

Consumer Council for Water

Annual Report and Accounts 2008-09

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2008-09

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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 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 2008 to 31 March 2009.

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 Assembly Government (WAG). The Council is funded by water consumers through a charge to water and sewerage companies in England and Wales by Water Services Regulation Authority (Ofwat). The amount is then passed to Defra and WAG 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 customers 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;
- 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.

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 customer complaint systems of water and sewerage undertakers allocated to it; and
- any other functions delegated to it by the Board of the Council.

ROLES AND RESPONSIBILITIES

The membership of the Board as at 31 March 2009 was:

		Appointed:	Re-Appointed:	Term:
Council Chair	Dame Yve Buckland	1 April 2005		4 yrs
Chief Executive	Tony Smith	1 December 2005		open ended
English Regional Committees Chairs:				
Central and Eastern	Sir James Perowne	1 December 2007	1 September 2008	4 yrs
Northern	Andrea Cook OBE	1 October 2005		3 yrs 9 mths
London and South East	David Bland OBE	1 December 2007	1 September 2008	4 yrs
Western	Charles Howeson	1 October 2005		3 yrs 9 mths
Wales Committee Chair:				
	Diane McCrea	1 October 2005		4 yrs
Independent Members:				
	Michael Barnes	1 November 2005		4 yrs
	Timothy Hornsby CBE	1 October 2005		3 yrs 9 mths
	Colette Isaaks	1 September 2008		4 yrs
	Narendra Makanji	1 November 2005		4 yrs

In March 2009 Defra reappointed Dame Yve Buckland, Andrea Cook, Charles Howeson, Michael Barnes, Timothy Hornsby and Narendra Makanji each for a further four years period.

Board Appointments

The English Regional Committee Chairs and Independent members were appointed by the Secretary of State. The Welsh Assembly Government appointed the Welsh Committee Chair. All appointments were made for a period of up to four years, with differing periods to allow for continuity. All appointments were made in line with the Code of Practice issued by the Commissioner for Public Appointments.

Executive Appointments

The Chief Executive was 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 Council's Accounting Officer by the Accounting Officer of the Department for Environment, Food and Rural Affairs.

Board Directorships

CCWater maintains a Register of Interests, which is freely available to be viewed by the public on request to the Head of Corporate Services.

Standing Committees

The Council has three committees reporting directly to the Board:

1. Audit and Risk Management Committee;
2. Finance and Resources Committee; and
3. Remuneration Committee.

The membership of the Committees as at 31 March 2009 was:

Audit and Risk Management Committee

<i>Independent members</i>	<i>Regional / Wales Chairs</i>	<i>In attendance</i>
Michael Barnes – Chair	James Perowne	Chief Executive & Accounting Officer
Narendra Makanji	Diane McCrea – until 2 March 09	Head of Corporate Services
Timothy Hornsby – 30 April 08 to 2 March 09	David Bland – from 2 March 09	Board Secretary
		Finance and Resource Manager
		External Audit Representative(s)
		Internal Audit Representative(s)

Membership is reviewed and confirmed by the Board annually at the end of the financial year. The committee met four times in the period to 31 March 2009.

The role of the committee is to:

- promote the highest standards of propriety in the use of public funds by the Council and its regional committees and encourage proper accountability for the use of those funds;
- advise the Council on anything that affects the financial health, probity or external reputation of the organisation;
- ensure the system of internal controls of the Council complies with HM Treasury requirements; and
- ensure the internal systems within the organisation at national and regional levels promote a climate of financial discipline and internal control which will help to reduce the opportunity for financial mismanagement, will satisfy the Council that it will achieve its key objectives and targets and is operating in a manner which will make most economic and effective use of resources available.

Finance and Resources Committee

<i>Independent members</i>	<i>Regional / Wales Chairs</i>	<i>In attendance</i>
Timothy Hornsby – Chair	David Bland – until 2 March 09	Chief Executive & Accounting Officer
Colette Isaaks – from 2 March 09	Diane McCrea	Head of Corporate Services
	Charles Howeson – from 2 March 09	Board Secretary
		Finance and Resource Manager

Membership is reviewed and confirmed by the Board annually at the end of each financial year. The committee met three times in the 12 month period to 31 March 2009.

