
Consumer Council for Water

Annual Report and Accounts 2020-21

For the year ended 31 March 2021

Consumer Council for Water

Annual Report and Accounts 2020-21

For the year ended 31 March 2021

Presented to Parliament pursuant to Schedule 3a of the Water
Industry Act 1991

as amended by the Water Act 2003.

Ordered by the House of Commons to be printed on 21 July 2021



© Crown copyright 2021

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at enquiries@ccwater.org.uk

ISBN 978-1-5286-2752-8

CCS 0621678278 07/21

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

Contents**PERFORMANCE REPORT**

| | |
|--|----|
| Chief Executive's Statement | 6 |
| Statement of purpose, objectives and activities of CCW | 7 |
| Performance Summary | 12 |
| Performance Analysis | 13 |
| Financial Summary | 24 |

ACCOUNTABILITY REPORT

| | |
|--|----|
| Corporate Governance Report | 25 |
| Directors' Report | 25 |
| Statement of Accounting Officer's Responsibilities | 28 |
| Governance Statement | 29 |
| Remuneration and Staff Report | 37 |
| Parliamentary Accountability and Audit Report | 47 |

FINANCIAL STATEMENTS

| | |
|--|----|
| Statement of Comprehensive Net Expenditure | 52 |
| Statement of Financial Position | 53 |
| Statement of Cash Flows | 54 |
| Statement of Changes in Taxpayers' Equity | 55 |
| Notes to the Accounts | 56 |

PERFORMANCE REPORT

Chief Executive's Statement

Few organisations or individuals will have been immune to the enormous impact that Covid-19 has had on our lives over the past year, and CCW was certainly no exception. The plans and ambitions we laid out for 2020-21 were quickly overtaken by the more pressing need to make sure consumers had the support they required to weather the storm of difficulties presented by the pandemic.

As lockdown changed life beyond recognition for both households and businesses, ensuring the water industry positioned itself as a source of invaluable support to consumers was at the forefront of our minds. Our close collaboration with water companies and retailers helped them to quickly develop robust methods of financial support for customers who were hit in the pocket. This led to a significant rise in households signing up to social tariff schemes and by the end of the year, 100,000 customers had also taken advantage of payment breaks.

Throughout the unfolding pandemic we used our strong relationship with the media and growing presence on social media to promote awareness of financial support for both household and business customers, with a dedicated advice page on our website and frequent signposting to our calculator tools. These included our Benefits Calculator, which was used by more than 1,300 consumers and helped to unlock potential means-tested welfare payments totalling £6.25 million. Our water meter calculator also continued to help consumers weigh up the benefits of switching to a meter, with users making potential bill savings totalling £14 million.

We also worked closely with Ofwat, MOSL and water retailers to ensure robust protections were put in place swiftly to shield businesses that found themselves at the sharp end of the financial fallout from repeated lockdowns. These measures bought valuable breathing room for businesses that had been forced to temporarily close and removed the threat of late payment charges, disconnection and debt recovery.

The importance of collaboration has come to the fore during the pandemic, and a new strategic direction for CCW has seen us take a notably more positive tone in our relationships with stakeholders, particularly water companies. The benefits of this became particularly apparent following our offer of support to those companies receiving high levels of customer complaints, with our facilitation of tailored support and sharing of best practice succeeding in generating collaborative and constructive solutions. Our commitment to working together to improve the way we support consumers will endure long after our lives have returned to some form of normality.

The spirit of collaboration remained at the forefront of our minds as we embarked upon one of the most important pieces of work CCW has ever undertaken. In the autumn of 2020, the UK and Welsh Governments asked us to undertake an independent review of the existing support measures offered to customers in financial hardship and how these might be strengthened. It came against the backdrop of growing concerns that the pressures posed by the pandemic would risk exhausting the support currently available to households.

Over the following months we pulled together some of the best minds and organisations to help us identify the existing challenges and draw together a comprehensive set of immediate and longer-term recommendations that we believe can put in place sustainable support – not just for households already in crisis but those that are only just about managing. We're grateful for the breadth of experience and insight a whole host of partners have invested in the project and believe the recommendations – which were published at the end of May 2021 – can pave the way to ending water poverty for everyone.



Emma Clancy
Chief Executive
16 July 2021

Statement of purpose, objectives and activities of CCW

The objective of this Performance Report within the Annual Report and Accounts is to give a fair, balanced and understandable 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 2020-21 were aligned with the strategies and policy frameworks set out by both Defra and the Welsh Government. These include:

- Defra's [25-year environment plan](#)¹
- [Defra Group Strategy](#) (*Creating a great place for living: together we are building a green and healthy future*²) and in particular the two over-arching priorities of protecting consumers and securing long-term resilience, set out in the UK Government's Strategic Policy Statement for Ofwat, included in the Government's [Strategic Priorities and Objectives for Ofwat 2017](#)³
- Welsh Government's [Water Strategy for Wales](#): its priorities and actions
- [Welsh Government's Strategic priorities and Objectives for Ofwat 2017 \(Wales\)](#).
- The [Well-being of Future Generations](#) and [Environment \(Wales\)](#) Acts
- The [new Socio-economic Duty in Wales](#), which puts tackling inequality at the heart of decision-making. This was introduced in March 2021, but its implications considered in advance by CCW

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: Helping customers who are struggling to pay is at the heart of our strategic ambition 'Fair charges that everyone can afford'. We carry out research and analysis to understand the needs of customers facing financial difficulty, so we can identify and influence potential improvements. This year, we have been commissioned to conduct an independent review of water affordability on behalf of Defra and Welsh Government. In support of our own campaign on affordability, we continue to share best practice on affordability initiatives, payment arrangements and support for other vulnerable consumers in our water sector publication, *Water for All*. In addition to this, we have also had significant involvement in calling for a fair deal for water consumers for the customers of the four companies that appealed to the CMA about their price determination.

2. **Assistance**

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

CCW activity: We delivered on this through our strategic ambition 'Fair charges that everyone can afford', and the key activity is outlined above. In 2020-21, we published our Vulnerability Manifesto, which aims to deliver real change in the industry through practical suggestions and outlines six key outcomes that we want to see. If water companies work toward these outcomes, they will help to deliver our campaign to 'get the basics right for water consumers'.

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 helped deliver this through our strategic ambition to deliver 'A safe and reliable service now and for the future'. In 2020-21, our efforts to support this objective have been focused on working with water companies on implementing the start of their five-year programme of work on long-term resilience and asset maintenance. We have also carried out research, using our WaterVoice Panel, to find out what future customers think about their services. This included comparing what future customers think about environmental priorities for the water sector compared the current customers. We have also tested consumer awareness of their local water resources situation and understanding and expectations of how these will be

¹ Defra's 25 year environment plan can be accessed online here:

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

² Defra's Group Strategy can be accessed online here:

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

³ Defra's Strategic Priorities and Objectives for Ofwat can be accessed online here:

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

managed in future. We will use this insight in discussions with the sector over the coming years as we engage with them about how they use the future customer view as they plan their long-term service and resilience. In addition, we have also challenged water companies to produce climate change adaptation plans, so they reflect best practice thinking and can be used to engage with their customers.

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 helped deliver this work through our strategic ambition of ‘Outstanding services that are always delivered right first time’. Our *Business Customer Insight* research, carried out in partnership with Ofwat in 2020, identified that for small businesses, there is generally low awareness of the market and what it offers. Those that had engaged with the market were generally satisfied with the benefits they received (mainly from lower bills) after they had switched or renegotiated. Of those customers who were aware of the market but had not switched or renegotiated, or were previously unaware of the market before the interview:, they said they were not interested in engaging with the market due to the marginal bill savings on offer for their business; or had a lack of time to engage with the market; or had a general lack of interest. We use this insight – as well as the complaints we receive from businesses about retailer and wholesaler activity – to ensure 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 to deliver this objective through the work described above – specifically, our challenges to water companies on resilience and on the protection of consumers in vulnerable circumstances. In 2020-21, this included being part of a bid with Severn Trent Water to Ofwat’s Innovation Fund to use behavioural science to improve engagement with hard-to-reach customers and communities during planned and unplanned events, including help to manage bills and understanding which forms of communication customers prefer.

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 helped deliver this through our strategic ambition to deliver ‘a safe and reliable service now and for the future’. In addition to working with every water company on a local basis, we have engaged with Governmental and Regional Water Resource Groups to ensure the consumer voice is heard in decisions made about on future water supplies at a national and more local level. We are highlighting the need for good customer engagement on regional plans and to consider water resources investment in the round, alongside other investment pressures at the 2024 Price Review (PR24). We have also been closely involved in the Defra / Water UK planning and reporting activity in relation to Covid-19 and Brexit. We’ve input into monitoring and reporting arrangements, as well as exercises to test preparedness.

7. **Wastewater**

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

CCW activity: We primarily helped deliver this through our strategic ambition to deliver ‘a safe and reliable service now and for the future’. We have argued for a long-term strategic approach to sewerage companies’ drainage plans, and are pleased that the Environment Bill will make sewerage company drainage plans compulsory. We have also joined the call for sewerage companies to tackle sewer overflows through the Sewer Overflow Task Force.

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.

CCW activity: We primarily helped deliver this through our strategic ambition to deliver ‘a safe and reliable service now and for the future’. Our work locally engaging with companies on the issues affecting their service to customers forms part of our ‘business as usual’ activity.

About Welsh Government's objectives

In 2020-21 we continued working with Welsh Government on the review and update of its Water Strategy for Wales to help it reflect the priorities of consumers in Wales. We also contributed to a review of the Price Review process in Wales.

We have continued to provide improved quarterly reports to Welsh Government officials outlining our activity on issues important to water and sewerage consumers in Wales. Our reports provide:

- Updates on key issues in Wales and our work to address them
- Updates on progress towards the delivery of the Water Strategy for Wales
- Information on complaints, assistance schemes and resilience of services in Wales as specifically requested by the Welsh Government
- An overview of broader consumer issues and evidence from England as well as Wales to inform future policy decisions (such as for example our observations on the open market and how this works in England).

The CCW website has been accessible in Welsh as of December 2020 using simultaneous translation software. This means our online advice and services can be accessed in Welsh easily, as well as in other languages. More information on this is provided on page 23.

The commencement of the Wales Act 2017 provisions is still pending⁴ but we have made progress on making the needs and priorities of new Hafren Dyfrdwy customers in mid-Wales (served by a Wales only company since 2018) more visible than in the past⁵. This has been achieved by ensuring they are better engaged through research, their needs better understood through analysis of the contact they make with their company.

We continue to be guided by the Water Strategy for Wales so we report our activity against specific actions that identify CCW in their delivery.

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

CCW activity: In response to the pressure the Covid-19 pandemic put on the financial resilience of households and business in Wales, we worked closely with water companies to achieve flexible approaches to payment for both households and businesses. This included the consideration of payment plans and breaks. We publish and disseminate an annual Wales-specific assistance scheme summary to constituency offices, local government, advisory agencies and a wide range of Wales-based stakeholders.

