
Consumer Council for Water

Annual Report and Accounts 2013-14

For the year ended 31 March 2014

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

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ANNUAL REPORT

INTRODUCTION

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

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

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

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

This Annual Report and Accounts covers the period 1 April 2013 to 31 March 2014.

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

MANAGEMENT COMMENTARY

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

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

Development and Performance

In the last 12 months CCWater has been successful in delivering tangible benefits to water customers. Customers will be getting another **£1 billion of benefits** through companies making additional investment and not claiming for costs incurred after we negotiated with them on sharing some of the gains they had made. This has resulted in some customers getting services earlier than planned and reducing the amount of money going to shareholders.

More generally since **2005** we have been successful in delivering tangible benefits to water customers.

We have helped return **£1.15 billion** to customers consisting of:

- **£130 million** - during the last price review period up to 2008 comprising of additional investment, rebates and assistance for those in water debt;
- **£18 million** - the amount we helped return to household and non-household customers in compensation and rebates since 2005. In 2013-14 we helped to return around **£1.77 million** and nearly **£2 million** in 2012-13; and
- **£1 billion** - our work contributed to the 2009 price review being better for customers by the equivalent of over £50 per customer, compared to the 2004 review.

In total CCWater has now helped return over £2 billion to water customers since we were established.

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

We have handled over **300,000** customer complaints and enquiries about water companies since 2005. In **2013-14** we dealt with **20,813** customer complaints and enquiries.

There has been an almost **45%** reduction in customer complaints to water companies from the 2007-08 peak due to CCWater's continued pressure on companies to get it 'right first time'.

By encouraging water companies to help customers with particular needs, we have seen a **350%** increase in the number of customers registered for the WaterSure scheme for vulnerable customers since CCWater's project in 2007 to rebrand the scheme and introduce a standard simplified application form. In 2012-13 the number of customers registered for the scheme increased by **20%** from 2011-12.

There has also been an increase of almost **120%** in consumers registered on companies' Special Assistance Registers since 2008, when we focused on encouraging companies to raise awareness of the availability of the registers. In 2012-13 alone a further 44,138 consumers registered for the scheme, compared to 21,125 in the previous year.

We have also helped customers save water and money, with **190,000** customers having visited our water meter calculator in the last year. In **2013-14** the total potential saving to customers that used the calculator was estimated at over **£4.9 million**.

We cost each water bill payer approximately **21p** a year in **2013-14** – down from almost 25p in 2008-09.

2014 Price Review

CCWater's key achievements to date, arising from the 2014 Price Review, which will determine water and sewerage prices between 2015 and 2020, include:

- pushing the industry and Ofwat to provide much greater customer involvement in the Price Review;
- all but two companies proposing future bill rises that were at or below RPI;
- business plans achieving high levels of customer acceptability following our pressure; and
- CCWater's pressure on the Cost of Capital (the cost of financing companies' activities) encouraging Ofwat towards a lower figure than proposed by each of the water companies, equating on average to approximately £7 off an average water bill.

Supporting Individual Customers

Water companies should be resolving customers' complaints but, where they do not, CCWater will step in. This can involve providing advice to enable customers to resolve the matter themselves (enquiries), and/or corresponding with companies on the customers' behalf and formal investigations (complaints). During the year, whilst CCWater has received slightly fewer complaints, the nature of these complaints has been more complex requiring additional resources to resolve, and, as a minimum, meet performance targets.

Contacts to CCWater from Customers	2013-14	2012-13
Enquiries	10,856	12,355
Complaints	9,957	10,410
Investigations	13	7

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

Percentage of Complaints	2013-14		2012-13	
	OBP Target	Achieved	OBP Target	Achieved
Actioned in 5 days	99.5%	99.8%	99.5 %	99.5%
Closed in 20 days	79%	83.6%	79 %	79.7%
Closed in 40 days	91%	93.3%	90 %	91.6%

Customer Satisfaction with all aspects of CCWater's complaint handling	2013-14		2012-13	
	OBP Target	Achieved	OBP Target	Achieved
Outcome of the complaint	61%	57.4%	61 %	63.8 %
Speed	80%	77.7%	79 %	82.7 %
Service	75%	69.2%	73 %	76.7 %
Courtesy	93%	92.4%	92 %	94.2 %

In addition, CCWater provides consumer support via its website. During 2013-14 CCWater's website had 310,000 unique visitors compared with 271,000 in 2012-13. Of particular interest to customers was CCWater's water meter calculator which identifies whether a customer could save money by paying for their water by a meter. Customers using our site in 2013/14 could potentially have made savings of £4.9 million by switching to a meter.

Complaints to the Parliamentary and Health Service Ombudsman

If a consumer remains unhappy about the way CCWater has dealt with a complaint they can, with the support of their MP, refer the matter to the Parliamentary and Health Service Ombudsman (PHSO). CCWater is not

always aware when a consumer approaches the PHSO. During 2013-14 four cases were accepted for investigation by the PHSO, three were not upheld and one is still outstanding. No cases were accepted during 2012-13.

Trends and Factors

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

Price Review 2014

CCWater challenged all water companies to develop business plans and to set out price and investment proposals for 2015-2020 that are acceptable to customers. Following CCWater's efforts through the Customer Challenge Groups, with each of the 20 water companies, ten companies presented business plans in December 2013 with price increases below the level of inflation, a further eight companies proposed to increase bills by inflation only, and only two companies intended to raise bills higher than RPI each year. We set out our expectations to companies about how business plans should be tested through customer research on customer acceptability.

CCWater provided Ofwat with a view on what we felt the cost of capital should be, as we believe Ofwat has been generous in the past. Building on the good work that we have done in challenging companies to deliver more for less, Ofwat announced a cost of capital lower than in previous price reviews. This marked another important step in keeping future water bills as low as possible.

Competition

In addition to CCWater's continuing work with business customers, which includes handling their complaints and our twice yearly meetings with them, we are active in the programme to deliver market reform for business in 2017. This will enable business customers in England to have a choice of retail supplier. CCWater is in close contact with representative groups of business customers, such as the Federation of Small Businesses.