The role of the committee is to:

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

Remuneration Committee*Independent members*

Narendra Makanji – Chair
Colette Isaaks – from 2 March 09

Regional Chairs

Sir James Perowne
David Bland– until 2 March 09
Andrea Cook – from 2 March 09

In attendance

Board Secretary
Other individuals by invite

Membership is reviewed and confirmed by the Board annually at the end of the financial year. The committee met on 2 September 2008.

The role of the committee is to:

- advise the Council on the appointment, remuneration terms and performance objectives of the Chief Executive;
- receive from the Chair, who is responsible for the monitoring and evaluation of the Chief Executive, recommendations with regard to any changes to the salary and performance bonus of the Chief Executive and then to determine whether the Chief Executive should receive any increases in salary or performance bonus;
- advise the Council on matters relating to staff remuneration, including: staff pay, terms and conditions of staff (in addition to those relating directly to the Chief Executive), redundancy and redeployment, job evaluation; and
- receive and review at suitable intervals, not less than once a year, a report by the Chief Executive on the performance of senior executives reporting directly to him/her in order to give appropriate advice.

Pension Liabilities

The main pension scheme for CCWater is the Principal Civil Service Pension Scheme (PCSPS). This is a defined benefit, unfunded scheme. The payment 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 HM Treasury's instructions and as described in note 2 to the accounts.

Internal Audit

Internal audit services during 2008-09 were provided by KPMG. The service provided an independent appraisal service for management by measuring and auditing the adequacy, reliability and effectiveness of management and financial control systems. KPMG made recommendations based on the appraisal of each system reviewed. The cost of the internal audit for 2008-09 was £30,618.

External Audit

The accounts have been audited by the Comptroller and Auditor General in accordance with the Water Act 2003. The audit certificate is on pages 22 to 23. The cost of providing audit services in respect of the Annual Report and Accounts 2008-09 was £37,000. An additional amount of £3,300 will be charged for the audit of the 1 April 2008 restated balance sheet prepared under International Financial Reporting Standards. 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.

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

We have had a number of successes:

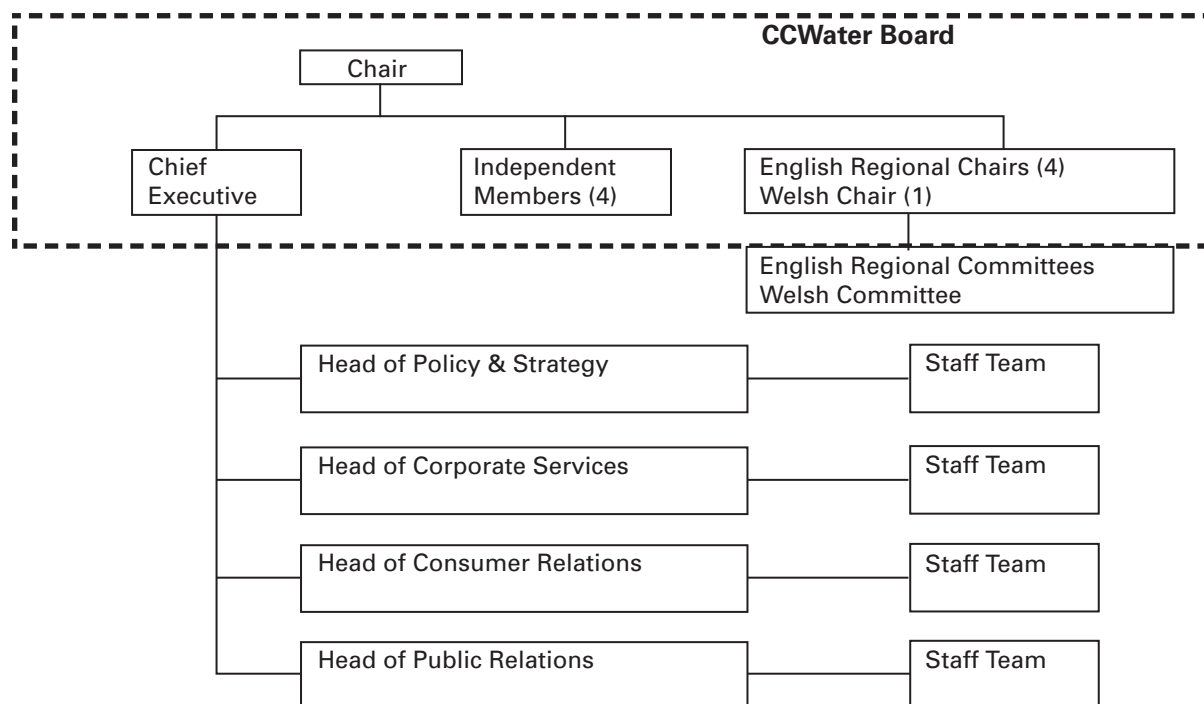
- proposed average price increases in most companies draft business plans were £55 lower than those at the same stage in PR04;
- by pressing companies to give back to their customers value beyond that agreed with Ofwat, at their shareholders expense, the total amount returned to them through either additional investment or keeping prices lower now stands at over £130 million;
- an additional £2.4 million in compensation has been returned to customers last year alone (over £6m since inception);
- a 3 percentage point improvement in our performance for resolving complaints in our forty days targets, despite a 10 per cent annual increase in the number of complaints to CCWater. Details of our performance against complaint handling target are shown below;
- high media profile (2,275 positive media hits last year alone), a 48% increase over 2007-08;
- improved our recognition with the public to over 20 per cent, from our tracking research; and
- held our increase to costs and charges to water companies to RPI since we set up. CCWater cost circa £6million, 25p a customer per annum, less than Defra's original forecast.