As part of the independent review of water affordability commissioned by Defra and Welsh Government, we reviewed further proposed changes to assistance schemes offered by Hafren Dyfrdwy and Dŵr Cymru in the light of increasing demand for help and the need to keep help available to a growing number of people in need of financial support. Acting as an agent of best practice sharing, we facilitated communications between water companies in Wales to share their approaches in working with third parties to disseminate information on assistance schemes to broader audiences.

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 are an active partner and participant in the Wales Water Efficiency Roundtable. In 2020-21 we also joined the Wales-wide drought communications group to help inform and coordinate messaging to consumers in Wales. Our work with both companies and other stakeholders in Wales – for example, Natural Resources Wales, Waterwise and the Welsh Government – helped promote appropriate messages to consumers. One of our most valued contributions is a shift to helping the public to understand where their water is sourced from to help inform their water-saving action. We supported a joint Water Efficiency Roundtable bid for Ofwat's Innovation Fund on virtual home water efficiency audits.

⁴ To realign the water industry regulatory boundaries in Wales from wholly or mainly to Wales-only and England-only.

⁵ These customers were previously serviced by Severn Trent Water.

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 have worked with Welsh Government on its communication with business customers to change market conditions in Wales. Our *Business Customer insights report*, published collaboratively with Ofwat, helped to identify services that can add value to the business customer experience. We continue to represent customer views and priorities as evidence in our '*Testing the Waters*' business customer survey. At both Customer Challenge Groups and the Wales Water Efficiency Roundtable we are a strong voice for the consideration of the specific interests of business customers, including a request that water efficiency and leakage audits become free and accessible to businesses in Wales.

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 regular company performance data insights including take-up of social tariffs, WaterSure and other assistance
- b. We 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
- 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: Our team has continued to participate in discussions that help deliver the objectives of the Water Strategy for Wales including (but not exclusively) through the Wales Water Forum, Welsh Government's Price Review Forum, the Wales Water Efficiency Roundtable, the Water Health Partnership for Wales, the Water Management Forum Wales (instead of River Basin Panels) and the Wales specific Drought group.

We joined the Wales-specific Drainage and Wastewater Management Plan Group. 21st century drainage is a key theme of the Strategy that we worked on with water companies in supporting customer engagement and discussions that help inform the development of strategic wastewater issue plans.

We participated in the Western Water Resource Groups to ensure the consumer voice is heard in decisions made about future water supplies at both national and more local levels. We are highlighting the need for good customer engagement on regional plans and to consider water resources investment in the round alongside other investment pressures at the 2024 Price Review (PR24).

We worked with water companies on implementing the start of their five-year programme of work on long-term resilience and asset maintenance and analysed lessons learned from some big resilience incidents experienced in Wales.

Our first Committee for Wales event in February 2021 addressed the issue of managing excess rainfall and reducing flood risk, with speakers including the Green Squirrel Community Interest Company, Cardiff City Council and local resident Marina Lois.

Performance Summary

A summary of CCW's performance during 2020-21:

- We handled nearly **13,000 customer complaints and enquiries** about water companies and retailers in 2020-21. This brings the total number we have handled since 2005 to 434,000. We met our case acknowledgement and case closure targets. Customer satisfaction with various aspects of our service remains high.
- We secured **£1.8 million in compensation and financial redress** for customers during 2020-21. This brings the total amount we have helped return to household and non-household customers to more than **£33 million** since we were established in 2005.
- 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 working with companies to introduce quick improvements such as having useful, consistent information available online, whilst also making longer term improvements to the journey. This starts with looking at how CCW can best assist consumers, giving clearer advice and direction earlier in a complaint and helping consumers access the right form of resolution sooner.
- Supporting low-income households by raising awareness of the help available through water companies' social tariffs has been particularly important throughout the pandemic. In the first half of 2020-21, take-up of these schemes rose by 13 per cent, with over **817,000** households now registered for assistance. The value of support provided through these schemes – along with the WaterSure scheme – has now surpassed **£150 million** a year (figures include some double counting where customer supported by separate water and sewerage companies).
- Our benefits calculator and grants search tool have continued to make a difference to low-income customers, helping them to identify additional income to which they may be entitled. During 2020-21, **1,366** people used our benefits calculator to identify **£6.25 million** in new potential benefit entitlements. A further **365** people used the grant search tool to find financial help.
- We also helped customers save water and money, with **over 220,000** visits to our water meter calculator in 2020-21. The total potential saving for these customers was estimated at nearly **£14 million**.
- Our programme of research continued to help 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 used our online research community, WaterVoice, to speak to customers in real-time about a range of issues including the impact of Covid-19, climate change and social value.
- Despite challenges presented by the Covid-19 pandemic, we remained a key source of advice and insight for the media on a wide range of water consumer issues throughout the year. We featured in **679** individual pieces of media coverage spread across print, online and broadcast media both nationally and locally, reaching a potential audience of almost **197 million** people.
- In 2020-21, 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.

Performance Analysis

In 2020-21, CCW continued to play its part in keeping water consumers' views at the heart of water industry regulation and decision-making. Our key performance indicators were set out in our Operational Business Plan (OBP) for 2020-21. This performance analysis shows how we achieved our measures of success for each strand of work.

As part of our Forward Work Programme for 2020-23, we refreshed our mission which was supported by four key campaigns, as follows:

Strategic aim: Securing a safe, reliable service and a fair deal for water consumers.

The key campaigns we focused on in 2020-23 were:

- Create excellent, accessible and affordable services for all
- Get the basics right for water consumers
- Ensure water and sewerage services are fit for the future
- Improve water regulation for consumers

CREATE EXCELLENT, ACCESSIBLE AND AFFORDABLE SERVICES FOR ALL

One in ten customers in England and Wales (one in eight in Wales) considers their water bill to be unaffordable⁶, a figure that's likely to have increased due to the economic consequences of the Covid-19 pandemic. CCW's work with all water companies to develop and promote support for customers in financial hardship has therefore been more important than ever.

The number of customers supported by companies' social tariffs continued to rise in 2020-21. At the mid-year point, more than 817,000 customers were receiving reduced water bills through these schemes, an increase of 13% from the beginning of the year (figures include double counting where customer supported by separate water and sewerage companies).

The financial impact of Covid-19

We worked in partnership with water companies as they developed their approaches to affordability support in response to the outbreak – and subsequent financial impact – of Covid-19. Around **100,000 customers** are currently receiving support through payment breaks.

Throughout the pandemic, we have used our strong relationship with consumer media and growing presence on social media to promote awareness of financial support for both household and business customers, with a dedicated advice page on our website and frequent signposting to our calculator tools.

Our Benefits Calculator and Grant Search Tool 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 2020-21, 1,366 consumers used the Benefits Calculator and identified that they may be eligible for annual benefits totaling **£6.25 million**, a notable increase compared to the previous year. Meanwhile, our Grants Search Tool attracted 365 visitors who searched to see if they might qualify for assistance from a pool of more than 3,000 charitable funds.

⁶ CCW's [Water Matters research](#), 2019-20

Influencing social tariff guidance development

In October 2020, CCW was commissioned by Defra and Welsh Government to undertake an independent review of the financial support measures currently offered to water customers in England and Wales. The review was asked to identify if changes to existing measures, their financing and delivery mechanisms, could provide greater benefits to consumers facing financial pressures.

A comprehensive project has ensued – coordinated by CCW and with its own independent governance – comprising a full programme of stakeholder engagement, an in-depth evidence-gathering process supported by a call for evidence, and the commissioning of four research projects to support the review's recommendations. The final report was published in May 2021 and its recommendations will form the basis of CCW's refreshed campaign on affordability in 2021-22.

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.

An essential component of this support is the Priority Services offered by all water companies. These provide extra support, free of charge, to customers who need additional help in accessing a company's services; they can also be used to provide emergency assistance to consumers in vulnerable circumstances in the event of a water supply interruption.

We continue to see encouraging signs of year-on-year growth in the numbers of consumers signed up for Priority Services. Last year (2019-20) the number of customers registered increased by almost 42 per cent, and in the first half of 2020-21, this figure continued to rise, with the number of consumers receiving help increasing from almost 596,000 to more than **815,000**. The number of customers who are registered for extra help has increased by **118%** across the five-year period since 2016.

Working in partnership to deliver change

In late 2020, we launched our Vulnerability Manifesto, which sets out six key outcomes we are committed to achieving to remove the barriers that prevent some consumers accessing non-financial assistance. Such barriers can include mental and emotional barriers, literacy and language skills, or sometimes the mere complexity of the process.

To support our work in this area, we are partnering with several water companies to pilot schemes that seek to reduce communication barriers between companies and the communities they serve. In 2020-21, we began work with Yorkshire Water on a pilot to engage with marginalised communities in Bradford, and with Severn Trent Water on a pilot in Leicester which explores the relationship between behavioural science and customer engagement.

Every year, CCW brings together water companies, consumer groups and other organisations which support the financial vulnerable at our affordability and vulnerability seminar. While the pandemic has prevented us from hosting this event in 2020-21, we have proactively sought alternative opportunities to engage with stakeholders and decision-makers, taking advantage of the increased flexibility that video conferencing allows.

In February 2020, we hosted a roundtable session which brought together consumer bodies and regulators from the wider utility sector, including Citizens Advice and Energy UK. The discussion focused on affordability and vulnerability issues that are common to the sectors served by the respective attendees – such as income deficit, consistency of information, and the need to reach minority ethnic communities – and explored ways in which these organisations should work together to identify a collective approach to solving these problems.

For the water industry specifically, CCW has also formed Vulnerability Forum that will hold similar roundtables on specific topics to help deliver the improved outcomes we're seeking in our Vulnerability Manifesto. The purpose of these will be to explore solutions, reduce barriers and commit to implementing improvements, and will begin in 2021-22.

Our annual *Water for All* affordability and vulnerability report was published in November 2020, highlighting relative performance and examples of good practice from across the water industry.

Reviewing water companies’ debt recovery processes.

Following our review of water companies’ debt recovery processes, we made recommendations to Ofwat for improvements to its Debt guidelines; in particular, the need for targeted guidance to protect consumers in vulnerable circumstances.

We also made improvements to our own debt assessment process, which includes assessing whether a company has taken appropriate steps to identify a customer’s individual circumstances, considering whether the consumer is particularly vulnerable and whether the support offered by the company is appropriate to their individual circumstances. We implemented this new process in March 2021.

