry	Mike Bell *	Ronnie Alexander
Yvonne Davies (resigned 31/05/2019)	Penny Shepherd*	Susan Waterson	Veronica O'Dea *	Angela Davies-Jones *
Gill Holmes	Ingrid Strawson *	Simon Roberson (appointed 05/08/2019)	Gudrun Limbrick	Robert Gilchrist *
Paul Quinn	Doug Taylor		Mike Short	Lee Gonzales *
	Alison Thompson (resigned 26/11/2019)			Sian Phipps *
	Caroline Warner (resigned 30/11/2019)			

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

In 2019-20 CCW undertook one fair and open recruitment process for a Local Consumer Advocate. The recruitment panel included a Committee Chair and a CCW Independent member. Additionally, the appointment terms of 10 LCAs marked \* were extended by one year to 31 March 2021.

**Executive Team**

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

**Board's performance**

For 2019-20 the Board set itself six key objectives, as distinct from the organisation's objectives set out in our Forward Work Programme and Operational Business Plan. The objectives and the Board's assessment of its achievement against them is set out in the table below:-

Objective	Achievement
<p>1) <b>Provide strategic leadership and direction to CCW</b></p> <p><u>OUTCOME: CCW is 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 half day strategy events to inform its strategic planning that included strategic positioning, consumer expectations of CCW and how CCW should measure its achievements.</li> <li>- The Board agreed the 2020/23 Forward Work Programme. The programme was subject to formal consultation, and comments received in the consultation processes were taken on board in the final draft which was subject to challenge from the Board before approval.</li> <li>- The Board approved CCW's research and consultancy programme and maintained oversight of it during the year.</li> <li>- Throughout the year the Board maintained oversight of CCW's governance arrangements including:- an update in on its financial position at each of its meetings, consideration of issues around PR19 at each meeting, and the annual review of the Code of Governance. The Board also received regular updates on other matters including non-household consumer complaints to CCW and progress against the stakeholder engagement plan by electronic update.</li> <li>- The Board's Audit &amp; Risk Management and Human Resources &amp; Remuneration Committees provided specific oversight of the areas covered by their respective remits.</li> <li>- In its deliberations the Board places an emphasis on the long term.</li> </ul>
<p>2) <b>Support and contribute to CCW's work to strengthen its relationships with stakeholders</b></p> <p><u>OUTCOME: CCW is recognised 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>- The Board approved the 2020-21 stakeholder engagement plan</li> <li>- During the year the Board held five meetings in public (one in each of the four English regions and one in Wales) to engage with stakeholders on a range of topics including: the water retail market for non-household customers in England</li> </ul>

	<p>particularly common issues causing complaint, water company priorities around water resources in the North of England, water resource planning work both nationally and in the south east of England, the resilience of water and wastewater services in rural Wales, and current and future in relation to the provision of water and sewerage services for or at new developments.</p> <ul style="list-style-type: none"> <li>- Consumers and other stakeholders joined the Board meetings in public in the London and South East Region and in Wales to ask a questions of their water company.</li> <li>- During the period a number of initiatives have continued to improve CCW’s relationships with stakeholders nationally and regionally including for example:-             <ul style="list-style-type: none"> <li>• national stakeholder events;</li> <li>• regional Committee meetings;</li> <li>• quarterly reporting to Defra and Welsh Government;</li> <li>• Defra and Welsh Government liaison meetings; and</li> <li>• attendance at the Wales Water Forum.</li> </ul> </li> <li>- The new Chair had introductory meetings with water companies and other key stakeholders during the year.</li> <li>- The new Wales Chair met the Minister for Environment and Rural Affairs and water companies operating in Wales.</li> </ul> <p>Regional Chairs have been interviewed by the media on a number of occasions including on a number of BBC local and independent commercial radio and TV stations.</p>
<p><b>3) Provide support and challenge to the Chief Executive and Executive Team</b></p> <p><u>OUTCOME CCW Executive and Senior Managers are empowered, supported and critically challenged when developing policy positions and proposals.</u></p>	<ul style="list-style-type: none"> <li>- The Board has considered and challenged significant policy matters during the year providing insight and guidance to the organisation.</li> <li>- Issues considered at the Board’s meetings in private in this period included non-household retail consumer complaints to CCW, PR19, water company financial performance, operation of the non-household retail market in England, water companies’ Charges Schemes, policy development, the development of CCW’s Water Mark and the post company stages of the water sector’s consumer complaints process.</li> <li>- Board members provide critical friend support to members of the Executive Team as necessary throughout the year.</li> <li>- The Board considered the findings of the annual employee survey and monitored the implementation of the action plan arising from it.</li> </ul>