We continue to focus our activities on what consumers tell us is most important – a safe and continuous water supply at a fair and affordable price. We monitor our activities against our Forward Work Programmes and our Operational Business Plan which include measurable performance targets and timings. A full commentary on the achievements of the Consumer Council for Water for 2008-09 is published in our Annual Review. These documents are available on the organisation's website.

In September 2008 Colette Isaaks was appointed as a new Independent Board member. Her previous experience as Head of Consumer Protection for Legal Services in England and Wales at the Department for Constitutional Affairs (now Ministry of Justice) and Head of Consumer Protection at the National Lottery Commission and an Enforcement Officer at the Financial Services Authority provides a new champion for our consumer relations activities.

In July 2008 our Head of Governance and Finance left and his responsibilities were passed to the Acting Head of Corporate Services. CCWater's organisational structure as at 31 March 2009 is shown at Figure 1.

**Figure 1:
Organisational Structure**



An extension to the ICT infrastructure agreement with Northgate Information Systems was signed on 31 March 2009. This is for two years from 1 September 2009.

Considerable effort went into the delivery of the organisation's Operational Business Plan during 2008-09. Activities centered around four key themes which had been identified as reflecting the issues to which domestic and business consumers were consistent in attaching great importance:

- Water on tap – safe good quality tap water, improved supply reliability, and encouraging the wise use of water;
- 2009 price review – pressing for consumers' views to be at the heart of the review, so that they view the outcome as acceptable, and that they can afford it;
- Right first time – consumers' problems sorted out quickly without hassle; and
- Value for money – a fair charge for the service, and help for those who cannot afford to pay.

A monitoring report of projects and work in progress was used during the course of the year to ensure that the organisation had an accurate picture of real progress being made. The reports were completed on a monthly basis by the project managers and were reviewed by both the executive team and the Board of the organisation.

With regard to *Value for Money* – paying for water and fair charging, following pressure from CCWater, the water companies this year gave a total of £36 million back to water customers. Added to last year's £93.4 million this means almost £130 million given back to water customers at shareholders expense.

For *Right First Time* – consumer complaints, advice and information, the year ended with outputs as shown below:

Commitments / Measure	2008-09	Output delivered 2008-09 compared with previous year – by percentage point	
		Year on year increase in consumers satisfied with their contact with CCWater.	Increase (over 2007-08)
Speed	75% up 3 points		
Quality	67% up 4 points		
Year on year increase in the percentage of consumer complaints resolved within our targets.	Increase (over 2007-08)	5 days	99% up 1 point
		20 days	76% same
		40 days	90% up 3 points

To address the 5 percentage points decrease in consumer satisfaction with outcome, we will conduct an "outcome analysis" as part of our telephone survey of customer satisfaction. This will identify complaint categories and handling methods that result in the weakest consumer satisfaction scores, asking consumers what outcome they were ultimately seeking. By challenging ourselves and companies in specific categories with poor outcomes, we can identify intractable complaints for which we might not expect a favourable outcome for the consumer.

In all the work undertaken CCWater has made sure that the consumers' collective voice is heard in the national water debate and that consumers are pushed to, and then remain, at the heart of the water industry's thinking. This has meant real improvements in the things that matter to consumers.