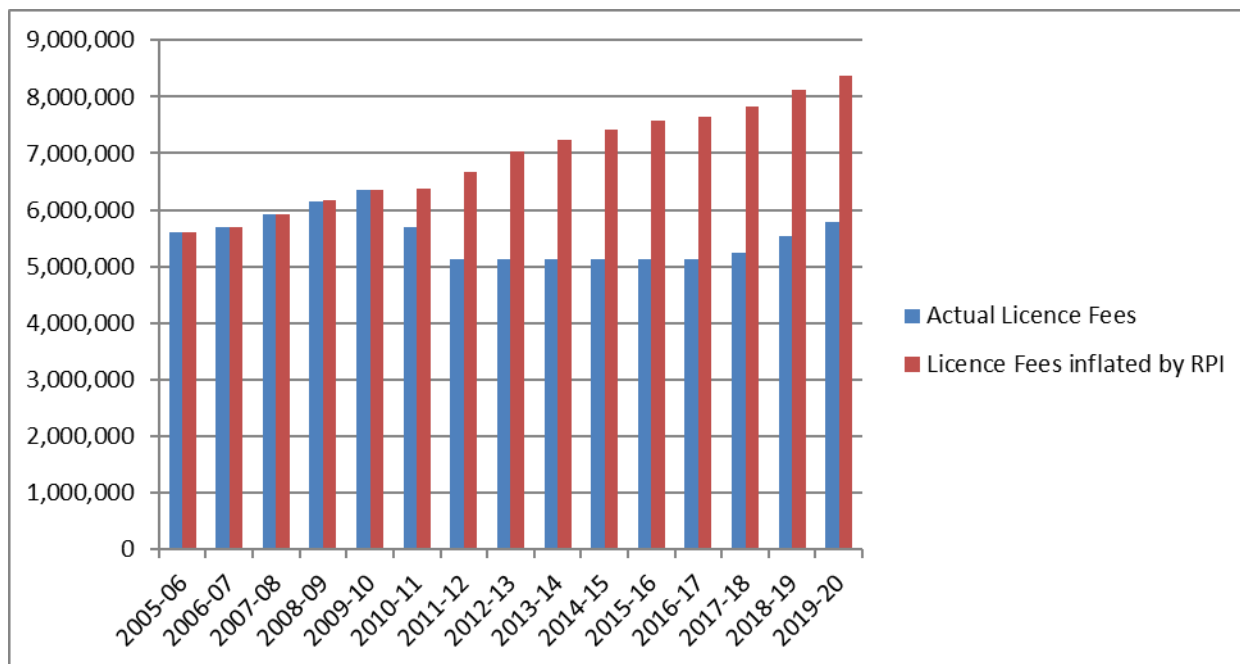
WaterSure

WaterSure is a 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 6%** in the first half of 2020-21, double the increase seen in the same period the previous year. More than 177,600 metered customers are now registered for help across England and Wales. Of these, approximately 10% are customers in Wales.

Our Costs

We believe that keeping our costs to a minimum is important, as they are charged to consumers through water companies’ bills. For 2020-21 our licence fee was £5.9m. This cost each bill payer 22p on their annual bill. 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.



GET THE BASICS RIGHT FOR WATER CONSUMERS

At the end of 2020-21, we had received nearly 13,000 consumer complaints and enquiries about water companies and retailers. This is an increase of 5% compared to 2019-20, with the increase mostly driven by consumers

making enquiries rather than complaints. The number of complaints made, and the number of complaints that we investigated, actually decreased. We investigated 64 complaints in 2020-21, a decrease of 55% compared to 2019-20.

Complaints

Complaints made to us fell by 2% compared to the previous year. This has been driven by a drop in complaints from non-household customers (-18%) compared to 2020-21. This continued the much-needed improvement in non-household complaints to CCW that we saw begin in 2019-20.

We also did not see the usual steep rise in complaints we experience when customers receive their new bills between February and April 2020, and this quiet period continued in throughout the first quarter of 2020-21. This may have been due to the impact of the Covid-19 and companies stepping up their communication with customers during the early stages of the pandemic. Despite this quiet start to the year, we saw complaints from household customers increase by 5% compared to last year.

| Contacts to CCW from customers | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 |
|--------------------------------|---------|---------|---------|---------|---------|
| Enquiries | 2,865 | 2,017 | 2,019 | 9,165 | 10,699 |
| Complaints | 10,013 | 10,256 | 11,254 | 9,650 | 8,715 |
| Formal Investigations | 63 | 143 | 65 | 29 | 7 |

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 our complaint acknowledgement target but fell short of our 20 and 40 working day closure targets. Despite the quiet start to the year, this period was immediately followed by a much busier than normal summer, as people started to return to their pre-lockdown lives, and pick back up issues that had been put aside whilst other concerns took priority. Many companies – both retailers and wholesalers – saw a similar low then high complaint volume profile.

Whilst the increase in contact and the backlog of operational work did not cause problems for most companies, for some it created large backlogs of complaints, and consequently, significant delays in handling them. These delays then impacted on CCW, preventing us from progressing and resolving some complaints. Because we have always handled our customer complaints in the order we received them, the delays at some companies affected the service we provided to all of our customers. This has heavily impacted CCW's case closure times, as reflected in our 20 and 40-day performance. We know that this is not acceptable.

Whilst we have fallen short of our case closure targets, by some mark, we have made some significant steps forward in our administration and case allocation processes. We are now able to provide a far more "business as usual" service to customers of companies that are not experiencing issues, rather than all our customers being affected by the poor performance of a handful of companies. We have introduced new case allocation flags to ensure vulnerable and priority cases can be allocated within one working day. As well as directing customer to our new factsheets, we are piloting a process to help consumers better understand their options and issues, giving them confidence to make and to escalate their complaint directly with their company, so lowering CCW input but adding more value at the first point of contact. We have improved our web forms, we have automated our administration and we are working with companies to firm up SLAs and better manage the sharing of information between them and us, lowering effort for customers in their complaint journey. Some companies continue to experience delays in resolving their consumer complaints. However, we believe that despite this ongoing issue, we enter 2021-22 in a position to provide our normal, excellent standards of service to the majority of customers and a better expectation management and advice to those of the affected companies.

| | 2020-21 | | 2019-20 | | 2018-19 | | 2017-18 | | 2016-17 | |
|--------------------------------|------------|--------|------------|--------|------------|--------|------------|--------|------------|--------|
| | OBP target | Actual | OBP target | Actual | OBP target | Actual | OBP target | Actual | OBP target | Actual |
| Percentage of complaints | | | | | | | | | | |
| Acknowledged in 5 working days | 99.5% | 99.9% | 99.5% | 99.9% | 99.5% | 99.7% | 99.5% | 99.7% | 99.5% | 99.6% |
| Closed in 20 working days | 80% | 66.8% | 80% | 80.0% | 80% | 76.4% | 80% | 80.0% | 80% | 80.4% |

| | | | | | | | | | | |
|---------------------------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|
| Closed in 40 working days | 91% | 82.4% | 91% | 91.8% | 91% | 88.7% | 91% | 92.4% | 91% | 92.1% |
|---------------------------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|

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.

We are pleased to see that, despite the perhaps unsurprising decrease in satisfaction with the speed of our service, under the challenging circumstances of 2020-21, satisfaction with our overall quality of service remained virtually unchanged. Satisfaction with our courtesy mirrored last year's result, and satisfaction with the outcome CCW was able to achieve increased.

| | 2020-21 | | 2019-20 | | 2018-19 | | 2017-18 | | 2016-17 | |
|--|------------|----------|------------|----------|------------|----------|------------|----------|------------|----------|
| 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 | 61% | 59.3% | 61% | 57.9% | 61% | 54.7% | 61% | 63.5% | 61% | 62.5% |
| Speed | 80% | 65.3% | 80% | 73.7% | 80% | 66.4% | 80% | 69.1% | 80% | 77.2% |
| Service | 75% | 72.1% | 75% | 72.6% | 75% | 67.9% | 75% | 73.3% | 75% | 75.9% |
| Courtesy | 93% | 94.8% | 93% | 94.8% | 93% | 93.7% | 93% | 93.5% | 93% | 93.6% |

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 2020-21.

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 2020-21, 378 consumers asked CCW to escalate their complaint to WATRS or made us aware that they had approached the scheme. This is around 4% of all complaints that we closed in the year, consistent with the escalation level we saw in 2019-20. Consumers have six months from the time we close their case to go to WATRS, so this number may increase over the coming months.

ENSURE WATER AND SEWERAGE SERVICES ARE FIT FOR THE FUTURE

Our changing climate and growing population are increasing the pressure on our water resources. A report published by the Committee on Climate Change⁷ suggests that if nothing is done about water availability in England and Wales, by 2050 there could be a potential gap of up to of 2.7 billion litres of water per day. CCW is committed to supporting the industry in rising to this challenge.

In 2020-21, we continued to challenge companies to ensure the environmental performance commitments they made at the 2019 Price Review (PR19) are on track for delivery. Through quarterly meetings with the companies and, where applicable, their Customer Challenge Groups, we have monitored their progress against these commitments. We have also been engaged in the sector's planning, management and monitoring of incidents including the impact of Covid-19, responding to extreme weather conditions and water supply interruptions. Our observations have been used to provide feedback to the industry and at individual company level.

⁷ http://www.ukclimaterisk.org/wp-content/uploads/2020/07/Updated-projections-of-future-water-availability_HRW.pdf accessed 28/04/21

We've continued to speak out for consumers in decisions made regarding water resource planning at both regional and national levels in England. Our Chief Executive, Emma Clancy, has joined both the Senior Steering Group for the Water Resources Framework and the new Senior Demand Management Group established by Defra, while our Regional Senior Policy Managers have engaged with regional planning groups.

Encouraging decision-makers to understand – and listen to – the views of consumers is a key role that CCW plays in this area. Through active engagement with Water Resources South East (WRSE), we have influenced the development of its customer research programme and have also been encouraging other regions to undertake similar customer research and broaden their consumer engagement to help inform regional plans. Against the backdrop of the financial implications of the Covid-19 pandemic, we have stressed the need for affordability to be a central consideration as water resources plans for the 2024 Price Review (PR24) are finalised.

Working together to tackle sewer flooding

Sewer flooding can be devastating, both for the environment and for the customers who are unfortunate enough to experience it. It can happen inside the home, or outside people's properties, and can be caused by a number of situations such as heavy rainfall and flooding, or a blockage in the system caused by inappropriate items being disposed of down the sink, toilet and drain.

Around £100 million is spent by sewerage companies every year to clear clogged up pipes, while our [Water, Water, Everywhere?](#) report, published in September 2020, revealed that up to 14% more properties were flooded with sewage in 2019-20 compared to the previous year. In February 2021, we took part in interviews across regional TV and radio in Oxfordshire, where some communities had been particularly badly affected. As well as offering advice to consumers on their rights, we also used the coverage as platform to call for higher levels of compensation for people affected by sewer flooding.

We have previously expressed our disappointment at the lack of activity at a national level in both England and Wales to help reduce sewer blockages and subsequent flooding caused by "unflushables" such as wet wipes and sanitary products. Since the Water UK '21st Century Drainage' board was disbanded in 2019, we have sought to resurrect such a national group, and have approached a water and sewerage company experienced in this area to request that they lead a group to work on this campaign. The company is considering our request and we look forward to working with them to take this forward. In Wales, we joined the Welsh Government Drainage and Wastewater management group to help coordinate strategic and long term priorities on wastewater, consider customer evidence and coordinate future public-facing activity.