CCWater is also carrying out research with business customers of all types and sizes so that the retail market is designed to satisfy customers' requirements and expectations. CCWater continues to engage with the Open Water programme, which is the project team delivering market reform and we will continue, through the market design phase, to represent business customers' interests and ensure that those customers that will not be able to choose a retailer are not disadvantaged. We will also continue to represent the views of all customers to Government.

Affordability

The affordability of water charges also remained a key area of work. During the last 12 months CCWater has negotiated with companies in England to return over £1 billion of benefits, through additional investment, water companies not claiming for costs incurred, or in providing help for vulnerable customers. CCWater continues to press for the creation of a regime of fair profits in the water sector.

CCWater is continuing to work with water companies on the development of customer-funded social tariffs. Affinity Water, Sutton and East Surrey Water and Thames Water introduced schemes on 1 April 2014, adding to the three schemes launched in 2013. A further ten companies are currently considering implementing schemes in 2015.

CCWater was successful in influencing water companies' charging schemes for 2014-15 on a number of issues, including setting assessed charges at an appropriate level and reflecting customers' views in the development of tariffs.

Fair Charging

Another key focus area, in line with the recommendations of the 2011 review of Ofwat and consumer representation in the water industry (Gray Review), was on fair charging. CCWater has continued our work to identify areas for potential improvement in companies' charging policies.

As a result, during 2013-14:

- a number of companies have improved their approach to charging single occupiers who have been unable to have a meter installed;
- several companies agreed to consider the potential to introduce an assessed charging policy for non-domestic customers and one company agreed to implement a policy from 2015; and
- CCWater has secured an agreement from the only company not to offer domestic non-return to sewer allowances to develop a policy during 2014 and implement it in 2015.

Sustainable Development

CCWater has a statutory requirement to address sustainable development and is committed to sustainability through the work it undertakes and how the organisation is managed. The organisation fulfils its duty by balancing the economic, environmental and social aspects in all that it does.

CCWater is committed to recycling. Paper, glass, batteries, plastic and aluminium cans are recycled at all of its offices. Colour photocopying has reduced by 17 per cent and black and white copies by 35 per cent since 2009-10. All CCWater's photocopying paper is recycled stock. Information on the use of resources within CCWater's offices is provided to the Executive Team and the Board on a quarterly basis. As CCWater is not the primary occupier in any of its offices it can only encourage its landlords to adopt water saving initiatives. During 2013-14 CCWater moved its Darlington and London offices to co-locate with other Government offices. CCWater continues to share the Birmingham office with the Equality and Human Rights Commission.

However, CCWater makes a more significant impact by encouraging water companies to adopt more sustainable ways of working. The water industry's operations account for about 5 million tonnes of carbon dioxide emissions per year - almost one per cent of UK greenhouse gas emissions. In the face of the stretching UK target to reduce greenhouse gases by 80 per cent by 2050, the water companies have an important part to play to achieve this target.

CCWater continues to discuss with companies their plans to reduce carbon emissions, and is encouraging the water industry and their regulators to further consider how to replace energy and carbon intensive treatment processes. Sustainable drainage systems, for example, offer a way to reduce the volume of rainwater entering sewerage systems while also reducing flooding. Catchment management initiatives improve water quality at the source by tackling nutrient and pesticide pollution.

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

Social and Community Issues

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

During 2013-14 CCWater has:

- continued to engage with, and advise, water companies as they develop and implement proposals for customer funded social tariffs;
- continued to work with companies to help them improve take-up of their WaterSure tariff. There has been a 350% increase in the number of customers registered for the WaterSure scheme for vulnerable customers since CCWater's project in 2007 to rebrand the scheme and introduce a standard simplified application form;

- continued to raise consumer awareness of financial assistance schemes and opportunities to save money on water and sewerage bills. Our online water meter calculator identified potential savings of almost £5 million for customers during 2013-14; and
- prompted further promotion of companies' Special Assistance Registers. There has been an almost 120% increase in consumers registered on companies' Special Assistance Registers since 2008, when we focused on encouraging water companies to raise awareness of the availability of the registers.

Future Development, Performance and Position

In 2014-15 CCWater will deliver its work as outlined in its Forward Work Programme and Operational Business Plan. To ensure performance and delivery is as planned, CCWater will continue its use of a work progress reporting system – together with financial, planning, monitoring, control and reporting mechanisms. A copy of these documents can be found on CCWater's website.

The Future of CCWater

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

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

Support Services

During 2013-14, CCWater's internal auditor Baker Tilly confirmed that we had correctly applied the Government's spending controls.

Since April 2010, with the exception of information technology (IT) and payroll, all support services have been provided in-house. IT infrastructure is provided under an agreement with Northgate Information Systems (now Capita). CCWater's web-based complaints management system is provided by Oracle. Until January 2014 CCWater's website and intranet were provided by Evolve/Box UK. These are now provided by DXW.

During the year, to make better use of resources and to reduce costs, CCWater has co-located two of its offices, London and Darlington, on the premises of other Government organisations.

Financial Commentary

The main financial highlights are summarised below:

Operating costs summary	2013-14	2012-13
	<u>£000s</u>	<u>£000s</u>
Income		
Operating Income	65	48
	65	48
Expenditure		
Operating Costs	5,494	5,373
Net Operating Costs	<u>5,429</u>	<u>5,325</u>

The budget for CCWater during 2013-14 was £5.63 million. CCWater managed this by delegating the budget to individual budget holders, based on its Forward Work Programme priorities and activities. Expenditure is monitored against budget on a monthly basis with formal quarterly budget holders meetings.

Equal Opportunities Policy

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

As at 31 March 2014:

Number of :	Staff	Board	Local Consumer Advocates
Total	75	8	17
Women	42	4	7
Ethnic minority	9	0	0
Disability	5	1	0

Health and Safety

CCWater recognises and accepts its legal responsibilities in relation to the health, safety and welfare of its employees and for all other people using its premises or engaged in its activities. CCWater complies with the Health and Safety at Work Act 1974 and all other relevant legislation as appropriate. CCWater is committed to the positive promotion of accident prevention and the elimination of accidents involving personal injury, illness or damage. At Board level, CCWater's Chief Executive is responsible for Health and Safety. Health and Safety is regularly discussed by CCWater's Finance and Resources Committee and at CCWater Staff Council meetings.