A full commentary on the achievements of the Consumer Council for Water during 2008-09 is published in our *Annual Review* available on the organisation's web site.

A statutory requirement for the organisation was the annual review and development of the three year Forward Work Programme and the preparation of a supporting Operational Business Plan for 2009-10 by 31 March 2009. By the year-end both documents had been published and were available to the public. The documents took into account the feedback from CCWater's public consultation process.

The Forward Work Programme shows what the organisation will do and what it hopes to achieve for consumers over the next three years.

The Operational Business Plan illustrates in more detail how CCWater will work to achieve the first year of the refreshed programme. The document is primarily intended for CCWater's sponsors: Defra and the Welsh Assembly Government, together with more specialist stakeholders.

Both the Operational Business Plan and the Forward Work Programme include measurable performance targets and timings.

Trends and Factors

During 2008-09 the main focus of the water industry has been on looking forward and planning for the five year price review. They have produced 25 year Strategic Direction Statements and Water Resource Management Plans and draft proposals for the impending 2009 Price Review. The Consumer Council for Water has worked to ensure that companies take account of consumers' views in both their medium and longer term proposals.

As in previous years, effort was spent during 2008-09 to convince government that the timing of any consultation on merging CCWater with Consumer Focus should avoid disrupting our key role in representing consumers in the 2009 price review. Consumer Focus is the new body being set up by the government to fight for the rights of consumers.

Environmental Matters

CCWater has a statutory requirement to address sustainable development. The organisation fulfils its duty by showing consumers how it balances the economic, environmental and social aspects in all that it does. CCWater seeks to ensure it adheres to the government's guiding principles and key priorities in doing this.

Social and Community Issues

CCWater engages with all water consumers, including those who are disabled or chronically sick, of pensionable age, on low incomes, living in rural areas and those unable to switch water suppliers in the limited competitive market, so that it can develop a real understanding of their needs and work in line with their specific interests. CCWater acts on behalf of businesses as well as households.

Future Development, Performance and Position

In 2009-10 CCWater will be undertaking work as outlined in the, now published, Operational Business Plan. To ensure performance and delivery is as efficient and effective as possible the work progress reporting system will continue to be used – together with financial, planning, monitoring, control and reporting mechanisms.

The proposed Department for Business, Enterprise & Regulatory Reform BERR consultation on whether CCWater should merge with Consumer Focus continues to impose significant uncertainties for staff and may impact on CCWater's ability to influence the water industry once the consultation is launched. Until the position is clarified, CCWater will look for ways to work with Consumer Focus both consider options for sharing support services and to ensure that water customers' interests continue to be properly represented.

On Friday 5th June 2009, the Government announced the creation of a new Department for Business, Innovation and Skills (BIS) by merging the Department for Business, Enterprise and Regulatory reform (BERR) and the Department for Innovation, Universities and Skills (DIUS). From this date, BIS will take over the work previously undertaken by BERR.

Future risks and uncertainties that might affect CCWater's long-term position include:

- the organisation does not fully deliver its Forward Work Programme;
- BERR consultation on CCWater's future undermines CCWater's ability to deliver its Forward Work Programme;
- there is a loss of key staff as a result of the BERR review; and
- the organisation is portrayed as offering inappropriate advice / inadequate customer service and / or different service levels in some regions.

CCWater has established a risk management strategy and a risk log for the management and mitigation of risk. The risk log is a live document managed by the executive team of the organisation and considers strategic, operational, financial and external risks. The risk log is also reviewed carefully by the Audit and Risk Management Committee at each quarterly meeting of the Committee.

Support Services

In addition to an ICT infrastructure agreement with Northgate Information Systems, several support services used within CCWater were provided during 2008-09 by Ofwat: financial services, human resources services plus library and information services. These services were managed using service level agreements (SLAs) between the two organisations. The web based complaints management system was provided by RightNow Technologies.

Financial Commentary

The main financial highlights are summarised below:

Operating costs summary

	<u>2008-09</u>	<u>2007-08</u>
	£000s	£000s
Income		
Operating Income	24	66
	<u>24</u>	<u>66</u>
Expenditure		
Operating costs	6,332	5,902
Net Operating Costs	<u>6,308</u>	<u>5,836</u>

The budget for CCWater during 2008-09 was set at £6.57m.