Reducing pollution from storm overflows

Originally intended as a last resort to release excess water from the sewerage network, combined sewer overflows (CSOs) take excess water from the sewerage system and direct it into streams, rivers and the sea through outfall pipes. With climate change increasing the frequency and severity of our stormy weather, our sewerage system – much of which dates back to Victorian times – and these CSOs, are under increased pressure.

Campaign groups and the media have voiced growing concerns about how the use of CSOs is monitored and regulated by water companies, as well as the environmental impact the discharge of untreated human waste can have on our rivers and coastlines.

We expect water companies to be able to cope with the impact that climate change is having, to be prepared for sudden changes, and to prevent disruptions to consumers' water and wastewater services. We also know that consumers care passionately about protecting the environment, and so we were pleased to be invited to join Defra's Storm Overflow Task Force, which was established in August 2020. The task force brings together water companies, regulators and environmental organisations to reduce the harm caused to the environment by storm overflows and increase transparency around when and how they are used, with the ultimate goal of improving the quality of rivers and waterways.

CCW acts as the consumer voice on this task force, emphasising the importance of engaging with consumers – particularly environmental groups – in a more active and transparent way. We are pleased to report that the task force now has a group working on these very issues which we hope will lead to greater understanding, engagement and cooperation between water and sewerage companies, consumers and river users.

Informing planning through shared research

As water companies work on their Drainage and Wastewater Management Plans (DWMPs) ahead of their publication in 2022, CCW's focus has been to promote and improve wider consumer engagement in the development of these plans, as well as encouraging the sharing of research findings between companies. Dŵr Cymru / Welsh Water was the only company to complete consumer research before the pandemic hit, and subsequently agreed to share this research with the wider industry.

We set companies a challenge to engage and consult with a wider group of consumers than in previous planning periods, and in particular that engagement should take place with local flood groups. This was demonstrated by Dŵr Cymru / Welsh Water in its research, and we also know from our individual meetings with water and sewerage companies that other companies are also stepping up to meet our challenge. The pandemic has, of course, affected companies' engagement programmes, but we will continue to scrutinise DWMP engagement to ensure more consumers have the opportunity to comment and shape the plans.

Promoting the value of water

Despite the prospect of water demand outstripping supply by 2050, there is no sign that consumers are recognising the need to reduce their own consumption. According to our [Water, Water, Everywhere?](#) report, the average amount of water that a person uses each day reduced by 1% in 2019-20, to 142 litres per person, per day (l/p/d). This is the first time water consumption has reduced in five years. CCW is committed to promoting the value of water, working with water companies and industry stakeholders to increase public awareness of the importance of using water wisely.

We know from our research⁸ that explaining the 'bigger picture' on climate change and population growth, can help to effect meaningful change in consumers' views and behaviour around water use, helping them to understand why they need to save water before telling them how. In 2020-21, through social media and communications, we have supported industry-wide initiatives on water efficiency messaging, partnering in both Water UK's *Water's Worth Saving* campaign, and Waterwise's *Water Makes It Possible*.

Representatives from CCW have attended and contributed to the Water Leaders' Group's Value of Water subgroup, which looks into developing consistent messaging on this topic across the industry. We were also interviewed for the group's literature review, providing insights from our own research.

IMPROVE WATER REGULATION FOR CONSUMERS

Concluding the 2019 Price Review

As the 2019 Price Review (PR19) drew to a close last year, four water companies – Anglian Water, Bristol Water, Northumbrian Water and Yorkshire Water – challenged the final determinations set by Ofwat in an appeal to the Competition and Markets Authority (CMA).

Throughout the appeal process, CCW was a vocal advocate for consumers, urging the CMA to consider the impact of its decisions on customers, particularly the financially vulnerable. We gave detailed evidence at two of the CMA's hearings, using our detailed analysis and customer research to illustrate the issues that matter to consumers. We reiterated the negative impact that over-generosity to companies can have on consumers' perceptions of value for money and the fairness of bills, and warned against reversing Ofwat's decision in this regard.

Ultimately, the CMA's final decision to increase the WACC meant that customers of the four appellant companies will see larger bills than those originally set by Ofwat. We were disappointed with this outcome, and responded by calling for customers to have a much bigger say in the CMA process, which is inaccessible, complicated and expensive. We also spoke out about the CMA's failure to demonstrate how it took consumer views into account as its final decision appeared to come at the expense of customers, without delivering any material benefit to consumers.

⁸ <https://www.ccwater.org.uk/research/saving-water-helping-customers-see-the-bigger-picture/> accessed 28/04/21

Looking ahead to PR24

Despite the 2019 Price Review process continuing into 2020-21, work to prepare for the 2024 Price Review (PR24) has begun in earnest, with CCW conducting a full-scale review of the process and making recommendations for improving how the five yearly price review works for consumers.

A [‘lessons learned’ review](#) was published in October 2020, which concluded that while PR19 achieved an outcome that was generally favourable for consumers, there is scope to improve a number of the ‘building blocks’ that make up the price settlement. We made the following recommendations to improve future price setting for consumers:

- Strengthening the influence of consumers’ views and expectations in price setting decisions by both water companies and Ofwat.
- Improving regulatory incentives applied to water companies, so they can work better to deliver greater improvements for consumers.
- Making customer engagement by water companies more meaningful and effective. The industry should build on the recommendations of CCWs [‘Engaging Customers’](#) research from May 2020 when deciding how best to engage with customers.

To help water companies improve their customer engagement, we conducted a review of how well they engaged with their customers through the 2019 price review and developed a [framework for future engagement](#) for the industry to follow, which builds on the recommendations from our ‘Engaging Customers’ research. As a result, we hope to see more ongoing engagement outside of the price review process as well as more community-based engagement on issues that will affect customers’ local areas.

As part of our ongoing work to strengthen consumers’ influence on future price-setting, we have also produced several discussion papers on the future of incentives and consumer representation models, setting out our recommendations for how these can improve ahead of PR24.

In Wales, we participated in a Welsh Government review of PR19 and contributed to discussions that could help inform a Wales-specific vision for future price reviews.

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 four 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. Joint business customer insight research carried out by CCW and Ofwat in 2020 revealed that satisfaction with retailers has remained stable over the last few years, at **78% in 2019-20** across all businesses, compared to 80% the year before. However, this does differ according to the size of businesses, with satisfaction among large businesses (with over 250 employees) at 92% in 2019-20 compared to 63% in 2018-19. For SMEs, 78% were satisfied in 2019-20 and 69% in 2018-19.

However, complaints to us from business customers have **increased by 317%** since the market opened, although many of the causes of these complaints existed before the market opened, with billing and charges accounting for around 77% of all business customer complaints to CCW.

As we entered 2020-21, England was in lockdown due to the Covid-19 pandemic. We, Ofwat and MOSL (the market operator for the non-household retail market) - working with the industry - were quick to react to ensure the necessary protections were put in place quickly and effectively to protect business customers and respond to the varied change in circumstances business customers were facing.

First of all, for all businesses that were required to close their premises as a result of Government guidelines, their water retailers were able to apply a temporary vacancy flag to their accounts from 16 March to 31 July, effectively stopping all water charges. For these customers, retailers were also prevented from disconnecting premises due to non-payment, charging interest for no or late payment, and carrying out debt collection activity.

It was critical that this support was communicated clearly to all customers and, at CCW, we worked closely with retailers to ensure this happened, guiding them to make changes where needed. Communication from retailers was generally slow at first, but with our intervention, improved so that customers were made aware of the help available to them. Through updates to our own website, and talking directly to customers through our forum, we also spread the important messages.

To help ensure retailers are billing customers based on the water they have used during these unpredictable times, many retailers have been reaching out to their customers asking them to take meter readings. CCW has supported this messaging, where it is safe for customers to do so.

CCW has also worked with Ofwat to help ensure that protections remained in place for businesses. In October 2020, we requested a change to the Customer Protection Code of Practice, which set out the rules around customer service businesses receive from retailers. As customer protection against disconnection for non-payment, application of interest on outstanding charges, and debt recovery action disappeared when the vacancy flags were removed, we recognised there would be closed businesses who would be in need of this. We proposed an amendment to the code which would have reinstated these protections for all businesses still required to close due to pandemic restrictions. While all our asks were not implemented, our work led to a strengthening of the requirement on retailers to offer a repayment scheme to those affected by the pandemic, and report on this to us and Ofwat on a monthly basis.

We continue to act as the customer representative on the Market Codes Panel, ensuring the best interests of customers are represented as changes to the rules governing the market are proposed. Through our membership of the Panel, market committees and working groups, we work with the industry on changes that are focused on resolving the issues that are causing the largest customer detriment.

In Wales, we worked with the water companies to ensure there was proactive support of business customers in Wales early in the pandemic. In 2020-21 we were consulted on Welsh Government's communications to engage with business customers on future proposed changes to the market in Wales. Our team has started thinking about collating customer insights to help identity services which add value to the business customer experience regardless of the market conditions in which they operate.

Engaging stakeholders to produce benefits for customers

The appointment of a new Chief Executive for CCW in July 2020 provided an opportunity to review and refresh the organisation's relationship with stakeholders. Initial contact meetings were held between Emma Clancy and key stakeholders including Defra, Welsh Government, water company CEOs, Water UK, Ofwat, the Environment Agency, Natural Resources Wales and MOSL.

In September 2020, CCW was invited to attend a roundtable hosted by Minister Pow, Parliamentary Under Secretary of State at Defra, to discuss issues facing the water sector, particularly relating to Green Recovery and the need for greater ambition in delivering environmental improvements.

In February 2021, CCW sponsored an event organised by the Chartered Institute of Water and Environmental Management (CIWEM), at which our Director of Policy, Research and Campaigning, Mike Keil, presented on the importance of water companies preparing climate change adaptation reports. At this event we also hosted a virtual event booth to facilitate one-to-one discussions with other delegates.

Environmental considerations also took centre stage at a newly-formed working group involving CCW alongside the National Home Improvement Council, Bathroom Manufacturers' Association, Waterwise and The Water Regulations Advisory Scheme (WRAS). Discussions at this group focused on how these organisations can work together to make water efficiency a greater consideration for consumers when making key decisions about home improvements.

CCW's Chair, Rob Light, has also continued to promote the organisation and its key campaigns by addressing delegates at a number of high-profile conferences and events. In 2020-21, this included a presentation on innovation at the WWT Water Industry Innovation Conference, as well as Utility Week's Customer Summit, both of which focused on improving customer engagement.

As well as engaging in stakeholder events, we have also hosted our own, with the increased use of video conferencing throughout the pandemic facilitating easier and more frequent engagement with a range of stakeholders from across England and Wales.

With our regional committees disbanded on 1 July 2020, we set about devising a new format for our England and Wales Committee meetings with the aim of amplifying more stakeholder voices on specific issues. Both committees met for the first time in February 2021. In England, we focused on the issue of inland bathing water quality, with speakers including the Ilkley Clean River Trust and the National Farmers' Union (NFU). Meanwhile, in Wales, we heard about community engagement in managing excess rainfall and reducing flood risk, with speakers including the Green Squirrel Community Interest Company, Cardiff City Council and local resident Marina Lois.