The Health and Safety policy statement describes CCWater's responsibilities and objectives and is available to all those working for CCWater. All employees received Health and Safety training online during the year. There were no reportable incidents in 2013-14 or 2012-13.

Payment of Suppliers

CCWater achieved 99 per cent against the Government target for paying agreed invoices within 30 days of receipt during 2013-14. 85 per cent were paid within 5 working days compared to 93 per cent in 2012-13. Creditors' days were 1 day at 31 March 2014 and 31 March 2013.

Sickness Absences

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

During 2013-14, the number of working days lost was 7.12 per annum per employee compared to 10.85 days for 2012-13. This compares to the Chartered Institute of Personnel and Development (CIPD) average of 8.7 days for the public sector (CIPD Absence Management report October 2013).

Employee Involvement

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

Going Concern

The accounts for 2013-14 have been prepared on a going concern basis. Defra and the Welsh Government have agreed CCWater's 2014-15 revenue budget. CCWater is in a net asset position and there is no reason to believe that future approvals will not be forthcoming.

Tony Smith
Chief Executive and Accounting Officer
Consumer Council for Water

13 May 2014

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Remuneration Report

Senior Management Team

The composition of the senior management team, known as the Executive Team, during 2013-14 was:

Tony Smith	Chief Executive
Deryck Hall	Head of Policy & Research
Jane Morris	Head of Corporate Services & Strategy
Carl Pegg	Head of Consumer Relations & Public Relations

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

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

Staff Remuneration

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

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

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

In line with other government organisations Defra has told CCWater to submit proposals to remove its contractual obligation to annual performance related pay uplifts by 2015.

During 2013-14 there have been no civil service and other compensation schemes or exit packages awarded to staff. All staff and public appointees (Board members and Local Consumer Advocates) are paid via CCWater's payroll.

Pension Liabilities

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

Remuneration of Board Members

These tables have been subjected to audit.

The following sections provide details of the remuneration of the Board members.

Remuneration (salary and benefits in kind)

Single total figure of remuneration						
	Salary (£'000)		Benefits in kind (to nearest £100)		Total (£'000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13

CCWater Activities

Yve Buckland (Chair)	45-50	45-50	1,600	1,600	50-55	50-55
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Regional and Wales Committee Chairs

David Bland (left 31 January 2013)	-	25-30 (fye* 35-40)	-	-	-	25-30 (fye* 35-40)
Andrea Cook	35-40	35-40	-	-	35-40	35-40
Bernard Crump	35-40	5-10 (fye* 35-40)	800	300	35-40	5-10 (fye* 35-40)
Charles Howeson	35-40	35-40	400	300	35-40	35-40
Diane McCrea	35-40	35-40	200	200	35-40	35-40
Tony Redmond	35-40	0-5 (fye* 35-40)	800	-	35-40	0-5 (fye* 35-40)

Independent Board Members

Michael Barnes (left 31 January 2014)	5-10 (fye* 5-10)	5-10	500	600	5-10 (fye* 5-10)	5-10
Timothy Hornsby (left 31 January 2014)	5-10 (fye* 5-10)	5-10	400	500	5-10 (fye* 5-10)	5-10
Narendra Makanji (left 31 October 2013)	0-5 (fye* 5-10)	5-10	300	800	0-5 (fye* 5-10)	5-10
Colette Isaaks (left 31 August 2012)	-	0-5 (fye*5-10)	-	200	-	0-5 (fye*5-10)
Philip Johnson (started 1 February 2014)	0-5 (fye* 5-10)	-	100	-	0-5 (fye* 5-10)	-
Julie Hill (started 1 February 2014)	0-5 (fye* 5-10)	-	-	-	0-5 (fye* 5-10)	-

*full year equivalent

These tables have been subjected to audit.

Additional Remuneration for Chairing Water Companies Customer Challenge Groups

		2013-14	2012-13
CCWater Council Chair	Customer Challenge Group company	Salary (£'000)	
Dame Yve Buckland	Severn Trent, Anglian, Essex & Suffolk, South Staffordshire and Cambridge	10-15	10-15
Andrea Cook	United Utilities, Yorkshire and Northumbrian	20-25	10-15
Charles Howeson	South West, Wessex, Bristol and SembCorp Bournemouth	10-15	10-15
Diane McCrea	Dŵr Cymru Welsh Water and Dee Valley	10-15	10-15

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

Remuneration of Senior Managers

Disclosure of remuneration and pension interest of senior management:

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £000)[1]		Total (£'000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Tony Smith Chief Executive	105-110	105-110	10-15	10-15	200	-	26,000	43,000	145-150	160-165
Deryck Hall Head of Policy & Research	55-60	55-60	-	-	-	-	3,000	13,000	60-65	70-75
Jane Morris Head of Corporate Services & Strategy	65-70	65-70	-	-	-	-	8,000	11,000	75-80	75-80
Carl Pegg Head of Consumer Relations & Public Relations	60-65	60-65	-	-	-	-	19,000	70,000	80-85	130-135

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Salary

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

Benefits in Kind

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

Payments to the Board members for home to office expenses were paid net 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

The Chief Executive is entitled to a contractual bonus payment. This relates to the achievement of his objectives. The bonus reported in 2013-14 relates to the achievements of performance targets in 2012-13 and a part payment of £3,268 owed for 2010-11. The comparative bonuses reported for 2012-13 relate to the performance in 2011-12.

Pay Multiples

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

The banded remuneration of the highest paid Executive in CCWater in the financial year 2013-14 was £120,000 – £125,000 (2012-13, £120,000 – £125,000). This was 4.8 times (2012-13, 4.7 times) the median remuneration of the workforce, which was £25,610 (2012-13, £26,000). In 2013-14, nil (2012-13, nil) employees received remuneration in excess of the highest-paid director.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include 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 2014

Name	Accrued pension at pension age as at 31 March 2014 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Tony Smith - Chief Executive	30-35	0-2.5	551	491	23
Deryck Hall - Head of Policy & Research	25-30 Lump sum 80-85	0-2.5 Lump sum 0-2.5	513	480	2
Jane Morris Head of Corporate Services & Strategy	30-35 Lump sum 90-95	0-2.5 Lump sum 0-2.5	578	536	6
Carl Pegg - Head of Consumer Relations	30-35	0-2.5	519	473	14

CETV – Cash Equivalent Transfer Value

Contingent Labour - Temporary Staff

During 2013-14 CCWater spent £5,355 on temporary staff to cover vacancies.