	<p>The Human Resources and Remuneration Committee also provided oversight to this matter.</p> <ul style="list-style-type: none"> <li>- Individually board members have supported the organisation including providing advice and challenge to the research programme and attendance at research events, working with WATRS, and support and challenge to the Consumer Relations function.</li> </ul>
<p><b>4) Demonstrate high-class Board behaviours</b></p> <p><u>OUTCOME: The Board operates as a cogent, high-performing team.</u></p>	<ul style="list-style-type: none"> <li>- Board members are required to act in line with CCW's corporate values and behaviours and the seven principles of public life.</li> <li>- Board members offer other members and those attending Board meetings to speak openly and contribute fully.</li> <li>- The Board takes collective responsibility for agreed outcomes and decisions.</li> <li>- The Board has carried out an annual review of its effectiveness and an action plan has been drawn up to address the issues arising from it.</li> </ul> <p>Regional/Wales Chairs raise issues to update fellow Board members and for Board discussion through their regional roundups.</p>
<p><b>5) Provide direction to CCW's key work programmes including 5 key campaigns for 2019-20</b></p> <p><u>OUTCOME: CCW is able to deliver its Forward Work Programme Commitments.</u></p>	<ul style="list-style-type: none"> <li>- Regional Chairs met with water companies to discuss performance issues</li> <li>- Regional Chairs met with water companies to press them to share their financial outperformance with their customers</li> <li>- The Board has agreed CCW's priorities and objectives for PR19.</li> <li>- The Regional Chairs are members of CCGs and challenged companies' business plan proposals and check that they reflect the priorities and expectations of customers.</li> <li>- The Board has received and discussed regular PR19 updates and reports.</li> <li>- The Regional and Wales Chairs contributed to CCW's response to Ofwat's draft determinations.</li> <li>- Individual Regional Chairs have taken responsibility for liaising with retailers largely based in their areas.</li> <li>- The Board has received NHH retail complaints updates and reports regularly.</li> <li>- The Board has agreed a process for taking escalated action against those retailers performing poorly on complaints.</li> <li>- The Board has held a meeting in public with representatives of the NHH retail water market in England to explore the retailer/wholesaler working relationship in the Non-Household (NHH) retail market in England, common issues that are causing complaints and what can be done to</li> </ul>

	resolve these and work more together more effectively.
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### Board performance and assessment of its own effectiveness

In 2019-20, in line with good practice, a review of the effectiveness of the CCW Board was completed. The review examined the Board's performance against recognised good practice for public sector boards.

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

- The Board's clarity about its statutory remit;
- The collective responsibility taken by the Board for the performance of the organisation;
- Its monitoring of the political environment for potential changes to the organisation's remit and assessment of the impact these will have on its strategy; and
- A Boardroom culture that allows Board members to speak frankly.

Areas for improvement identified included:

- reporting on meetings with the sponsor department, Ministers and other key stakeholders;
- awareness of the organisation's risk appetite and reporting from the Audit Committee; and
- induction and training for Board members.

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

### Audit assurances

#### Internal audit

CCW's internal auditors, RSM, undertake a work programme to review risk management, internal control and governance and a partner at RSM fulfils the Head of Internal Audit role for CCW. RSM provides regular reports to the Audit and Risk Management Committee on the findings of Internal Audit's reviews, their assessment of risk management, corporate governance and control standards in the key corporate risks and delivery areas, including areas where action is required to address shortcomings. The Head of Internal Audit or a nominated deputy attends meetings of the Audit and Risk Management Committee 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 CCW. The internal audit opinion for 2019-20 is that the organisation has an adequate and effective framework for risk management, governance and internal control but that the internal audit work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

RSM has been CCW's Internal Auditor since 2012-13 and were re-appointed during 2017-18 following a competitive tender process. They provide an independent service for management by measuring and auditing the adequacy, reliability and effectiveness of management and financial control systems. During 2019-20, RSM reviewed the following areas of work:

- Price Review: Project Management Controls
- Complaints Handling Processes
- IT (Managed Services & Data Security): High Level Control Framework
- Governance – Equality and Diversity Framework (high level advisory review)
- Finance Systems – Creditors, Travel & Subsistence

Across all Audits there were 14 medium recommendations and 10 low recommendations. The annual opinion of the internal auditors indicated that CCW has an adequate and effective framework for risk management, governance and internal control but that the internal audit work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective. The cost of the internal audit for 2019-20 was £15,825.6 (2018-19, £16,128).

#### External audit

The accounts have been audited by the Comptroller and Auditor General in accordance with the Water Industry Act 1991, as amended by the Water Act 2003. The Audit Certificate is on pages 51 to 53. The cost of providing

audit services in respect of the Annual Report and Accounts 2019-20 was £24,000 (2018-19, £24,000). There was no external auditor remuneration for non-audit work.