Upon the publication of our annual household complaints report in September 2020, our CEO, Emma Clancy, wrote to all water companies to congratulate better performing companies and to encourage greater ambition in complaint resolution from the wider industry. In October, we hosted a virtual event focusing on improving the customer complaint journey, calling for faster response times while recognising that, for some consumers, resolving complaints satisfactorily isn't all about speed. With several water companies sharing best practice from across the industry – including insight on delivering quality first-stage resolutions to complaints – Defra and Ofwat also attended to share their views on complaint handling and the future of the consumer complaint journey.

The launch of our Forward Work Programme for consultation in January 2021 was accompanied by two virtual stakeholder sessions, to which we invited organisations to tell us directly what they thought of our strategic objectives and campaigns, without the need to provide a response in writing. This generated some lively discussions about our level of ambition as an organisation, with stakeholders commenting on the improved clarity of our vision and direction. The event was attended by over 50 stakeholder representatives from the water industry and beyond, and their input helped to form amendments to our strategy prior to its final publication in March 2021.

Understanding consumers' views

Our research plays a vital role in helping us to understand 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 2020-21 we published two major pieces of research, including [Water Matters](#), which is our annual tracking survey of households' views on their water and sewerage services. We also used our new online research community, WaterVoice, to speak to more than 600 customers in real-time about a range of issues including the impact of Covid-19, climate change and social value.

Supporting our review of the 2019 Price Review, we produced a [research report exploring customer engagement](#). We used this to understand what issues customers feel it's most important for water companies to ask their views on, and to make recommendations to water companies on how they can do this research in a meaningful way for both business-as-usual activities and price reviews.

We also collaborated with Ofwat to commission research investigating [business customers' experiences](#) interacting with the water and wastewater non-household retail market in England, which fully opened in April 2017. This research was used as part of Ofwat's third annual 'state of the market' review of the business retail water market, and is the third year in which we have collaborated with Ofwat in producing this research.

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 2020-21, our ability to secure coverage for our messages was significantly impacted by the dominance of the news by Covid-19 and the subsequent furlough of many of our key journalist contacts. At the end of the year, we had featured in more than 460 individual pieces of coverage, spread across online, print and broadcast media. This had the potential to reach a total combined audience of almost 196 million people.

Despite the challenges presented by Covid-19, our advice for pandemic-hit households on how to seek support with their water bills featured repeatedly in the mainstream media. We worked with journalists, contributing to The Sun and Mirror newspapers on a series of articles providing advice on everything from switching to a meter to signing up to a social tariff. In addition, we received three separate mentions for us and our water meter calculator on ITV 1's flagship money advice programme – the Martin Lewis Money Show – between November 2020 and January 2021. In addition, the financial and practical support available to consumers in vulnerable circumstances – both during Covid-19 and beyond – was the focus of our Vulnerability Manifesto and *Water for All* report, which attracted coverage from the Guardian and trade media.

Website: Our website is a valuable source 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. In 2020-21, the site attracted more than 353,000 visitors. Our water meter calculator continues to attract the majority of visitors to our website.

At the beginning of the year, we began work towards achieving the The Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018, which aim to ensure that online public services are accessible to all, including those who are visually impaired or in any other way disabled. The deadline for compliance with these regulations was 23 September 2020, which we achieved.

To further improve the accessibility of our website, we implemented an embedded tool that offers a wide range of accessibility features to allow users with visual difficulties to change the way the website is displayed to meet their needs. For example, users can change the background, text and link colours to suit. This tool has the added benefit of enabling automatic translation of all the text on our website so that users can see any and all of our information in more than 100 languages. We're pleased that this tool will not only help all users to access our digital content and online help, but helps support our commitment to the Welsh Language Scheme.

Improvements we've made to the website's content and navigation mean that visitors are now 13% more satisfied with the user experience compared to 2019-20.

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 220,000 visits to the online calculator in 2020-21. The total potential saving for these customers was estimated at about £14 million.

Social media: As the main channel where our day-to-day interactions with consumers take place, 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 2020-21, we made some significant improvements to our approach to social channels, embedding our new brand and improving the impact of our content to encourage more audience interaction, and changing the way we measure our success by switching the focus from impressions to engagement.

After years of growing our Facebook audience organically, we began trialling a series of paid adverts to build our followers on this platform, which successfully grew our audience by 152%. Our approach was to give potential followers a taste of our useful online content and advice, with topics including complaints, affordability and sewer misuse. We also had a bilingual advert specifically targeted at Facebook users in Wales. Overall, our messages for this campaign reached 35,618 people in England and Wales.

On the whole, our messages on social media were visited, liked and shared more than 383,600 times throughout the year, and we have seen an increase in audience engagement with our posts by an average of 0.9% on Twitter and 5.6% on Facebook.

STRATEGIC RISK

Information about the link between our performance outcomes and the strategic risks facing CCW during 2020-21 is highlighted in the 'Managing risk' section of the Governance Statement on page 34.

Financial Summary

The main financial highlights are summarised below:

| Operating Cost Summary | 2020-21 | 2019-20 |
|--|----------------|----------------|
| | <u>£000s</u> | <u>£000s</u> |
| Other Operating Income | | |
| Total income from contracts with customers | (33) | (46) |
| | (33) | (46) |
| Expenditure | | |
| Operating Costs | 6,001 | 5,909 |
| Net Operating Cost | <u>5,968</u> | <u>5,863</u> |

The revenue budget for CCW during 2020-21 was £6,001k including £65k carried forward from 2019-20. 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.



Emma Clancy
Chief Executive and Accounting Officer
Consumer Council for Water

16 July 2021

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

ACCOUNTABILITY REPORT

Corporate Governance Report

Directors' Report

CCW Board

CCW is led by national Council, known as the Board. During the year there have been nine Board members including the Chair. In addition the Secretary of State appointed the CCW Chief Executive to the CCW Board. Board Members in post during the year were.

| | First Appointed: | Re-Appointed: | Expires: |
|---|------------------|---|------------------|
| Robert Light (Chair) | 6 June 2019 | | 5 June 2022 |
| Tony Smith (Chief Executive to 30 June 2020) | 1 December 2005 | 1 December 2009 1 December 2013 1 December 2017 | 30 November 2021 |
| Emma Clancy (Chief Executive from 1 July 2020) | 1 July 2020 | | 30 June 2024 |
| David Heath | 1 June 2015 | 1 June 2019 1 March 2020 | 28 February 2021 |
| Bernard Crump | 1 February 2013 | 1 February 2017 | 31 January 2021 |
| Tony Redmond | 1 March 2013 | 1 March 2017 | 28 February 2021 |
| Rhodri Williams (Wales Chair) | 1 November 2019 | | 27 October 2023 |
| 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 2020-21 the CCW Board was restructured. More detail on the board changes are included in the Governance Statement.

Conflicts of interest

CCW maintains a register of Board members' interests which is reviewed throughout the year and is available on CCW's website⁹; Board members' must also confirm annually that the register interests is up to date. All board members are required to declare any personal or business interests that may influence their judgement in discharging their obligations at the start of each meeting they attend. Any potential conflicts of interest are recorded in the minutes and, where an actual conflict of interest is identified, Board members take no part in any discussion on the issue under consideration. There were no actual conflicts of interest during 2020/21.

CCW also maintains a register of interests for its Executive Team which is updated on an annual basis. The Executive Team have declared that they hold no company directorships or other significant interests that might have caused a conflict with their CCW responsibilities.

The senior management team

The composition of the senior management team, known as the Executive Team, during 2020-21 was:

| | |
|---------------|---|
| Tony Smith | Chief Executive (to 30 June 2020) |
| Emma Clancy | Chief Executive (from 1 July 2020) |
| Phil Marshall | Deputy Chief Executive (to 17 Mar 2021) |

⁹ 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)

| | |
|--------------|--|
| Mike Keil | Head of Policy & Research / Director of Policy, Research and Campaigns |
| Carl Pegg | Head of Consumer Relations |
| Paul Hibbert | Interim Head of Finance & Procurement (to 10 June 2020, returned from 30 Dec 2020) |
| James Wilson | Head of Finance & Procurement (from 08 June to 31 Dec 2020) |
| Amanda Caton | Head of External Communications |

The Chief Executive was appointed by the Secretary of State as a member of the Board. The contract as Chief Executive is a standard open-ended contract with a six-month notice period. The Chief Executive, on her 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.

The contracts of Carl Pegg, Mike Keil and Amanda Caton are standard open-ended contracts with a three-month notice period.

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 hosted by Civic during the year. Payroll services are provided by CGI. In 2020-21, 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 2020-21 (100% in 2019-20). 86% were paid within 5 working days compared to a target of 80% (87% in 2019-20). Creditor days were 8.8 days at 31 March 2021 and 6.3 days at 31 March 2020.

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 to promote safe and effective working practices for our home working colleagues during the year. We comply with the Health and Safety at Work Act 1974 and all other relevant legislation as appropriate. We are committed to the positive promotion of accident prevention and the elimination of accidents involving personal injury, illness or damage. At Board level, our Chief Executive is responsible for Health and Safety. Our Board sub-Committees and Staff Council meetings regularly discuss Health and Safety. There were no RIDDOR reportable incidents in 2020-21 and no working days lost to occupational illnesses or injuries. There were no internal accident forms completed.

Important events affecting CCW

We began 2020-21 in the midst of the first national lockdown due to the 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 2020-21 have been prepared on a going concern basis. Defra and the Welsh Government have agreed CCW's 2021-22 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 2020-21 CCW made no donations to political parties.

Personal Data Related Incidents

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

Directors' statement and going concern

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

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

The accounts for 2020-21 have been prepared on a going concern basis. Defra and the Welsh Government have agreed CCW's 2021-22 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 20th 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.



Emma Clancy
Chief Executive and Accounting Officer
Consumer Council for Water

16 July 2021

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

Statement of Accounting Officer's Responsibilities

The Consumer Council for Water (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 2020 to 31 March 2021.

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 '2020-21 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 arrangements for 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
- regularly reviewing 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 structure and membership

During 2020-21 changes were made to the structure of the CCW Board and its regional committees. Until 30 June 2020 the Board consisted of the Chair, three regional Chairs for England (one of whom had been appointed as Deputy Chair), a Wales Chair, three independent members and the Chief Executive. On 1 July changes came into effect that removed the role of Regional Chair and from that point onwards the Board consisted of the Chair, a Wales Chair, six independent members (one of whom had been appointed as Deputy Chair) and the Chief Executive. The changes had been subject to a public consultation and were approved by the Secretary of State. At the same time CCW's Chief Executive, Tony Smith retired and so left the CCW Board and its new Chief Executive, Emma Clancy joined the Board.

The terms of office of two of the independent members expired at the end of January 2021 and for two further independent members at the end of February 2021. A recruitment process for four new members of the CCW Board is currently underway.