Civil Service Pensions

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

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for **classic** and 3.5% and 8.25% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2014. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

Tony Smith
Chief Executive and Accounting Officer
Consumer Council for Water

13 May 2014

Statement of Accounting Officer's Responsibilities

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

This annual report and accounts covers the period 1 April 2013 to 31 March 2014.

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

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

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

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

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

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

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

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

GOVERNANCE STATEMENT

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

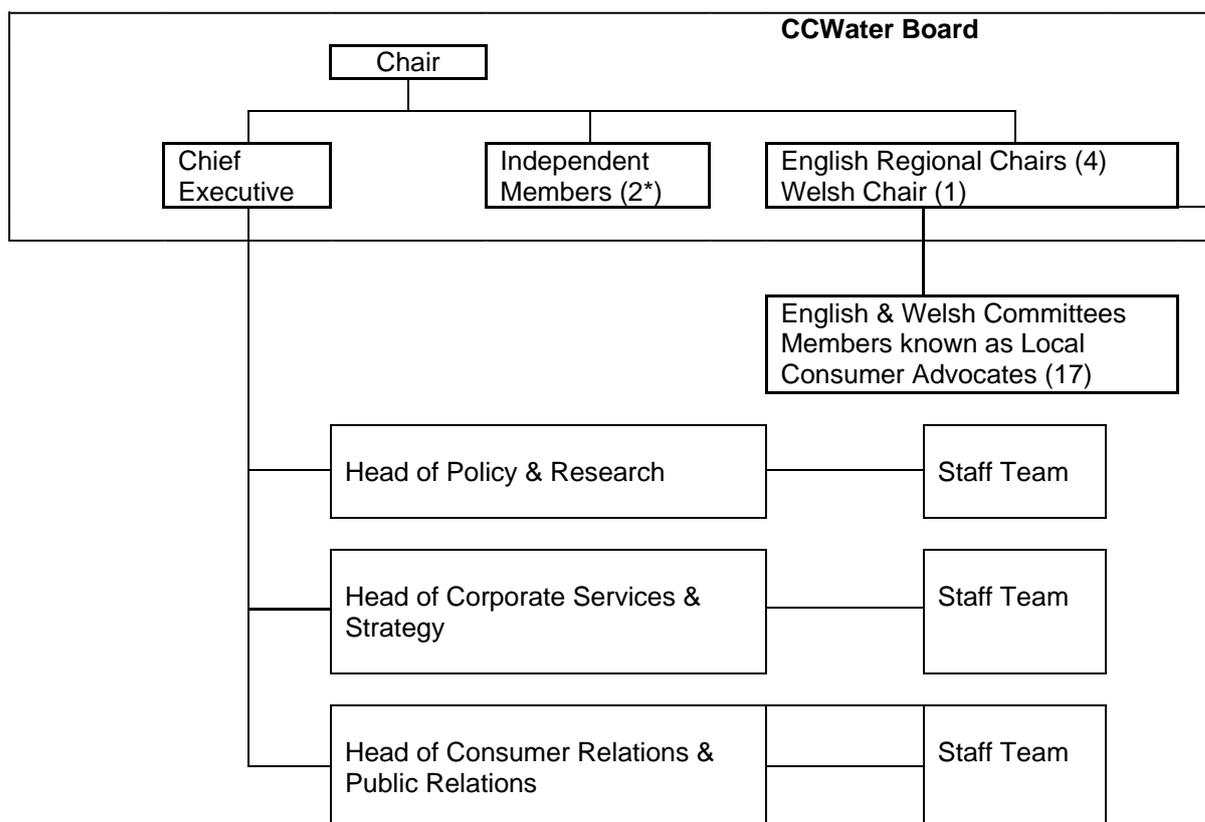
Funding and Classification

The joint sponsors of the organisation are the Department for Environment, Food and Rural Affairs (Defra) and the Welsh Government. CCWater is funded by water consumers through a charge to water and sewerage companies in England and Wales by Ofwat. The amount is then passed to Defra and the Welsh Government. CCWater draws its funds through Grant in Aid from Defra and is included in Defra’s accounts.

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

Organisational Structure

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



* The number of Independent Board Members reduced from three to two on 31 October 2013

Board Appointments

The membership of the Board during 2013-14 was:

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

England Regional Committees Chairs:

Northern	Andrea Cook	1 October 2005	1 July 2009 & 1 July 2013	30 June 2015
Western	Charles Howeson	1 October 2005	1 July 2009 & 1 July 2013	30 June 2015
Central and Eastern	Bernard Crump	1 February 2013		31 January 2017
London and South East	Tony Redmond	1 March 2013		28 February 2017

Wales Committee Chair:

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

	Julie Hill	1 February 2014		31 January 2018
	Philip Johnson	1 February 2014		31 January 2018
	Narendra Makanji	1 November 2005	1 November 2009	31 October 2013
	Michael Barnes	1 November 2005	1 November 2009 & 1 November 2013	31 January 2014
	Timothy Hornsby	1 October 2005	1 July 2009 & 1 July 2013	31 January 2014

The England Regional Committee Chairs and Independent Members were appointed by the Secretary of State. Welsh Ministers appoint the Wales Committee Chair. During the year, the Secretary of State extended the appointments of the Council Chair, two Regional Committee Chairs and two new Independent Board members were appointed. All appointments were made in line with the Code of Practice issued by the Commissioner for Public Appointments.

Board Register of Interests

CCWater maintains a register of Board members which is reviewed annually and is available on CCWater's website www.ccwater.org.uk. During 2013-14 this register was extended to include CCWater's Local Consumer Advocates.