### **Operational assurances**

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

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

## **Corporate Governance**

### **Code of Governance**

CCW's Code of Governance sets out the Board's responsibilities regarding proper conduct of business, strategic planning, monitoring performance, finance, staffing, health and safety, and whistleblowing. The HMT/Cabinet Office document 'Corporate governance in central government departments: code of good practice' has been reflected where relevant and practical.

### **Counter fraud, bribery and corruption**

CCW continues to take positive action to prevent fraud, bribery and corruption. During 2019-20, policies and procedures relating to procurement have been updated to ensure that the opportunity for fraud in this area of the organisation is minimised. Training on fraud, bribery and corruption is mandatory for all CCW staff, Board members and Local Consumer Advocates. Staff have also been reminded about the need to be alert to these issues and what to do in the event of suspicion of fraud and the Finance team have received specific training on counter fraud and cyber security. In 2019 CCW completed the Cabinet Office Counter Fraud self-assessment process that included the development of an action plan to address and areas for improvement identified.

Since March 2020 all CCW staff have been working from home. During this time, mindful of potential increased risk, additional reminders and information have been circulated to staff to ensure we remain alert to potential fraud whilst we are working remotely, and to continue to report any unusual requests or communications they receive.

### **Effectiveness of whistleblowing arrangements**

CCW has had a Whistleblowing policy in place since 2011 and the policy was updated in 2019. In 2019-20 no complaints were made under this policy. The policy is freely available to all staff via the intranet pages and forms part of the staff handbook.

### **Ministerial Directions**

There have been no Ministerial Directions in 2019-20.

### **Managing risk**

CCW 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 CCW and reviewed its risk management policy; the Audit and Risk Management Committee considered the Risk Appetite in March 2020. 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 CCW**

In 2019-20 the most significant risks facing CCW related to:

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

- failure by Non-Household wholesalers and retailers impacts on Consumer Relations complaints handling performance

CCW managed all of its risks effectively in 2019-20 and they did not impact on the organisation's ability to deliver its Forward Work Programme or its relationship with stakeholders. During the year the Audit and Risk Management Committee was content with the way the organisation managed its risks and did not identify any areas of concern.

### **Information management and data security**

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

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

In line with the Data Protection Act 2018, all known data breaches and near misses have been recorded by CCW. None of the breaches were considered to have put the data subject at any risk. In 2019-20 we reported one breach to the Information Commissioner's Office (ICO). The ICO considered the information we provided and confirmed it would not be taking any further action on the matter.

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

In 2019 an internal audit review looked at the data security processes CCW has in place to minimise disruption, maintain the secure access of information systems, and protect the integrity of data. The review found that CCW has a framework in place for data security and that arrangements for email and web filtering were also in place. The review identified a number of areas for improvement and a plan is in place to respond to the recommendations of the review.

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

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



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

As the Accounting Officer, I am responsible for reviewing the effectiveness of our governance system. My review has been informed by the work of the internal auditors over the course of the year, the CCW Executive Team, the Audit and Risk Management Committee, and the comments made by the external auditors in their annual management letter and other reports. I have also noted the annual opinion of the internal auditors which indicates that the organisation has an adequate and effective framework for risk management, governance and internal control but that the internal audit work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective. I am satisfied that CCW has effective governance, risk management and internal controls in place.



**Tony Smith**  
**Chief Executive and Accounting Officer**  
**Consumer Council for Water**

11 June 2020

## Remuneration and Staff Report

### Staff remuneration

Pay progression for staff is performance related. It is assessed annually using CCW's personal appraisal system. The percentage increase to CCW'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 CCW's four performance bandings is agreed by the Remuneration Committee.

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

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

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

### Pension liabilities

The main pension scheme for CCW staff is the Principal Civil Service Pension Scheme (PCSPS). This is an unfunded, multi-employer, defined benefit scheme in which CCW is unable to identify its share of the underlying assets and liabilities. The payments of benefits from the scheme are borne by the Civil Service Superannuation Vote. The pension liabilities arising from CCW's employees' membership of the PCSPS are not provided for in these accounts in accordance with the Treasury's instructions and as described below. CCW'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 CCW'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)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Council Chair</b>						
Robert Light Appointed 6/6/19	35-40	35-40	6,500	-	40-45	35-40
Alan Lovell Left 31/3/19	-	50-55	-	3,300	-	50-55
<b>Regional and Wales Chairs</b>						
Bernard Crump	35-40	35-40	500	800	35-40	35-40
David Heath	35-40	35-40	-	-	35-40	35-40
Rhodri Williams Started 1/11/19	10-15	-	200	-	10-15	-
Tony Redmond	35-40	35-40	-	-	35-40	35-40
Tom Taylor Left 31/12/18	-	25-30	-	1500	-	25-30
<b>Independent members</b>						
Philip M. Johnson Left 31/5/18	-	1-5	-	1400	-	0-5
Julie Hill	5-10	5-10	300	450	5-10	5-10
Alison Austin Started 1/7/18	5-10	5-10	1,100	800	5-10	-
Robert Wilson Started 1/7/18	5-10	5-10	300	500	5-10	-

**fye = full year equivalent**

Board member positions are non-pensionable.