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

| 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 | Committee for England | Committee for Wales | Advisory Committee ‡ |
| Alison Austin | 1/9/18 | 9/9 | 5/5 (Ch) | 3/3 § | | | 0/0 |
| Emma Clancy ~ (Chief Executive and Accounting Officer) | 1/7/20 | 6/6 | | | 1/1 | 1/1 | |
| Bernard Crump * | 1/2/17 | 8/8 | | 4/4 | | | |
| David Heath † | 1/7/15 | 8/8 | 2/2 § | 5/5 | | 1/1 | |
| Julie Hill * | 1/2/18 | 8/8 | 4/4 | 2/2 | | | 0/0 (Ch) |
| Robert Light | 6/6/19 | 9/9 (Ch) | | | 1/1 (Ch) | 1/1 | |
| Tony Redmond † | 1/3/17 | 8/8 | 4/4 | 2/2 (Ch) | 1/1 | | |
| Tony Smith ~ (Chief Executive and Accounting Officer) | 1/12/05 | 3/3 | | | | | |
| Rhodri Williams | 1/11/19 | 9/9 | 3/3 § | | 1/1 | 1/1 (Ch) | |
| Robert Wilson | 1/9/18 | 9/9 | 2/2 | 5/5 (Ch from 1/7/21) | | | 0/0 |

Ch Committee Chair

* The term of office for Bernard Crump and Julie Hill both ended on 31 January 2021

† The term of office for David Heath and Tony Redmond ended on 28 February 2021

‡ The Advisory Committee meets when needed; no meetings of the Committee were held in 2020-21

§ Joined Committee 1 July 2020

|| Left Committee 1 July 2020

~ Tony Smith retired as CCW's Chief Executive on 30 June 2020 and Emma Clancy took up that post on 1 July 2020

The Chair and Chief Executive are not members of the Audit & Risk Management Committee, Human Resources & Remuneration Committee or Advisory Committee but are invited to attend relevant meetings; they are both

members of the new Committees for England and Wales. Members of the Executive are invited to attend most Board meetings and relevant committee meetings.

CCW maintains a register of Board members' interests which is reviewed throughout the year and is available on CCW's website. Board members' must also confirm annually that the register interests is up to date. All board members are required to declare any personal or business interests that may influence their judgement in discharging their obligations at the start of each meeting they attend. Any potential conflicts of interest are recorded in the minutes and, where an actual conflict of interest is identified, Board members take no part in any discussion on the issue under consideration. There were no actual conflicts of interest during 2020/21.

The Register of Interests is published online at

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

CCW also maintains a register of interests for its Executive Team which is updated on an annual basis. The Executive Team have declared that they hold no company directorships or other significant interests that might have caused a conflict with their CCW responsibilities.

Board discussions

Notwithstanding general customer service and affordability issues and the performance of the water companies, the Board's primary focus during 2020-21 has been on: the restructure of the Board and work to embed the changes arising from it including oversight of CCW's new Escalation Framework, the restructure of CCW's Executive Team and CCW's change programme, the water industry response to Covid-19, CMA redeterminations for four companies that had appealed Ofwat's PR19 settlement, the future model for complaint handling in the Water Sector, oversight of CCW's research programme and oversight of CCW's governance arrangements and performance.

Covid-19

During 2020-21 CCW followed government advice and moved all staff to homeworking during the Covid-19 lockdown period. During this time the board and its committees meet by video conference in line with its timetable and CCW has continued to fulfil its statutory duties throughout the period.

As we move into 2021-22 we continue to follow government advice about our return to the office environment and are working with our colleagues to develop a new 'blended working' model for the organisation. 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 2021 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.

Committees for England and Wales/former Regional and Wales Committees

When the structure of the CCW Board changed on 1 July 2020 the number of regional committees reduced from five to two; one for England and one for Wales. The role of the Committees for England and Wales is to provide advice and information to the Board on consumer matters affecting the areas of the relevant undertakers allocated to that committee. Before 1 July 2020 CCW had four Regional Committees for England and a Committee for Wales that were each led by a Regional Chair with between three and six members known as Local Consumer Advocates (LCA). The Regional and Wales Committees were removed as part of the work to restructure the CCW Board and have been replaced by the Committees for England and Wales. The LCA role has been reviewed and they are now known as Consumer Advocates and report to our Senior Policy Managers.

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.

In 2020-21, changes were made to the structure of CCW's Executive Team. These changes can be summarised as follows:

- Phil Marshall departed CCW on 17 March 2021 and the role of Deputy Chief Executive was not subsequently recruited to
- Mike Keil's job title changed to Director of Policy, Research and Campaigning
- Carl Pegg voluntarily stepped down from the role of Head of Consumer Relations on 31 March 2021
- A new post of Director of Consumer Relations was created and will be filled in 2021-22
- A new Executive Head of Business Services post was also created which will also be filled in 2021-22
- Amanda Caton's job title changed to Executive Head of Communications.

Board performance and assessment of its own effectiveness

In 2020-21, 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 development of a strategy for the organisation that is central to the way it is managed and aligned to its remit and resources
- that the board is cohesive and combines being supportive of management with providing appropriate challenge; and
- that a Boardroom culture that allows Board members to speak frankly.

Areas for improvement identified included:

- board diversity
- the role of the Deputy Chair; 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 that includes a professional opinion on the effectiveness of the overall systems of internal control and risk management within CCW. The internal audit opinion for 2020-21 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. Towards the end of 2020 CCW retendered the contract for internal audit services and RSM have been reappointed for a further two years with the option for a further extension of up to two years from 1 April 2021. During 2020-21 RSM provided an independent service for management by measuring and auditing the adequacy, reliability and effectiveness of management and financial control systems. During 2020-21, they reviewed the following areas of work:

- Appraisal process
- Finance controls – e-purchase
- Rebrand processes and documentation
- Governance – Board Restructure Project
- Risk
- Follow up of past recommendations

Across all Audits there were four low recommendation, five medium and 13 advisory 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 2020-21 was £15,173.

External audit

The accounts have been audited by the Comptroller and Auditor General in accordance with the Water Industry Act 1991, as amended by the Water Act 2003. The Audit Certificate is on pages 48 to 51. The cost of providing audit services in respect of the Annual Report and Accounts 2020-21 was £24,000 (2019-20, £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. The Code of Governance was updated in 2020-21 to check that it was appropriate for the new Board structure.

CCW operates broadly in line with the principles set out in the Cabinet Office and HM Treasury corporate governance in central government departments: code of good practice (2017).

Counter fraud, bribery and corruption

CCW continues to take positive action to prevent fraud, bribery and corruption. During 2020-21, policies and procedures relating to procurement have been reviewed 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. CCW is a part of DEFRA's counter fraud group providing learning opportunities and the latest guidance to us.

All CCW staff have been working from home since March 2020. 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 2020-21 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.

Quality Assurance of Analytical Models

CCW does not use any business critical analytical models.

Ministerial Directions

There have been no Ministerial Directions in 2020-21.

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 2020-21 the Board reviewed and updated its risk appetite and the risk management policy has also been reviewed. 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 2020-21 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; and
- Consumer Relations complaints handling performance is adversely impacted by external event

CCW managed all of its risks effectively in 2020-21 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 type of information held.

In line with the Data Protection Act 2018 CCW records all known data breaches and near misses. In 2020-21 none of the breaches were considered to pose a risk to the rights and freedoms of the data subjects and so no reports were made to the Information Commissioner's Office during the period.

Our data protection policies and procedures are designed to safeguard and secure all personal and sensitive information held by CCW. 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. Some of the improvements have been completed in line with internal audit recommendations with others on hold as they form part of CCW's wider ICT Strategy, which is currently being discussed with our Managed Service Provider and CCW ICT Manager. Our internal audit partners are aware of the delay and accept the complexity of the discussions.

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.



Emma Clancy
Chief Executive and Accounting Officer
Consumer Council for Water

16 July 2021

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 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)

| Single total figure of remuneration | | | | | | |
|--|----------------|---------|------------------------------------|---------|---------------|---------|
| | Salary (£'000) | | Benefits in kind (to nearest £100) | | Total (£'000) | |
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| Council Chair | | | | | | |
| Robert Light Appointed 06/06/2019 | 35-40 | 35-40 | 2,300 | 6,500 | 35-40 | 40-45 |
| Regional and Wales Chairs | | | | | | |
| Bernard Crump** Left 31/01/2021 | 15-20 | 35-40 | 100 | 500 | 15-20 | 35-40 |
| David Heath ** Left 28/2/2021 | 15-20 | 35-40 | - | - | 15-20 | 35-40 |
| Rhodri Williams | 20-25 | *10-15 | - | 200 | 20-25 | 10-15 |
| Tony Redmond** Left 28/02/2021 | 15-20 | 35-40 | - | - | 15-20 | 35-40 |
| Independent members | | | | | | |
| Julie Hill *** Left 31/01/2021 | 5-10 | 5-10 | - | 300 | 5-10 | 5-10 |
| Alison Austin | 10-15 | 5-10 | 100 | 1,100 | 10-15 | 5-10 |
| Robert Wilson | 10-15 | 5-10 | - | 300 | 10-15 | 5-10 |

*fye = full year equivalent £20-25K

** fye = full year equivalent 1/4/2020 to 30/6/2020 £35-40K, 1/7/2020 to 31/3/2021 £10-15K

***fye= full year equivalent £10-15K

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) | |
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| Emma Clancy Chief Executive SCS2 Started 01/07/2020 | 85-90** | - | - | - | - | - | 35,000 | - | 120-125 | - |
| Tony Smith Chief Executive SCS2 Left 30/06/2020 | 30-35 | 110-115 | 10-15 relates to performance 19/20 0-5 relates to performance 20/21 | 10-15 | - | 200 | 20,000 | 38,000 | 65-70 | 160-165 |
| Phil Marshall Deputy Chief Executive SCS1 Left 17/03/2021 | 90-95 | 85-90 | 5-10 | 0-5 | - | - | 39,000 | 34,000 | 135-140 | 120-125 |
| Carl Pegg Head of Consumer Relations SCS1 | 70-75 | 70-75 | - | - | - | - | 35,000 | 23,000 | 105-110 | 95-100 |
| Marie Perry Head of Finance & Procurement SCS1 left 07/01/2020 | - | 35-40* | - | 0-5 | - | 100 | - | 14,000 | - | 45-50 |
| Mike Keil Director Policy, Research & Campaigning SCS1 | 75-80 | 70-75 | 0-5 | 0-5 | - | 100 | 30,000 | 29,000 | 105-110 | 100-105 |
| Amanda Caton – Executive Head of Communications SCS1 | 70-75 | 70-75 | - | - | - | - | 29,000 | 29,000 | 100-105 | 100-105 |
| James Wilson Head of Finance & Procurement Started 08-06-2020 Left 27/01/2021 | 25-30* | - | - | - | - | - | 11,000 | - | 35-40 | - |

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

** Full year effect of this salary is £115-120K

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). 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 20-21 relates to the achievements of performance targets in 2019-20. The comparative bonuses reported for 2019-20 relate to the performance in 2018-19.

Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in CCWater in the financial year 2020-21 was £115,000 – £120,000 (2019-20, £125,000 – £130,000). This was 3.5 times (2019-20, 4.5 times) the median remuneration of the workforce, which was £33,836 (2019-20, £28,155). In 2020-21, nil (2019-20, nil) employees received remuneration in excess of the highest paid director. Remuneration ranged from £15,885 to £120,000 (2019-20 £18,250 to £127,500).

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 2021

| Name | Accrued pension at pension age as at 31 March 2021 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31 March 2021 | CETV at 31 March 2020 | Real increase in CETV |
|---|---|--|-----------------------|-----------------------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Emma Clancy – Chief Executive Started 1/7/2020 | 0-5 | 0-2.5 | 26 | 0 | 19 |
| Tony Smith – Chief Executive leaver 30/6/2020 | 45-50 | 0-2.5 | 882 | 860 | 19 |
| Phil Marshall – Deputy Chief Executive leaver 17/3/2021 | 20-25 | 0-2.5 | 317 | 276 | 25 |
| Carl Pegg – Head of Consumer Relations | 45-50 | 0-2.5 | 949 | 893* | 26 |
| Mike Keil – Director of Policy, Research & Campaigning | 5-10 | 0-2.5 | 78 | 56 | 14 |
| Amanda Caton – Executive Head of Communications | 5-10 | 0-2.5 | 46 | 30 | 10 |
| James Wilson – Head of Finance & Procurement Leaver 27/1/2021 | 0-5 | 0-2.5 | 57 | 46 | 7 |

CETV – Cash Equivalent Transfer Value

* restated- inflation adjustments included in last year's balances which should not be included

Contingent labour - temporary staff

During 2020-21 CCW spent £551k (2019-20 £370k) 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: 3 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 switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). 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 officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official 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 defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% 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 **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

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

Analysis of Board members and staff, by gender and ethnicity

As a public body 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 2021:

| Number of : | Staff (incl. SCS grades) | Board (excl CEO) | Consumer Advocates | SCS Equivalent |
|------------------------|--------------------------|------------------|--------------------|----------------|
| Total | 70 | 4 | 13 | 4 |
| Women | 46 | 1 | 5 | 2 |
| Ethnic minority | 10 | 0 | 1 | 0 |
| Disability | 5 | 0 | 0 | 0 |

As at 31 March 2020:

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

Staff costs comprise:

| | 2020-21 | | | 2019-20 |
|--|------------------------------------|------------|--------------|--------------|
| | Permanently Employed Staff** | Others*** | Total | Total |
| | £000s | £000s | £000s | £000s |
| Wages and Salaries | 2,670 | 574 | 3,244 | 3,086 |
| Social Security Costs | 277 | 11 | 288 | 270 |
| Other Pension Costs | 667 | - | 667 | 633 |
| Sub Total | 3,614 | 585 | 4,199 | 3,989 |
| Less recoveries in respect of outward secondments | (33) | - | (33) | (46) |
| Total net costs* | 3,581 | 585 | 4,166 | 3,943 |

* 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).

For 20-21, employers' contributions of £666,607 were payable to the PCSPS (2019-20, £624,770) 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 2020-21 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 £6905 (2019-20, £7,886) 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 £252 (2019-20, £282), 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 £580 (2019-20, £566). 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 2020-21 (Nil in 2019-20). 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.

| Number | 2020-21 | 2019-20 |
|-------------------|------------------|------------------|
| Directly Employed | <u>72</u> | <u>71</u> |
| Total | <u>72</u> | <u>71</u> |

Average number of Board members and Local Consumer Advocates

| Number | 2020-21 | 2019-20 |
|--------------------------|------------------|------------------|
| Board | 8 | 8 |
| Local Consumer Advocates | <u>16</u> | <u>19</u> |
| Total | <u>24</u> | <u>27</u> |

Staff turnover percentage was 11.11% for 2020-21.

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 2020-21 the number of working days lost was 7.26 per annum per employee compared to 5.22 days for 2019-20. This compares to the Chartered Institute of Personnel and Development (CIPD) average of 8 days for the public sector (CIPD Health & Wellbeing at Work 2020). 81.5 days of CCW staff absence reported were related to Covid-19

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.

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

There were no voluntary exits during 2020-21. (2019-20 Nil)

Compulsory exits

There were no compulsory exits in 2020-21. (2019-20 Nil)

The following information was subject to audit.

| Exit package cost band | Number of compulsory redundancies | 2020-21 Number of other departures agreed | Total number of exit packages by cost band | 2019-20 Total number of exit packages by cost band |
|--------------------------------------|-----------------------------------|--|--|---|
| <£10,000 | - | - | - | - |
| £10,000 - £25,000 | - | - | - | - |
| £25,000 - £50,000 | - | 1 | 1 | - |
| £50,000 - £100,000 | - | - | - | - |
| £100,000- £150,000 | - | - | - | - |
| £150,000- £200,000 | - | - | - | - |
| Total number of exit packages | - | 1 | 1 | - |

During the year CCW made one payment in the band £25 - £50k which received DEFRA and Treasury approval

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.

| Table 1: For all off-payroll engagements as of 31 March 2021, for more than £245 per day | |
|--|-------------|
| | ALBs |
| No. of existing engagements as of 31 March 2021 | Eight |
| Of which ... | |
| No. that have existed for less than one year at time of reporting. | Eight |
| No. that have existed for between one and two years at time of reporting. | |
| 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. | |
| | |
| Table 2: Number of off-payroll workers engaged during the year ended 31 March 2021 | |
| | ALBs |
| No. of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021 | Ten |
| Of which ... | |
| No. assessed as caught by IR35 | |
| No. assessed as not caught by IR35 | Ten |
| 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 | Ten |
| No. of engagements that saw a change to IR35 status following the consistency review | |

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021

| | |
|---|----|
| Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year. (1) | |
| Total number of individuals <u>on payroll and off payroll</u> that have been deemed "board members, and/or senior officials with significant financial responsibility", during the financial year. This figure should include both on-payroll and off-payroll engagements (2) | 15 |

Senior officials with significant financial responsibility are defined as all board level executives, non-executive directors and finance directors.

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 2019-20).

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 2021.



Emma Clancy
Chief Executive and Accounting Officer
Consumer Council for Water

16 July 2021

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 2021 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

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 2021 and of the Consumer Council for Water's net expenditure for the year then ended;
- 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Consumer Council for Water in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Consumer Council for Water's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Consumer Council for Water's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Consumer Council for Water is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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 certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Consumer Council for Water and its environment obtained in the course of the audit, I have not identified material misstatements in the Accountability report. 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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; 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.

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Consumer Council for Water's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Consumer Council for Water will not continue to be provided in the future.

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Consumer Council for Water's internal audit function and those charged with governance, including obtaining and reviewing supporting documentation relating to the Consumer Council for Water's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Consumer Council for Water's controls relating to the Water Industry Act 1991 as amended by the Water Act 2003;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and the posting of unusual journals; and
- obtaining an understanding of the Consumer Council for Water's framework of authority as well as other legal and regulatory frameworks that the Consumer Council for Water operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Consumer Council for Water. The key laws and regulations I considered in this context included the Water Industry Act 1991 as amended by the Water Act 2003, Managing Public Money, relevant employment law and taxation legislation, and pensions legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

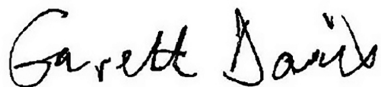
A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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.

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.

Report

I have no observations to make on these financial statements.



Gareth Davies
Comptroller and Auditor General

Date 19 July 2021

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 2021

| | Note | 2020-21 | 2019-20 |
|---|------|--------------|--------------|
| | | £000s | £000s |
| Revenue from contracts with customers | 4 | (33) | (46) |
| Total income | | (33) | (46) |
| Staff costs | 2 | 4,199 | 3,989 |
| Other Costs | 3 | 1,710 | 1,827 |
| Depreciation, amortisation and impairment charges | 3 | 92 | 93 |
| Total operating costs | | 6,001 | 5,909 |
| Net operating costs | | 5,968 | 5,863 |
| Total comprehensive net expenditure for the year | | 5,968 | 5,863 |

There is no other comprehensive net expenditure.

The notes on pages 56 to 64 form part of these accounts.

Statement of Financial Position

as at 31 March 2021

| | Note | 2020-21 £000s | 2019-20 £000s |
|--|--------|------------------|------------------|
| Non-current assets | | | |
| Property, plant and equipment | 5 | 104 | 135 |
| Intangible assets | 6 | 106 | 148 |
| Total non-current assets | | 210 | 283 |
| Current assets | | | |
| Trade, other receivables | 7 | 215 | 99 |
| Cash and cash equivalents | 8 | 534 | 588 |
| Total current assets | | 749 | 687 |
| Total assets | | 959 | 970 |
| Current liabilities | | | |
| Trade and other payables | 9,11.2 | (716) | (591) |
| Provisions | 10 | (102) | - |
| Total current liabilities | | (818) | (591) |
| Total assets less current liabilities | | 141 | 379 |
| Non-current liabilities | | | |
| Provisions | 10 | - | (102) |
| Lease Liability | 9,11.2 | (111) | (178) |
| Total non-current liabilities | | (111) | (280) |
| Assets less liabilities | | 30 | 99 |
| Taxpayers' equity and other reserves | | | |
| General fund | | 30 | 99 |
| Total equity | | 30 | 99 |

The financial statements on pages 52 to 64 were approved by the Board on 08 June 2021 and were signed on its behalf by;



Emma Clancy
Chief Executive and Accounting Officer

16 July 2021

The notes on pages 56 to 64 form part of these accounts.

Statement of Cash Flows

for the period ended 31 March 2021

| | Note | 2020-21 | 2019-20 |
|---|------|-----------------------|-----------------------|
| | | <u>£000s</u> | <u>£000s</u> |
| Cash flows from operating activities | | | |
| Net operating cost | | (5,968) | (5,863) |
| Adjustments for non-cash transactions | 3 | 93 | 93 |
| (Increase)/decrease in trade and other receivables | 7 | (116) | 30 |
| Increase/(decrease) in trade and other payables | 9 | 109 | 65 |
| Increase/(decrease) in provisions | 10 | - | 28 |
| Net cash outflow from operating activities | | <u>(5,882)</u> | <u>(5,647)</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 5 | - | - |
| Purchase of intangible assets | 6 | - | - |
| Net cash outflow from investing activities | | <u>-</u> | <u>-</u> |
| Cash flows from financing activities | | | |
| Capital element of payment in respect of finance lease | | (70) | (65) |
| Grants from sponsoring department | | 5,898 | 5,783 |
| Net financing | | <u>5,828</u> | <u>5,718</u> |
| Net increase/(decrease) in cash and cash equivalents in the period | | (54) | 71 |
| Cash at the beginning of the period | 8 | 588 | 517 |
| Cash at the end of the period | 8 | <u>534</u> | <u>588</u> |

The notes on pages 56 to 64 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the period ended 31 March 2021

| | General Fund |
|--|-------------------------|
| | £000s |
| Balance at 31 March 2019 | 178 |
| Grant from sponsoring department | 5,783 |
| Transfers between reserves | - |
| Comprehensive net expenditure for the year | (5,863) |
| Non-cash adjustments | |
| Notional charge and other non cash items | 1 |
| Balance at 31 March 2020 | 99 |
| Grant from sponsoring department | 5,898 |
| Transfers between reserves | - |
| Net Operating Costs for the year | (5,968) |
| Non-cash adjustments | |
| Notional charge and other non cash items | 1 |
| Balance at 31 March 2021 | 30 |

The notes on pages 56 to 64 form part of these accounts.