Board Responsibilities

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

- establishing and taking forward the strategic aims and objectives of CCWater consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State;
- ensuring that the responsible Minister is kept informed of any changes which are likely to impact on the strategic direction of CCWater or on the attainability of its targets, and determining the steps needed to deal with such changes;
- ensuring any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by Defra and the Welsh Government;

- ensuring that the Board receives and reviews regular financial information concerning the management of CCWater; is informed in a timely manner about any concerns about the activities of CCWater; and provides positive assurance to Defra and the Welsh Government that appropriate action has been taken on such concerns;
- demonstrating high standards of corporate governance at all times, including by using the Audit Committee to help the Board to address key financial and other risks;
- setting performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use and utilisation of public resources; and
- conforming with the terms of the Welsh Language Scheme it has produced in accordance with Part II of the Welsh Language Act 1993, thereby giving effect to the principle that the Welsh and English languages should be treated on a basis of equality when operating in Wales.

Standing Committees & Membership

CCWater has three sub committees reporting directly to the Board. During the year each Committee reports back following its meetings to the full Board on the issues it has considered. No issues of concern were reported to the Board. Membership of each Committee is normally reviewed and confirmed by the Board annually at the end of the financial year. Due to expiry of Board members appointments the Standing Committees membership changed during the year.

2013-14	Audit & Risk Management Committee	Finance and Resources Committee	Remuneration Committee
Mike Barnes	Chair left January 2014	Member from November 2013 to January 2014	Chair from November 2013 to January 2014
Bernard Crump		Member Chair from January 2014	Member
Andrea Cook			Member
Charles Howeson		Member	
Timothy Hornsby	Member from November 2013	Chair left January 2014	Member
Narendra Makanji	Member left October 2013	Member left October 2013	Chair left October 2013
Diane McCrea	Member		
Tony Redmond	Member		
Julie Hill	Member from March 2014		Member from March 2014
Philip Johnson	Chair from March 2014	Member from March 2014	

In March 2014 the Board created a new standing committee, known as the Advisory Committee, to undertake Final Case Reviews and to provide it with independent advice. The Council chair and its two independent members were appointed to this committee. Further appointments during 2014-15 are expected.

Board & Standing Committees Attendance

Board Member	Council Meetings	Audit & Risk Management	Finance & Resources	Remuneration
Dame Yve Buckland	12/12	--	--	--
Tony Smith	11/12	4/4	3/4	--
Andrea Cook	10/12	--	--	3/3
Charles Howeson	11/12	--	4/4	--
Diane McCrea (Finance & Resources Committee from January 2014)	12/12	4/4	1/1	--
Mike Barnes (left January 2014) (Finance & Resources Committee from October 2013)	10/10	3/3	1/1	--
Narendra Makanji (left October 2013)	6/7	2/2	2/2	2/2

Board Member	Council Meetings	Audit & Risk Management	Finance & Resources	Remuneration
Timothy Hornsby (left January 2014) (Audit & Risk Committee from October 2013)	10/10	1/1	3/3	2/2
Bernard Crump	12/12	--	4/4	3/3
Tony Redmond	9/12	3/4	--	1/1
Julie Hill (from February 2014)	2/2	1/1	--	1/1
Philip Johnson (from February 2014)	2/2	1/1	--	--

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

Board's Performance

For 2013-14 the Board set itself five key objectives. A summary of their objectives and achievements are set out below:

Clear strategic direction; challenging officer proposals and a plan for CCWater post-2014 Price Review

- The Board agreed that high-level principles, focussing on CCWater core functions should be used as a basis of interaction with Customer Challenge Groups (CCGs) in the future, would allow CCWater the flexibility to continue to represent customer interests in the future.
- The Board reviewed the progress of preparation for the forthcoming Triennial Review in September 2013 and March 2014.

Add value as a board and support new members

- The Board were fully engaged in Price Review 2014 and CCWater pressure resulted in a majority of Business Plans being:
 - acceptable to customers (as confirmed by research); and
 - at/or below the rate of inflation up to 2020.
- Induction for new Board members led by introductory meetings with Chair and Chief Executive.
- Bernard Crump and Tony Redmond utilised their experience on stated preference research and Alternative Dispute Resolution respectively to much benefit.
- The Board quality assured the Final Case Reviews in May 2013 and agreed changes to the procedure to make our whole complaints handling system as effective and streamlined as possible.

Have a clear view in relation to the roles and objectives of CCWater and CCGs to most benefit; consumer influence on PR14

- The Board have been regularly briefed on PR14 and Regional Chairs have represented customers effectively at CCGs and meetings with Ofwat.
- Board pressure resulted in water companies returning over £1.15bn of extra value to customers.
- The Board ensured that CCWater maintained significant pressure on companies throughout the price review. 18 companies proposed at or below inflation prices in the next price period in their submitted Business Plans.

Positive relationships with key stakeholders, particularly Ofwat; and challenging companies to deliver benefits to customers

- Board paid particular emphasis on developing and improving the relationship with Ofwat and the relationship has improved considerably over the course of the year, including the Chair and Chief Executive attending Ofwat's Board and holding five bi-lateral meetings in the last year.
- Board members have worked jointly with Ofwat e.g. with regard to redress proposals and attended workshops and meetings on CCGs and PR14.
- Board member input into the Wales Water Strategy Workshop.

- CCWater's views are regularly sought by Governments, regulators and the media and several Board members have been active in the national and regional media, taking part in high level interviews on a variety of issues. CCWater's views regularly sought on water industry issues, which are logged by our media monitoring company, Kantar. To date, this year, 100 million people have had the opportunity to see (OTS) our messages in the media, against an annual target of 50m OTS.

Independent voice avoiding capture and ensure budgetary discipline

- CCG updates were separated out at Board meetings, to maintain separation from the work of CCWater.
- The Board regularly monitored what input was being made at CCGs by its representatives on behalf of customers; together with the evolving views of CCGs. Companies were regularly challenged at CCG meetings by CCWater members.
- Finance and Resources Committee receives Finance Reports three times each year; the Board receives Finance Reports twice a year and the minutes of the Finance and Resources Committee are presented to the next Board meeting for noting.

Board Discussions

In addition to general customer service and affordability issues the Board's primary focus during 2013-14 has been on ensuring the water companies' business plans, submitted to Ofwat in December 2013, reflected customers' priorities at an acceptable price.