## Remuneration of Senior Managers

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

Single total figure of remuneration										
Name, Role and Senior Civil Service Band Equivalent	Salary (£'000)		Bonus and Performance Payments (£'000)		Benefits in kind (to nearest £100)		Pension Benefits (to nearest £'000)		Total (£'000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Tony Smith Chief Executive SCS2	110-115	110-115	10-15	10-15	200	100	38,000	24,000	160-165	145-150
Phil Marshall Deputy Chief Executive SCS1	85-90	85-90	0-5	0-5	-	-	34,000	35,000***	120-125	120-125
Carl Pegg Head of Consumer Relations SCS1	70-75	70-75	-	-	-	-	23,000	10,000	95-100	80-85
Marie Perry Head of Finance & Procurement SCS1 left 7/1/20	35-40*	45-50*	0-5	0-5	100	-	14,000	19,000	45-50	65-70
Mike Keil Head of Policy & Research SCS1	70-75	70-75	0-5	-	100	100	29,000	29,000	100-105	100-105
Amanda Caton – Head of External Communications SCS1	70-75	70-75	-	-	-	-	29,000	29,000	100-105	100-105

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

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

\*\*\* Restated – Added pension contributions not stated in figure

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

### Salary

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

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by CCW 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 2019-20 relates to the achievements of performance targets in 2018-19. The comparative bonuses reported for 2018-19 relate to the performance in 2017-18.

### 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 CCW in the financial year 2019-20 was £125,000 – £130,000 (2018-19, £120,000 - £125,000). This was 4.5 times (2018-19, 4.3 times) the median remuneration of the workforce, which was £28,155 (2018-19, £28,629). In 2019-20, nil (2018-19, nil) employees received remuneration in excess of the highest paid director. Remuneration ranged from £18,250 to £127,500 (2018-19 £17,400 to £122,500).

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 2020

Name	Accrued pension at pension age as at 31 March 2020 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2020	CETV at 31 March 2019	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Tony Smith – Chief Executive	45-50	0-2.5	860	824	36
Phil Marshall – Deputy Chief Executive	20-25	0-2.5	276	235	19
Carl Pegg – Head of Consumer Relations	45-50	0-2.5	889	827	23
Marie Perry – Head of Finance & Procurement Leaver 7/1/20	0-5	0-2.5	45	34	7
Mike Keil – Head of Policy	5-10	0-2.5	56	35	14
Amanda Caton – Head of External Communications	0-5	0-2.5	30	15	9

CETV – Cash Equivalent Transfer Value

### Contingent labour - temporary staff

During 2019-20 CCW spent £370k (2018-19, £178k) on temporary staff to cover vacancies and consultancy costs.

### Civil Service Pensions

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

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

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for employees show pension earned in PCSPS or alpha – as appropriate. Where the employee has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages).

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](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 CCW 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. CCW operates a guaranteed interview scheme, which guarantees an interview to anyone with a disability whose application meets the minimum criteria for the post. Once in post, employees with disabilities are provided with reasonable adjustments they may need to carry out their role. All permanent staff are recruited on merit through fair and open competition.

As at 31 March 2020:

Number of :	Staff (incl. SCS grades)	Board (excl CEO)	Local Consumer Advocates	SCS Equivalent
<b>Total</b>	71	8	19	5
<b>Women</b>	45	2	9	1
<b>Ethnic minority</b>	11	0	1	0
<b>Disability</b>	5	0	0	0

As at 31 March 2019:

Number of :	Staff (incl. SCS grades)	Board (excl CEO)	Local Consumer Advocates	SCS Equivalent
<b>Total</b>	76	8	21	6
<b>Women</b>	48	2	9	2
<b>Ethnic minority</b>	11	0	1	0
<b>Disability</b>	6	1	1	0

**Staff costs comprise:**

	2019-20			2018-19
	Permanently Employed Staff**	Others***	Total	Total
	£000s	£000s	£000s	£000s
Wages and Salaries	2,466	620	3,086	2,898
Social Security Costs	253	17	270	274
Other Pension Costs	633	-	633	493
<b>Sub Total</b>	<b>3,352</b>	<b>637</b>	<b>3,989</b>	<b>3,665</b>
Less recoveries in respect of outward secondments	(46)	-	(46)	-
<b>Total net costs*</b>	<b>3,306</b>	<b>637</b>	<b>3,943</b>	<b>3,665</b>

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

\*\* Includes Casual staff

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

## Salary

Salary includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. Board members and CCW 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 CCW 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 2019-20, employers' contributions of £624,770 were payable to the PCSPS (2018-19, £486,860) at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 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 £7,886 (2018-19, £8,862) were paid to one or more of the panel of three appointed stakeholder pension provider. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £282 (2018-19, £296), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £566 (2018-19, £1,131). 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 2019-20 (Nil in 2018-19). 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 CCW Local Consumer Advocates and Board members.