Notes to the Accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2020-21 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 2021 (one at 31 March 2020). 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.

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.

Staff costs comprise:

| | 2020-21 | | | 2019-20 |
|--|------------------------------------|------------|--------------|--------------|
| | Permanently Employed Staff** | Others*** | Total | Total |
| | £000s | £000s | £000s | £000s |
| Wages and Salaries | 2,670 | 574 | 3,244 | 3,086 |
| Social Security Costs | 277 | 11 | 288 | 270 |
| Other Pension Costs | 667 | - | 667 | 633 |
| Sub Total | 3,614 | 585 | 4,199 | 3,989 |
| Less recoveries in respect of outward secondments | (33) | - | (33) | (46) |
| Total net costs* | 3,581 | 585 | 4,166 | 3,943 |

* 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

| | 2020-21 | 2019-20 |
|--|--------------|--------------|
| | <u>£000s</u> | <u>£000s</u> |
| Staff Costs¹ | | |
| Wages and Salaries | 3,244 | 3,086 |
| Social Security Costs | 288 | 270 |
| Other Pension Costs | 667 | 633 |
| Total | <u>4,199</u> | <u>3,989</u> |
| Rentals under operating leases: | | |
| Accommodation | 260 | 264 |
| Office equipment | 2 | 2 |
| | <u>262</u> | <u>266</u> |
| Non cash items: | | |
| Depreciation | 50 | 50 |
| Amortisation | 42 | 43 |
| Notional charge | 1 | 1 |
| Increase/(decrease) in Provision | - | 27 |
| | <u>93</u> | <u>121</u> |
| Other expenditure: | | |
| Research & Consultancy | 665 | 586 |
| Personnel Overheads | 42 | 265 |
| Training | 27 | 41 |
| Publicity, Library & Parliament | 104 | 112 |
| Computer Services | 231 | 215 |
| Office Support costs | 240 | 168 |
| Auditors' remuneration* | 24 | 24 |
| Other Accommodation costs | 114 | 122 |
| | <u>1,447</u> | <u>1,533</u> |
| Total | <u>6,001</u> | <u>5,909</u> |

* During the year there was no remuneration for non-audit work (nil 2019-20).

¹ Further analysis of staff costs is located in the Staff Report and in the Accountability Report

4 Income

| | 2020-21 | 2019-20 |
|--|--------------|--------------|
| | <u>£000s</u> | <u>£000s</u> |
| Analysis of Revenue from contracts with customers | | |
| Other income | | |
| Recoveries for secondments outside Defra group | (33) | (46) |
| Total income from contracts with customers | <u>(33)</u> | <u>(46)</u> |

5 Property, plant and equipment

| | Leased IT Hardware | Furniture fixtures and fittings | Leasehold improvements | Total |
|--|-----------------------|---------------------------------------|---------------------------|------------|
| | £000s | £000s | £000s | £000s |
| Cost or valuation | | | | |
| At 1 April 2020 | 160 | 2 | 290 | 452 |
| Additions | - | - | 19 | 19 |
| Disposals | - | - | - | - |
| At 31 March 2021 | 160 | 2 | 309 | 471 |
| Depreciation | | | | |
| At 1 April 2020 | 49 | 1 | 267 | 317 |
| Charged in year | 32 | - | 18 | 50 |
| Disposals | - | - | - | - |
| At 31 March 2021 | 81 | 1 | 285 | 367 |
| Carrying value at 31 March 2021 | 79 | 1 | 24 | 104 |
| Carrying value at 31 March 2020 | 111 | 1 | 23 | 135 |
| Asset financing: | | | | |
| Owned | - | 1 | 24 | 25 |
| Finance Leased | 79 | - | - | 79 |
| Carrying value at 31 March 2021 | 79 | 1 | 24 | 104 |
| | | | | |
| | Leased IT Hardware | Furniture fixtures and fittings | Leasehold improvements | Total |
| | £000s | £000s | £000s | £000s |
| Cost or valuation | | | | |
| At 1 April 2019 | 160 | 2 | 285 | 447 |
| Additions | - | - | 5 | 5 |
| Disposals | - | - | - | - |
| At 31 March 2020 | 160 | 2 | 290 | 452 |
| Depreciation | | | | |
| At 1 April 2019 | 17 | - | 250 | 267 |
| Charged in year | 32 | 1 | 17 | 50 |
| Disposals | - | - | - | - |
| At 31 March 2020 | 49 | 1 | 267 | 317 |
| Carrying value at 31 March 2020 | 111 | 1 | 23 | 135 |
| Carrying value at 31 March 2019 | 143 | 2 | 35 | 180 |
| Asset financing: | | | | |
| Owned | - | 1 | 23 | 24 |
| Finance Leased | 111 | - | - | 111 |
| Carrying value at 31 March 2020 | 111 | 1 | 23 | 135 |

6 Intangible assets

| | Leased Software Licences £000s | Software Licences £000s | Total Software Licences £000s |
|--|---|-------------------------------|--|
| Cost or valuation | | | |
| At 1 April 2020 | 187 | 26 | 213 |
| Additions | - | - | - |
| Disposals | - | - | - |
| At 31 March 2021 | 187 | 26 | 213 |
| Amortisation | | | |
| At 1 April 2020 | 57 | 8 | 65 |
| Charged in year | 37 | 5 | 42 |
| Disposals | - | - | - |
| At 31 March 2021 | 94 | 13 | 107 |
| Carrying value at 31 March 2021 | 93 | 13 | 106 |
| Carrying value at 31 March 2020 | 130 | 18 | 148 |
| Asset financing: | | | |
| Owned | - | 13 | 13 |
| Finance Leased | 93 | - | 93 |
| Carrying value at 31 March 2021 | 93 | 13 | 106 |
| Cost or valuation | | | |
| At 1 April 2019 | 187 | 26 | 213 |
| Additions | - | - | - |
| Disposals | - | - | - |
| At 31 March 2020 | 187 | 26 | 213 |
| Amortisation | | | |
| At 1 April 2019 | 19 | 3 | 22 |
| Charged in year | 38 | 5 | 43 |
| Disposals | - | - | - |
| At 31 March 2020 | 57 | 8 | 65 |
| Asset financing: | | | |
| Owned | - | 18 | 18 |
| Finance Leased | 130 | - | 130 |
| Carrying value at 31 March 2020 | 130 | 18 | 148 |
| Carrying value at 31 March 2019 | 168 | 23 | 191 |

7 Trade receivables, financial and other assets

| | 2020-21 | 2019-20 |
|---|-------------------|------------------|
| | <u>£000s</u> | <u>£000s</u> |
| Amounts falling due within one year: | | |
| Other receivables | 36 | 10 |
| Advances* | - | 4 |
| Prepayments | 179 | 85 |
| | <u>215</u> | <u>99</u> |

*Advances comprise nil travel season ticket loans (2019-20, 7 travel season tickets)

8 Cash and cash equivalents

| | 2020-21 | 2019-20 |
|-----------------------------|-------------------|-------------------|
| | <u>£000s</u> | <u>£000s</u> |
| Balance at 1 April | 588 | 517 |
| Net change in cash balances | (54) | 71 |
| Balance at 31 March | <u>534</u> | <u>588</u> |

All cash balances are held with the Government Banking Service

9 Trade payables and other current liabilities

| | 2020-21 | 2019-20 |
|--|-------------------|-------------------|
| | <u>£000s</u> | <u>£000s</u> |
| Amounts falling due within one year: | | |
| Other taxation & social security | 92 | 73 |
| Trade payables | 145 | 102 |
| Other payables | 68 | 65 |
| Accruals and deferred Income* | 344 | 283 |
| Current part of finance leases | 67 | 68 |
| | <u>716</u> | <u>591</u> |
| Amounts falling due after more than one year: | | |
| Finance lease | 111 | 178 |
| | <u>111</u> | <u>178</u> |

*Within accruals £3k (2019-20 £17k) relates to rent free premises for Victoria Square House.

10 Provisions for liabilities and charges

| | Leasehold Property Dilapidations | Service Charges | Total |
|-------------------------------------|--|--------------------|------------|
| | £000s | £000s | £000s |
| Balance at 1 April 2020 | 100 | 2 | 102 |
| Provided in year | - | (2) | (2) |
| Provision not required written back | - | 2 | 2 |
| Provision utilised in year | - | - | - |
| Unwinding of discount | - | - | - |
| Balance at 31 March 2021 | 100 | 2 | 102 |

Analysis of expected timing of cash flows

| | £000s |
|---|------------|
| Not later than one year | 102 |
| Later than one year and not later than five years | - |
| Later than five years | - |
| Balance at 31 March 2021 | 102 |

| | 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 | - | - | - |
| Balance at 31 March 2020 | 100 | 2 | 102 |

Analysis of expected timing of discounted cash flows

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

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 July 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.

| | 2020-21 | 2019-20 |
|---|--------------|--------------|
| | <u>£000s</u> | <u>£000s</u> |
| Obligations under operating leases for the following periods comprise: | | |
| Buildings | | |
| Not later than one year | 59 | 184 |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| | <u>59</u> | <u>184</u> |
| Other | | |
| Not later than one year | 2 | 2 |
| Later than one year and not later than five years | 1 | 3 |
| Later than five years | - | - |
| | <u>3</u> | <u>5</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.

| | 2020-21 | 2019-20 |
|---|--------------|--------------|
| | <u>£000s</u> | <u>£000s</u> |
| Obligations under finance leases for the following periods comprise: | | |
| ICT Hardware and Software future lease obligations | | |
| Not later than one year | 76 | 76 |
| Later than one year and not later than five years | 112 | 188 |
| Later than five years | - | - |
| | <u>188</u> | <u>264</u> |
| Less: interest element | <u>(10)</u> | <u>(18)</u> |
| Present Value of obligations | <u>178</u> | <u>246</u> |

In addition to the above lease elements the contract includes hosting, servicing and maintenance to a value of £290k 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 2021 (nil as at 31 March 2020).

13 Losses and special payments

There were no losses or special payments reportable during the year (nil during 2019-20).

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 2020-21 of, £5.898m (2019-20: £5.783m). 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 2021.

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 2022 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.

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.

[This page is intentionally blank]

CCS0621678278

ISBN 978-1-5286-2752-8