Regional and Wales Committees

CCWater has four regional Committees for England which each have three members each known as Local Consumer Advocates. The Wales Committee, due to its work with the Welsh Assembly, has five Local Consumer Advocates.

Committee Members known as Local Consumer Advocates

The primary role of the Local Consumer Advocates is to:

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

Local Consumer Advocates 2013-14

Central & Eastern	London & South East	Northern	South West	Wales
Keith Andrew	Helen Charlton	Judith Mashiter	Anthony Denham	Ronnie Alexander
Richard Franceys	John Havenhand	Susan O'Brien	Dennis Osborne	Clare Evans
David Wurr	Jill Thomas	Hilary Putman	Edward Vidler	Paul Roberts
				Mansel Thomas
				Alison Warman - left 31 March 2014

Local Consumer Advocates are recruited in line with the Code of Practice issued by the Commissioner for Public Appointments' guidelines via fair and open competition and serve a maximum of ten years. They are expected to give up to four days per month and receive an annual remuneration of £4,425. This year a number of Local Consumer Advocates have taken on additional responsibilities representing customers' views on Customer Challenge Groups. For the England LCAs, who have three members, they are able to claim for additional CCG related work where this exceeds their four days per month commitment.

The Executive

The Chief Executive is appointed by the Secretary of State as a member of the Board. Tony Smith took up his appointment as Chief Executive on 1 December 2005. The Chief Executive, on his appointment, was designated as the Principal Accounting Officer by the Accounting Officer of the Department for Environment, Food and Rural Affairs.

Executive Team

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

Audit Assurances

Internal Audit

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

Baker Tilly has been CCWater's Internal Auditor since 2012-13. They provide an independent appraisal service for management by measuring and auditing the adequacy, reliability and effectiveness of management and financial control systems. During 2013-14, Baker Tilly reviewed the following areas of work: Charging Schemes; Price Review 2014, Framework for Compliance with Legal Requirements including Freedom of Information and CCWater's Key Financial controls. Baker Tilly's overall opinions on CCWater's systems were 'Green' which is the highest level. There were four medium recommendations and four low recommendations. On the Follow Up of previous recommendations the opinion was Good Progress as all previous recommendations had been satisfactorily implemented. The cost of the internal audit for 2013-14 was £16,272.

External Audit

The accounts have been audited by the Comptroller and Auditor General in accordance with the Water Industry Act 1991. The Audit Certificate is on pages 26 to 27. The cost of providing audit services in respect of the Annual Report and Accounts 2013-14 was £25,000. There was no external auditor remuneration for non-audit work.

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

Operational Assurances

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

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

Corporate Governance

Code of Governance

CCWater's Code of Governance, which was updated in January 2014 to reflect the reduction in Board members, sets out the Council's responsibilities regarding proper Conduct of Business, Strategic Planning, Monitoring Performance, Finance, Staffing, Health and Safety plus Whistleblowing procedures. The Code has been followed and there have been no departures. Internal Audit have confirmed that they are satisfied with how the organisation is managed and that there are no governance issues.

Ministerial Directions

There have been no Ministerial Directions during 2013-14.

Managing Risk

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

During 2013, CCWater reviewed the format of its risk register and revised its presentation to include a risk matrix. The benefits of this system are that it clearly demonstrates the impact of mitigation on risk; and now identifies a single assessment of risk (high/medium/low), which makes the process and outcome more transparent. This system also allows the organisation to clearly prioritise its risks, to focus attention and resources on those risks identified as having the most severe impact to the organisation. In addition, CCWater projects and Board reports, where a policy or strategic decision is required now contain a short options appraisal that identifies the proposed risks and mitigation for each potential option.

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

Risk Assurance Framework

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

Accountability

Ensuring that this was established at the correct level of authority and took into account the operational process within CCWater.

Processes

Designed to ensure that continuous monitoring and assurance was conducted in a consistent and rigorous manner, taking account of CCWater's capacity and capability to achieve its objectives. All project managers submit structured monthly 'traffic light' reports to the Executive Team which tracks a number of delivery parameters including an overall risk score. The Executive Team members monitor individual project risks, and identify those which required management outside the individual project, at corporate level.

Capability

That achieved objectives and maintained financial control were established through rigorous budget setting and resource management processes as well as the implementation of a work prioritisation process, embedded within the operational business plan, which was used to agree resource limits and specifications at the outset of work. One of the risks for CCWater is that of key personnel leaving or being de-motivated by the uncertainty surrounding CCWater's future. This is mitigated with continuity plans to deal with the loss of key staff along with

regular updates to staff on both potential consultation on CCWater's merger with another consumer body and the Government's review of public bodies

Government Spending and Transparency Controls

In response to the Government's restrictions on spending and transparency CCWater put in place controls to ensure compliance and that staff were knowledgeable about the restrictions. These controls were subject to internal audit in December 2013 and were rated as 'green' – substantial assurance that the controls upon which the organisation relies are suitably designed, consistency applied and effective. The Crown Commercial Service frameworks contract clauses are being used in new contracts as necessary.

Outcomes

These are agreed at an operational and corporate level and then regularly monitored to ensure that they are achieved.

The amount of risk that the organisation is prepared to accept, tolerate, or be exposed to at any point in time, is determined by the organisation's Board and Executive Team, having both used appropriate escalation processes and being prepared to use further escalation processes.

Strategic Risks for CCWater

In 2013-14, new or more significant risks that were identified as:

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

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

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

Information Management and Data Security

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

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

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

The Accounting Officer's Review of Effectiveness

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

This year, we have continued to monitor and improve our governance system. We reviewed and updated our Code of Governance, Scheme of Delegation and Risk Management Strategy. The Board and Audit & Risk Management Committee reviewed and agreed our strategic risks. The Executive Team regularly: review resources and progress made towards objectives. It also regularly identifies and evaluates the associated risks. No problems with our governance system have been identified during the financial year.