	2019-20	2018-19
<b>Number</b>		
Directly Employed	71	73
Total	<u>71</u>	<u>73</u>

## Average number of Board members and Local Consumer Advocates

	2019-20	2018-19
<b>Number</b>		
Board	8	8
Local Consumer Advocates	19	21
Total	<u>27</u>	<u>30</u>

## Sickness absences

CCW 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. CCW 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. CCW has an occupational health service and an employee assistance programme.

During 2019-20 the number of working days lost was 5.22 per annum per employee compared to 5.12 days for 2018-9. This compares to the Chartered Institute of Personnel and Development (CIPD) average of 8.4 days for the public sector (CIPD Health & Wellbeing at Work 2019).

### Employee involvement

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

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

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

The following information was subject to audit.

Exit package cost band	Number of compulsory redundancies	2019-20 Number of other departures agreed	Total number of exit packages by cost band	2018-19 Total number of exit packages by cost band
<£10,000	-	-	-	-
£10,000 - £25,000	-	-	-	-
£25,000 - £50,000	-	-	-	-
£50,000 - £100,000	-	-	-	-
£100,000- £150,000	-	-	-	-
£150,000- £200,000	-	-	-	-
<b>Total number of exit packages</b>	-	-	-	-
<b>Total resource cost /£000</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, CCW is required to publish information on our highly paid and/or senior off-payroll engagements.

<b>Table 1: For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months</b>	
	<b>ALBs</b>
No. of existing engagements as of 31 March 2020	Four
Of which ...	
No. that have existed for less than one year at time of reporting.	Two
No. that have existed for between one and two years at time of reporting.	Two
No. that have existed for between two and three years at time of reporting.	
No. that have existed for between three and four years at time of reporting.	
No. that have existed for four or more years at time of reporting.	
<b>Table 2: For all new one-off payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months</b>	
	<b>ALBs</b>
No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	Two
Of which ...	
No. assessed as caught by IR35	Two
No. assessed as not caught by IR35	



No. engaged directly (via PSC contracted to department) and are on the departmental payroll	
No. of engagements reassessed for consistency/assurance purposes during the year	Three
No. of engagements that saw a change to IR35 status following the consistency review	

There were no off payroll engagement of Board members or senior officials with significant financial responsibility, during the financial year. (2018-19 Nil)

The total number of individuals on payroll that have been deemed Board members and / or officials with significant financial responsibility is 13 (15 in 2018-19)

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

#### **Voluntary exits**

There were no voluntary exits during 2019-20. (2018-19 Nil)

#### **Compulsory exits**

There were no compulsory exits in 2019-20. (2018-19 Nil)

## Parliamentary Accountability and Audit Report

The following notes were subject to audit:

### Regularity of Expenditure

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding CCW'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 and no special payments during the year (nil during 2018-19).

### 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. CCW does not have any remote contingent liabilities as at 31 March 2020.



**Tony Smith**  
Chief Executive and Accounting Officer  
Consumer Council for Water

11 June 2020

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT****Opinion on financial statements**

I certify that I have audited the financial statements of the Consumer Council for Water for the year ended 31 March 2020 under the Water Industry Act 1991 as amended by the Water Act 2003. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Consumer Council for Water's affairs as at 31 March 2020 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Water Industry Act 1991 as amended by the Water Act 2003 and Secretary of State directions issued thereunder.

**Opinion on regularity**

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

**Basis of opinions**

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

**Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Consumer Council for Water's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Consumer Council for Water have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Consumer Council for Water's ability to continue to adopt the going concern basis.

**Responsibilities of the Accounting Officer for the financial statements**

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

**Auditor's responsibilities for the audit of the financial statements**

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consumer Council for Water's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Consumer Council for Water's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consumer Council for Water's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Consumer Council for Water to cease to continue as a going concern.

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

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

**Other Information**

The Chief Executive as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to

read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Opinion on other matters

In my opinion:

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

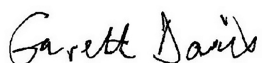
### Matters on which I report by exception

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

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

### Report

I have no observations to make on these financial statements.