We are required by HM Treasury to achieve a cost of capital return of 3.5 per cent. This is assessed on the average value of the assets (as defined in note 1.6 to the accounts) over the financial year.

Grant in Aid of £1,080k intended for 2009/10 was applied for in the normal way but was received prior to the balance sheet date. This has the effect of increasing cash and reserves.

International Financial Reporting Standards

An announcement by the Chancellor in the 2008 Budget Report confirmed that International Financial Reporting Standards (IFRS) will be adopted by CCWater and other central government bodies from 2009-10. A team was set up to ensure that next year's resource accounts are IFRS compliant. HM Treasury set out a 'trigger point' process to manage the transition from FRS based accounts to IFRS accounts:

- trigger point 1 – 30 September 2008, CCWater prepared an IFRS Balance Sheet as at 1 April 2008 and submitted it to NAO;
- trigger point 2 – 31 December, marked the completion of the NAO's dry-run audit. There were no specific recommendations arising from the audit; and
- the remaining trigger points 3 and 4 refer to the future preparation and audit of 'shadow' IFRS financial statements for 2008-09.

Equal Opportunities Policy

During 2008-09 we consulted staff and stakeholders on CCWater's Equality Scheme. This brings together CCWater's existing policies and sets out our commitment on how we will deliver these in relation to race, disability, gender and age. As a public body CCWater ensures equal opportunity for employment, regardless of race, colour, nationality or ethnic or national origin, sex, sexual orientation, age, marital status, disability, religion or working pattern. All permanent staff are recruited on merit through fair and open competition and our recruitment activity is subject to audit by the Civil Service Commissioners to ensure that we comply with the guidance set out in its recruitment code.

At the end of the financial year:

- 52.8 per cent of all staff were women;
- 45.0 per cent of staff in managerial posts were women;
- 20.0 per cent of the Senior Management Team were women; and

- 12.4 per cent of staff were known to be of ethnic minority origin.

Payment of suppliers

We achieved 99 per cent against the government target for paying agreed invoices within 30 days of receipt during 2008-09. The corresponding figure for 2007-08 was 99 per cent.

In October 2008, the government set a new challenge to pay all suppliers within 10 working days with effect from 1 December 2008. During the period December 2008 to March 2009 CCWater paid 67 per cent of undisputed bills within this deadline.

Going Concern

The accounts for 2008-09 have been prepared on a going concern basis. The 2009-10 budget has been agreed with Defra and WAG, there is no reason to believe that future approvals will not be forthcoming.

Sickness Absences

CCWater encourages a culture where good attendance 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 and where possible to provide them with support which will enable them to recover their health and attend work regularly.

During 2008-09, excluding long term absences the percentage of working days lost was 4.25 days per annum per employee. This compares favourably to the public sector average of 9 days per annum per employee.

Employee Involvement

We attach great importance to managing, developing and training our 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.

CCWater recognises and accepts its legal responsibilities in relation to health, safety and welfare of its employees and for all other people using its premises or engaged on its activities. CCWater will comply 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.

Health and Safety

The Health and Safety policy statement describes CCWater's responsibilities and objectives and is available to all those working for CCWater.

Personal Data

CCWater's data security policy aims to ensure that all official information is safeguarded and kept securely. There were no recorded losses of data incidents during 2008-09.

Tony Smith

Chief Executive and Accounting Officer
Consumer Council for Water
7 July 2009

REMUNERATION REPORT

Senior Management Team

The composition of the senior management team in the reporting period was as follows:

Tony Smith	Chief Executive
Nick Ellins	Head of Policy & Strategy
Carl Pegg	Head of Consumer Relations
Jane Morris	Acting Head of Corporate Services
Dave Thompson	Head of Public Relations
Steven Harrison	Head of Governance and Finance (left 4 July 2008)

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

The contracts of Carl Pegg, Jane Morris, and Dave Thompson are standard open-ended contracts with three months notice period.

Nick Ellins is on secondment for a period of two years from WaterUK, due to expire in December 2009.

Senior managers and board members have declared that they held no company directorships or other significant interests that might have caused a conflict with their CCWater responsibilities.

Details of CCWater's Remuneration Committee and its members can be found earlier in the Annual Report.

Staff Remuneration

Pay progression for staff is performance related; it is linked to awards assessed at annual appraisal using the personal review system. The Remuneration Committee makes recommendations to the Secretary of State on the percentage of the pay bill that is available for performance awards each year together with the percentage increase award for each representative box mark.