Tony Smith
Chief Executive and Accounting Officer
Consumer Council for Water

13 May 2014

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Consumer Council for Water for the year ended 31 March 2014 under the Water Industry Act 1991. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Water Industry Act 1991. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Consumer Council for Water's affairs as at 31 March 2014 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Water Industry Act 1991 and the Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Water Industry Act 1991; and
- the information given in the Introduction and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

2 June 2014

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

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2014

	Note	2013-14	2012-13
		<u>£000s</u>	<u>£000s</u>
Programme Costs			
Staff costs	2.1	3,267	2,989
Programme Costs	3	2,227	2,384
Income	4	(65)	(48)
Net operating costs		<u>5,429</u>	<u>5,325</u>
Total comprehensive net expenditure		<u>5,429</u>	<u>5,325</u>

There is no other comprehensive net expenditure.

The notes on pages 32 to 41 form part of these accounts.

Statement of Financial Position

as at 31 March 2014

	Note	31-Mar 2014 £000s	31-Mar 2013 £000s
Non-current assets:			
Property, plant and equipment	5	90	124
Intangible assets	6	38	133
Total non-current assets		128	257
Current assets:			
Other current assets	7	172	197
Cash and cash equivalents	8	1,441	1,562
Total current assets		1,613	1,759
Total assets		1,741	2,016
Current liabilities			
Trade and other payables	9	(533)	(505)
Total current liabilities		(533)	(505)
Non-current assets plus net current assets		1,208	1,511
Non-current liabilities			
Provisions	10	(133)	(100)
Early departure	10.1	(6)	(14)
Other payables	9	(7)	(36)
Total non-current liabilities		(146)	(150)
Assets less liabilities		1,062	1,361
Taxpayers' equity			
General reserve		1,062	1,361
		1,062	1,361

The financial statements on pages 28 to 31 were approved by the Board on 13 May 2014 and were signed on its behalf by;

Tony Smith
Chief Executive and Accounting Officer

13 May 2014

The notes on pages 32 to 41 form part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2014

	Note	2013-14	2012-13
		£000s	£000s
Cash flows from operating activities			
Net operating costs		(5,429)	(5,325)
Adjustments for non-cash transactions	3	168	188
(Increase)/decrease in trade and other receivables	7	25	8
Increase/(decrease) in trade and other payables	9	(1)	145
Use of provisions	10	(9)	(32)
Net cash outflow from operating activities		(5,246)	(5,016)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(5)	(73)
Purchase of intangible assets	6	-	(137)
Net cash outflow from investing activities		(5)	(210)
Cash flows from financing activities			
Grants from sponsoring department		5,130	5,130
Net financing		5,130	5,130
Net increase/(decrease) in cash and cash equivalents in the period		(121)	(96)
Cash and cash equivalents at the beginning of the period	8	1,562	1,658
Cash and cash equivalents at the end of the period	8	1,441	1,562

The notes on pages 32 to 41 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2014

	General Reserve
	£000s
Balance at 31 March 2012	1,556
Grant from sponsoring department	5,130
Comprehensive Expenditure for the year	(5,325)
Balance at 31 March 2013	1,361
Grant from sponsoring department	5,130
Comprehensive Expenditure for the year	(5,429)
Balance at 31 March 2014	1,062

The notes on pages 32 to 41 form part of these accounts.

Notes to the Accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Consumer Council for Water for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Consumer Council for Water are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

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

1.2 Property, plant and equipment

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

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

1.3 Depreciation

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

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

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

1.4 Leases

CCWater had no finance leases as at 31 March 2014 (31 March 2013: nil). Rentals due under operating leases are charged over the lease term on a straight-line basis, or on the basis of actual rental payable where this fairly reflects usage.

1.5 Grants receivables

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

1.6 Value added tax

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

1.7 Provisions

CCWater provides for legal or constructive obligations, which are of uncertain timing, or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury discount rate (currently 1.9 per cent).

1.8 Contingent liabilities

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

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

1.9 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). This is an unfunded multi-employer defined benefit scheme, and CCWater is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation www.civilservice-pensions.gov.uk.

In accordance with IAS 19, the Scheme Managers/trustees are required to undertake a sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date. This analysis includes details of the methods and assumptions used in preparing the sensitivity analyses, the limitations of these methods, and the reasons for any changes in methods and assumptions used in preparing the sensitivity analyses.

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

1.10 Programme expenditure

The Statement of Comprehensive Net Expenditure is programme income and expenditure. The classification of expenditure and income as programme follows the definition set out in 2013-14 Government Financial Reporting Manual (FReM).

2 Staff numbers and related costs

2.1 Staff costs comprise:

	2013-14			2012-13
	Employees**	Others***	Total	Total
	£000s	£000s	£000s	£000s
Wages and salaries	2,245	402	2,647	2,438
Social security costs	183	36	219	188
Other pension costs	401	-	401	363
Total net costs*	2,829	438	3,267	2,989

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

** Includes Casual staff and Agency costs

*** Includes Public Appointees and Local Consumer Advocates

Salary

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

Pension

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

For 2013-14, employers' contributions of £384,234 were payable to the PCSPS (2012-13 £350,455) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £15,319 (2012-13 £11,474) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,152 (2012-13 £831), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £1,328 (2012-13 £1,107). Contributions prepaid at that date were nil.

There were no compensation scheme payments for **early departure** in this year or previous year. No individual retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted nil. (2012-13 £2,676 for one individual)

2.2 Average numbers of persons employed

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

Number	2013-14	2012-13
Directly Employed	74	70
*Others	1	3
Total	75	73

*This includes staff on secondment.

2.3 Average Number of Public Appointees

Number	2013-14	2012-13
Board	9	9
Local Consumer Advocates	17	17
Total	26	26

3 Programme Costs

	2013-14		2012-13	
	£000s	£000s	£000s	£000s
Rentals under operating leases:				
Accommodation	497		503	
IT software	148		121	
Office equipment	6		2	
		651		626
Non cash items:				
Depreciation	39		33	
Amortisation	88		50	
(Profit)/Loss on disposal of assets	7		3	
Early retirement provision provided in year	1		2	
Office relocation provision	33		100	
Unwinding of discount	-		-	
Permanent diminution of assets	-		-	
		168		188
Other expenditure:				
Research & consultancy	577		585	
Training	44		30	
Travel and subsistence	148		129	
Rates	118		152	
Hire and maintenance	80		80	
Seminars, meetings and conferences	17		16	
Publications, books & periodicals	104		98	
Postal services and couriers	9		9	
Telecommunications	81		84	
Auditors' remuneration*	25		29	
Other accommodation costs	99		210	
Recruitment costs	3		7	
Website	13		16	
Other	90		125	
		1,408		1,570
		2,227		2,384

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

4 Income

	2013-14	2012-13
	£000s	£000s
Other Income	65	48
Total	65	48

Other income is derived from sub-letting parts of the Birmingham office and for 2012-13 for the Bristol office and Birmingham office.