**Gareth Davies**

**Date 17 June 2020**

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

## FINANCIAL STATEMENTS

### Statement of Comprehensive Net Expenditure

for the period ended 31 March 2020

	Note	2019-20	2018-19
		£000s	£000s
Revenue from contracts with customers	4	(46)	-
<b>Total income</b>		<b>(46)</b>	<b>-</b>
Staff costs	3	3,989	3,665
Other Costs	3	1,827	1,804
Depreciation, amortisation and impairment charges	3	93	58
<b>Total operating costs</b>		<b>5,909</b>	<b>5,527</b>
<b>Net operating costs</b>		<b>5,863</b>	<b>5,527</b>
<b>Total comprehensive net expenditure for the year</b>		<b>5,863</b>	<b>5,527</b>

There is no other comprehensive net expenditure.

The notes on pages 59 to 68 form part of these accounts.

## Statement of Financial Position

as at 31 March 2020

	Note	2019-20 £000s	2018-19 £000s
<b>Non-current assets</b>			
Property, plant and equipment	5	135	180
Intangible assets	6	148	191
<b>Total non-current assets</b>		<b>283</b>	<b>371</b>
<b>Current assets</b>			
Trade, other receivables	7	99	129
Cash and cash equivalents	8	588	517
<b>Total current assets</b>		<b>687</b>	<b>646</b>
<b>Total assets</b>		<b>970</b>	<b>1,017</b>
<b>Current liabilities</b>			
Trade and other payables	9,11.2	(591)	(518)
<b>Total current liabilities</b>		<b>(591)</b>	<b>(518)</b>
<b>Total assets less current liabilities</b>		<b>379</b>	<b>499</b>
<b>Non-current liabilities</b>			
Provisions	10	(102)	(75)
Lease Liability	9,11.2	(178)	(246)
<b>Total non-current liabilities</b>		<b>(280)</b>	<b>(321)</b>
<b>Assets less liabilities</b>		<b>99</b>	<b>178</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		99	178
<b>Total equity</b>		<b>99</b>	<b>178</b>

The financial statements on pages 55 to 68 were approved by the Board on 02 June 2020 and were signed on its behalf by;



Tony Smith  
Chief Executive and Accounting Officer

11 June 2020

The notes on pages 59 to 68 form part of these accounts.

## Statement of Cash Flows

for the period ended 31 March 2020

	Note	2019-20	2018-19
		<u>£000s</u>	<u>£000s</u>
<b>Cash flows from operating activities</b>			
Net operating cost		(5,863)	(5,527)
Adjustments for non-cash transactions	3	93	67
(Increase)/decrease in trade and other receivables	7	30	(52)
Increase/(decrease) in trade and other payables	9	65	(10)
Increase/(decrease) in provisions	10	28	2
<b>Net cash outflow from operating activities</b>		<b><u>(5,647)</u></b>	<b><u>(5,520)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	-	-
Purchase of intangible assets	6	-	(26)
<b>Net cash outflow from investing activities</b>		<b><u>-</u></b>	<b><u>(26)</u></b>
<b>Cash flows from financing activities</b>			
Capital element of payment in respect of finance lease		(65)	(36)
Grants from sponsoring department		5,783	5,527
<b>Net financing</b>		<b><u>5,718</u></b>	<b><u>5,491</u></b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>71</b>	<b>(55)</b>
<b>Cash at the beginning of the period</b>	8	<b>517</b>	<b>572</b>
<b>Cash at the end of the period</b>	8	<b><u>588</u></b>	<b><u>517</u></b>

The notes on pages 59 to 68 form part of these accounts.



## Statement of Changes in Taxpayers' Equity

for the period ended 31 March 2020

	<b>General Fund</b>
	<b>£000s</b>
<b>Balance at 31 March 2018</b>	<b>177</b>
Grant from sponsoring department	5,527
Transfers between reserves	-
Comprehensive net expenditure for the year	(5,527)
Non-cash adjustments	
Notional charge and other non cash items	1
<b>Balance at 31 March 2019</b>	<b>178</b>
Grant from sponsoring department	5,783
Transfers between reserves	-
Net Operating Costs for the year	(5,863)
Non-cash adjustments	
Notional charge and other non cash items	1
<b>Balance at 31 March 2020</b>	<b>99</b>

The notes on pages 59 to 68 form part of these accounts.

## Notes to the Accounts

### 1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Consumer Council for Water for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Consumer Council for Water are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting convention

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

#### 1.2 Property, plant and equipment

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

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

#### 1.3 Depreciation

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

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

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

#### 1.4 Leases

CCW has one finance lease as at 31 March 2020 (one at 31 March 2019). The finance lease liability is recognised as the net present value (NPV) of future lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Rentals due under operating leases are charged over the lease term on a straight-line basis, or on the basis of actual rental payable where this fairly reflects usage.