Performance related pay (PRP) is determined by the appraisal box mark system and is a proportionate share of the total sum available. It is awarded as a percentage increase on basic salary. Performance rated as "not met objectives" does not receive a performance related pay award. The CEO 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. Staff receive written notification of performance pay awards that should be retained with their Statement of Particulars.

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.

The following information was subject to audit.

Remuneration of Senior Managers

Disclosure of Salary Information 12 months ended 31 March 2009:

Name	2008-09		2007-08	
	Salary including performance pay	Benefits in kind (to nearest £100)	Salary including performance pay	Benefits in kind (to nearest £100)
Tony Smith Chief Executive	110-115	–	105-110	–
Carl Pegg Head of Consumer Relations	50-55	–	50-55	–
Jane Morris Acting Head of Corporate Services (as from 2 January 2008)	50-55	–	55-60	–
Dave Thompson Head of Public Relations	45-50	–	35-40 (full year equivalent 40-45)	–
Steven Harrison Head of Governance & Finance (left 4 July 2008)	10-15 (full year equivalent 40-45)	–	40-45	–

The amount payable to WaterUK for the services of Nick Ellins has been omitted as publication would prejudice the legitimate interests of the individual. However, this information is subject to audit and is included in the costs disclosed in the consultancy services costs included in note 4 to the financial statements.

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to 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.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. There were no benefits in kind during the year.

Remuneration of Board Members

	2008-09	2007-08
	Salary £000	Salary £000
Dame Yve Buckland (Chair)	45-50	45-50
David Bland	30-35	30-35
Andrea Cook	30-35	30-35
Charles Howeson	30-35	30-35
Diane McCrea	30-35	40-45*
Sir James Perowne	30-35	30-35
Michael Barnes	5-10	5-10
Collette Isaaks (appointed 1 September 2008)	0-5**	–
Timothy Hornsby	5-10	5-10
Narendra Makanji	5-10	5-10

*Includes back pay

**5-10(full year equivalent)

Board members were appointed by the Secretary of State on or shortly after 1 October 2005, for periods of up to four years. The Chair's appointment is for four years. The level of salary depends on the amount of work each Board member is involved in. The appointment periods and functions of the Board Members are disclosed earlier.

Board member posts are non-pensionable.

Senior Managers Disclosure of Pension Information 12 months ended 31 March 2009

Name	Real increase in Pension and related lump sum at age 60 £000	Accrued pension at age 60 at 31 March 2009 and related lump sum £000	CETV at 31 March 2009 £000	CETV at 31 March 2008* £000	Real increase in CETV by funded employer £000
Tony Smith – Chief Executive	0-2.5	15-20	237	282	21
Carl Pegg – Head of Consumer Relations	0-2.5	20-25	283	313	3
Jane Morris * ** – Acting Head of Corporate Services (as from 2 January 2008)	(2.5)-0 Lump sum (2.5)-0	20-25 Lump sum 60-65	346	370	(7)
Dave Thompson – Head of Public Relations	0-2.5	0-5	8	19	9
Steve Harrison – Head of Governance & Finance (left 4 July 2008)	0-2.5	0-5	31	34	3

* The figures are different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008).

** This member chose to aggregate her two periods of service last year, therefore the figures are based on the amalgamated service, which is why the figures will be higher than last year's. Also, with regard to the negative figures, this is caused by the updating of factors used in calculating CETV's.

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 changes in the Retail Prices Index (RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. 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 year's 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, immediately after the scheme year end, the accrued pension is up-rated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (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 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary 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 www.civilservice-pensions.gov.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 individual 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 calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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
7 July 2009

STATEMENT OF THE CONSUMER COUNCIL FOR WATER AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under the Water Act 2003, the Secretary of State for Environment, Food and Rural Affairs with the consent of HM Treasury has directed the Consumer Council for Water 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 the Consumer Council for Water and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Environment, Food and Rural Affairs with the consent of 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 *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accounting Officer of the Department for Environment, Food and Rural Affairs has designated the Chief Executive as Accounting Officer of the Consumer Council for Water. 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 the Consumer Council for Water's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in *Managing Public Money*.

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of CCWater's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The system of internal control in use has been subject to regular review by responsible officers and executive managers within CCWater. This has been corroborated by rigorous oversight and scrutiny from the CCWater Board and its sub-committees who were informed by the findings of both internal and external audit together with the elements of the overall system of internal control.