5 Property, plant and equipment

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

	Leasehold works £000s	IT equipment £000s	Total £000s
Cost or valuation			
At 1 April 2012	313	41	354
Additions	20	53	73
Disposals	(30)	-	(30)
Revaluations	-	-	-
At 31 March 2013	303	94	397
Depreciation			
At 1 April 2012	227	40	267
Charged in year	25	8	33
Disposals	(27)	-	(27)
Revaluations	-	-	-
At 31 March 2013	225	48	273
Carrying amount at 31 March 2013	78	46	124
Carrying amount at 31 March 2012	86	1	87

All assets were owned.

6 Intangible assets

	Software Licences	Website	Total
	£000s	£000s	£000s
Cost or valuation			
At 1 April 2013	311	10	321
Additions	-	-	-
Disposals	(136)	(10)	(146)
Revaluation	-	-	-
At 31 March 2014	175	-	175
Amortisation			
At 1 April 2013	185	3	188
Charged in year	85	3	88
Disposals	(133)	(6)	(139)
Revaluation	-	-	-
At 31 March 2014	137	-	137
Carrying amount at 31 March 2014	38	-	38
Carrying amount at 31 March 2013	126	7	133
Cost or valuation			
At 1 April 2012	174	10	184
Additions	137	-	137
Disposals	-	-	-
Revaluation	-	-	-
At 31 March 2013	311	10	321
Amortisation			
At 1 April 2012	138	-	138
Charged in year	47	3	50
Disposals	-	-	-
Revaluation	-	-	-
At 31 March 2013	185	3	188
Carrying amount at 31 March 2013	126	7	133
Carrying amount at 31 March 2012	36	10	46

All assets were owned.

7 Trade receivables and other current assets

	2013-14	2012-13
	<u>£000s</u>	<u>£000s</u>
Amounts falling due within one year:		
Other receivables	1	2
Advances*	12	14
Prepayments and accrued income	159	181
	<u>172</u>	<u>197</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	-	-
	<u>-</u>	<u>-</u>

*Advances comprise of 14 travel season ticket loans.

7.1 Intra-Government Balances

Amounts falling due within one
year

	2013-14	2012-13
	<u>£000s</u>	<u>£000s</u>
Balance with other central government bodies	-	2
Balance with local authorities	10	12
Subtotal: intra-government balances	10	14
Balances with bodies external to government	162	183
Total debtors at 31 March	<u>172</u>	<u>197</u>

8 Cash and cash equivalents

	2013-14	2012-13
	<u>£000s</u>	<u>£000s</u>
Balance at 1 April	1,562	1,658
Net change in cash and cash equivalent balances	(121)	(96)
Balance at 31 March	<u>1,441</u>	<u>1,562</u>
The following balances at 31 March were held at :		
Government Banking Services	<u>1,441</u>	<u>1,562</u>
Balance at 31 March	<u>1,441</u>	<u>1,562</u>

9 Trade payables and other current liabilities

	2013-14	2012-13
	<u>£000s</u>	<u>£000s</u>
Amounts falling due within one year:		
Trade payables	5	6
Accruals and deferred Income*	418	394
Other tax and social security	69	66
Other payables	41	39
	<u>533</u>	<u>505</u>
Amounts falling due after more than one year:		
Accruals and deferred Income*	7	36
	<u>7</u>	<u>36</u>

*Within accruals £36k (2012-13 £72k) relates to rent free premises for Victoria Square House of which £7k relates to falling due after one year.

9.1 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013-14	2012-13	2013-14	2012-13
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Balance with other central government bodies	218	176	-	-
Balance with local authorities	-	-	-	-
Subtotal: intra-government balances	218	176	-	-
Balances with bodies external to government	315	329	7	36
Total creditors at 31 March	<u>533</u>	<u>505</u>	<u>7</u>	<u>36</u>

10 Provisions for liabilities and charges

	<u>£000s</u>
Balance at 1 April 2013	100
Provided in year	33
Provision not required written back	-
Provision utilised in year	-
Unwinding of discount	-
Balance at 31 March 2014	<u>133</u>
Balance at 1 April 2012	23
Provided in year	100
Provision not required written back	-
Provision utilised in year	(23)
Unwinding of discount	-
Balance at 31 March 2013	<u>100</u>

Provision provided for office relocation costs for Birmingham.

10.1 Early departure costs

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

Analysis of expected timing of discounted cash flows

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

	<u>£000s</u>
Balance at 1 April 2012	21
Provided in year	2
Provision not required written back	-
Provision utilised in year	(9)
Unwinding of discount	-
Balance at 31 March 2013	<u>14</u>

Analysis of expected timing of discounted cash flows

	<u>£000s</u>
Not later than one year	9
Later than one year and not later than five years	5
Later than five years	-
Balance at 31 March 2013	<u>14</u>

The early retirement provision relates to the costs of pensions for individuals who have retired early. We meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. We provide for this in full when the early retirement programme becomes binding on us by establishing a provision for the estimated payments discounted by the Treasury pension rate of 1.8 per cent in real terms.

11 Capital commitments

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

12 Commitments under leases

Operating leases

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

	2013-14	2012-13
	<u>£000s</u>	<u>£000s</u>
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	445	393
Later than one year and not later than five years	118	439
Later than five years	-	-
	<u>563</u>	<u>832</u>
Other:		
Not later than one year	32	49
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>32</u>	<u>49</u>

13 Contingent liabilities disclosed under IAS 37

There are no contingent liabilities as at 31 March 2014.

14 Losses and special payments

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

15 Events after the reporting period

There were no reportable events after the reporting period.

16 Financial instruments

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

17 Related Party Transactions

CCWater receives grant in aid from Defra. Defra and the Welsh Government are CCWater's sponsoring departments.

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

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

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

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