#### 1.5 Grants receivables

CCW 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**

CCW 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**

CCW provides for legal or constructive obligations where it is probable that there will be an outflow of economic resources, 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, CCW 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 CCW 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:**

	2019-20			2018-19
	Permanently Employed Staff**	Others***	Total	Total
	£000s	£000s	£000s	£000s
Wages and Salaries	2,466	620	3,086	2,898
Social Security Costs	253	17	270	274
Other Pension Costs	633	-	633	493
<b>Sub Total</b>	<b>3,352</b>	<b>637</b>	<b>3,989</b>	<b>3,665</b>
Less recoveries in respect of outward secondments	(46)	-	(46)	-
<b>Total net costs*</b>	<b>3,306</b>	<b>637</b>	<b>3,943</b>	<b>3,665</b>

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

\*\* Includes Casual staff

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

**3 Expenditure**

	2019-20	2018-19
	<u>£000s</u>	<u>£000s</u>
<b>Staff Costs<sup>1</sup></b>		
Wages and Salaries	3,086	2,898
Social Security Costs	270	274
Other Pension Costs	633	493
<b>Total</b>	<u>3,989</u>	<u>3,665</u>
<b>Rentals under operating leases:</b>		
Accommodation	264	270
IT software	0	76
Office equipment	2	3
	<u>266</u>	<u>349</u>
<b>Non cash items:</b>		
Depreciation	50	36
Amortisation	43	22
(Profit)/Loss on disposal of assets	-	8
Notional charge	1	3
Increase/(decrease) in Provision	27	-
	<u>121</u>	<u>69</u>
<b>Other expenditure:</b>		
Research & Consultancy	586	545
Personnel Overheads	265	234
Training	41	80
Publicity, Library & Parliament	112	102
Computer Services	215	171
Office Support costs	168	162
Auditors' remuneration*	24	24
Other Accommodation costs	122	126
	<u>1,533</u>	<u>1,444</u>
<b>Total</b>	<u>5,909</u>	<u>5,527</u>

\* During the year there was no remuneration for non-audit work (nil 2018-19).

<sup>1</sup> Further analysis of staff costs is located in the Staff Report and in the Accountability Report

**4 Income**

	2019-20	2018-19
<b>Analysis of Revenue from contracts with customers</b>	<u>£000s</u>	<u>£000s</u>
<b>Other income</b>		
Recoveries for secondments outside Defra group	(46)	-
<b>Total income from contracts with customers</b>	<u>(46)</u>	<u>-</u>

**5 Property, plant and equipment**

	Leased IT Hardware	Furniture fixtures and fittings	Leasehold improvements	IT equipment	Total
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b>Cost or valuation</b>					
At 1 April 2019	160	2	285	-	447
Additions	-	-	5	-	5
Disposals	-	-	-	-	-
<b>At 31 March 2020</b>	<u>160</u>	<u>2</u>	<u>290</u>	<u>-</u>	<u>452</u>
<b>Depreciation</b>					
At 1 April 2019	17	-	250	-	267
Charged in year	32	1	17	-	50
Disposals	-	-	-	-	-
<b>At 31 March 2020</b>	<u>49</u>	<u>1</u>	<u>267</u>	<u>-</u>	<u>317</u>
<b>Carrying value at 31 March 2020</b>	<u>111</u>	<u>1</u>	<u>23</u>	<u>-</u>	<u>135</u>
<b>Carrying value at 31 March 2019</b>	<u>143</u>	<u>2</u>	<u>35</u>	<u>-</u>	<u>180</u>
<b>Asset financing:</b>					
Owned	-	1	23	-	24
Finance Leased	111	-	-	-	111
<b>Carrying value at 31 March 2020</b>	<u>111</u>	<u>1</u>	<u>23</u>	<u>-</u>	<u>135</u>

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

**6 Intangible assets**

	Leased Software Licences £000s	Software Licences £000s	Total Software Licences £000s
<b>Cost or valuation</b>			
At 1 April 2019	187	26	213
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>187</b>	<b>26</b>	<b>213</b>
<b>Amortisation</b>			
At 1 April 2019	19	3	22
Charged in year	38	5	43
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>57</b>	<b>8</b>	<b>65</b>
<b>Carrying value at 31 March 2020</b>	<b>130</b>	<b>18</b>	<b>148</b>
<b>Carrying value at 31 March 2019</b>	<b>168</b>	<b>23</b>	<b>191</b>
<b>Asset financing:</b>			
Owned	-	18	18
Finance Leased	130	-	130
<b>Carrying value at 31 March 2020</b>	<b>130</b>	<b>18</b>	<b>148</b>

**Cost or valuation**

At 1 April 2018	-	172	172
Additions	187	26	213
Disposals	-	(172)	(172)
<b>At 31 March 2019</b>	<b>187</b>	<b>26</b>	<b>213</b>

**Amortisation**

At 1 April 2018	-	172	172
Charged in year	19	3	22
Disposals	-	(172)	(172)
<b>At 31 March 2019</b>	<b>19</b>	<b>3</b>	<b>22</b>

**Carrying value at 31 March 2019****Carrying value at 31 March 2018**

168	23	191
-	-	-

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

2019-20      2018-19

£000s      £000s**Amounts falling due within one year:**

Other receivables	10	5
Advances*	4	6
Prepayments and accrued income	85	118
	<b>99</b>	<b>129</b>

\*Advances comprise 7 travel season ticket loans (2018-19, 8 travel season tickets)

**8 Cash and cash equivalents**

2019-20      2018-19

£000s      £000s

Balance at 1 April	517	572
Net change in cash balances	71	(55)
Balance at 31 March	<b>588</b>	<b>517</b>

All cash balances are held with the Government Banking Service

**9 Trade payables and other current liabilities**

	2019-20	2018-19
	<u>£000s</u>	<u>£000s</u>
<b>Amounts falling due within one year:</b>		
Other taxation & social security	73	74
Trade payables	102	42
Other payables	65	53
Accruals and deferred Income*	283	284
Current part of finance leases	68	65
	<u><b>591</b></u>	<u><b>518</b></u>
<b>Amounts falling due after more than one year:</b>		
Accruals and deferred Income*		
Finance lease	178	246
	<u><b>178</b></u>	<u><b>246</b></u>

\*Within accruals £17k (2018-19 £4k) relates to rent free premises for Victoria Square House of which £3k relates to falling due after one year.



**10 Provisions for liabilities and charges**

	Leasehold Property Dilapidations	Service Charges	Total
	£000s	£000s	£000s
Balance at 1 April 2019	69	6	75
Provided in year	31	2	33
Provision not required written back	-	(9)	(9)
Provision utilised in year	-	3	3
Unwinding of discount	-	-	-
<b>Balance at 31 March 2020</b>	<b>100</b>	<b>2</b>	<b>102</b>

Analysis of expected timing of cash flows

	£000s
Not later than one year	-
Later than one year and not later than five years	102
Later than five years	-
<b>Balance at 31 March 2020</b>	<b>102</b>

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

**11 Commitments under leases****11.1 Operating leases**

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

	2019-20	2018-19
	<u>£000s</u>	<u>£000s</u>
<b>Obligations under operating leases for the following periods comprise:</b>		
Buildings		
Not later than one year	184	183
Later than one year and not later than five years	-	184
Later than five years	-	-
	<u>184</u>	<u>367</u>
Other		
Not later than one year	2	2
Later than one year and not later than five years	3	4
Later than five years	-	-
	<u>5</u>	<u>6</u>

**11.2 Finance Leases**

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

	2019-20	2018-19
	<u>£000s</u>	<u>£000s</u>
<b>Obligations under finance leases for the following periods comprise:</b>		
<b>ICT Hardware and Software future lease obligations</b>		
Not later than one year	76	76
Later than one year and not later than five years	188	264
Later than five years	-	-
	<u>264</u>	<u>340</u>
Less: interest element	<u>(18)</u>	<u>(29)</u>
<b>Present Value of obligations</b>	<u>246</u>	<u>311</u>

In addition to the above lease elements the contract includes hosting, servicing and maintenance to a value of £407k over the lease period.

Other under Operating lease represents agreements the printer / photocopier contract.

**12 Contingent liabilities disclosed under IAS 37**

There are no contingent liabilities as at 31 March 2020 (nil as at 31 March 2019).

**13 Losses and special payments**

There were no losses or special payments reportable during the year (nil during 2018-19).

**14 Financial instruments**

As the cash requirements of CCW 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 CCW's expected purchase and usage requirements and CCW is therefore exposed to little credit, liquidity or market risk.

**15 Related party transactions**

CCW received grant-in-aid from Defra during 2019-20 of, £5.783m (2018-19: £5.527m). Defra and the Welsh Government are CCW's sponsoring departments.

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

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

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

**16 Events after reporting period date**

There were no reportable events after the 31 March 2020.

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

**17 Accounting Standards in Issue, not yet effective**

IFRS 16 – Leases – following a change of implementation date for FReM bodies, this becomes effective from April 2021 onwards. The main impact is that for leases identified under IFRS 16 a right-of-use asset and associated lease liability will be recognised on the Statement of Financial Position. The current lessee accounting treatment for operating leases and finance leases under IAS 17 will no longer apply.

It is expected that CCW will have two leases on buildings, following planned office moves, which will be capitalised following the introduction of the new standard. The lease on the current property in Birmingham will be exempt due to the short term remaining on the lease as at 31/03/2021.

CCW has some leases which are of low value and therefore will be exempt from the IFRS16 treatment.

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

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