CCWater is jointly sponsored by the Department for Environment, Food and Rural Affairs (Defra) and the Welsh Assembly Government. The relationships between the Secretary of State for Defra, the Welsh Assembly Government, exercising powers delegated by the Welsh Ministers, and CCWater are set out in the Management Statement for CCWater, which is based on models prepared by HM Treasury and the Welsh Assembly Government.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CCWater for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

CCWater Risk Management Strategy (February, 2006) sets out four key objectives for the organisation:

"to foster a risk management culture that involves all the people and functions within the organisation";

"to facilitate the development and application of self-assessment techniques so that objectives are achieved through the proper control of risks";

"to ensure that CCWater complies with the requirements of the law and public sector policy";
and

"to safeguard the reputation of CCWater."

The executive team reviews the strategic risks facing CCWater on a monthly basis and each individual member of the executive team and the Chairman of each Board sub-committee has signed their own annual Statement on Internal Control relating to their specific responsibilities.

In order to ensure that risk management was embedded within the day-to-day activity, CCWater implemented a monthly and quarterly reporting cycle across all projects and work areas. The regular monitoring of performance and risk exposure ensures that decisions are made at the most appropriate level within the organisation, or that they are escalated to an appropriate higher authority for resolution.

The risk and control framework

The 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 projects submit structured monthly ("traffic light") reports to the executive team which tracks a number of delivery parameters including an overall risk score. The Risk and Performance Management Team monitors individual project risks, and identifies 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, that was used to agree resource limits and specifications at the outset of work.

Data Security – in response to Cabinet Office Information Handling requirements aimed at improving the handling of information, CCWater has implemented a series of actions to ensure that information risks are identified and managed and personal information is protected. These are the following:

- 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 and Risk Management Committee and CCWater's Board;
- an Information Asset Officer has been appointed and responsibilities have been assigned;
- CCWater participates in Defra's quarterly information risk assessments;
- managing information risk is integrated into CCWater HR processes and all members of staff are aware of the new requirements;
- CCWater has introduced an Information Charter which explains how we handle personal data;
- personal information held by CCWater is identified, clearly marked and subject to controlled disposal;
- the use of removable media for transfer of information is restricted to public domain information;
- information risk awareness training takes place every year for all staff. CCWater's Consumer Relations are undergoing an on-line E Learning Data Handling assessment. All new staff receive data security information as part of their induction process; and
- The Office of Government Commerce (OGC) framework contract clauses are being used in new contracts as necessary.

Outcomes – 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 executive team, having both used appropriate escalation processes and being prepared to use further escalation processes upwards.

Review of Effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework and comments made by the external auditors in their management letter and other reports. I have been advised by the Board and the Audit and Risk Management Committee.

CCWater's internal auditors undertake a work programme approved by me 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. I meet with the Head of Internal Audit quarterly to discuss his reports and consider progress in addressing major concerns. He also prepares an annual report which includes his professional opinion on the effectiveness of the overall systems of internal control and risk management within CCWater. Of the five areas considered during 2008-09 by Internal Audit, Financial Systems, Complaint Handling, Human Resources – Recruitment and Facilities Management were considered good with Business Continuity being satisfactory.

The Audit & Risk Management Committee supports the Accounting Officer by offering objective advice on issues concerning the control and governance of CCWater. The Audit & Risk Management Committee is chaired by a non-executive Board member and its role and composition is in line with the Treasury's best practice guidance.

Tony Smith
Chief Executive and Accounting Officer
Consumer Council for Water
7 July 2009

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 2009 under the Water Act 2003. These comprise the Statement of Net Expenditure, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses 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 being audited.

Respective responsibilities of the Accounting Officer and auditor

The Council and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Water Act 2003 and Secretary of State for the Environment, Food and Rural Affairs directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Consumer Council for Water and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Water Act 2003 and Secretary of State for the Environment, Food and Rural Affairs directions made thereunder. I report to you whether, in my opinion, the information which comprises the Introduction, Roles and Responsibilities and Management Commentary sections, included in Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Consumer Council for Water has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Consumer Council for Water's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Consumer Council for Water's corporate governance procedures or its risk and control procedure.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Council and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Consumer Council Water's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Water Act 2003 and directions made thereunder by the Secretary of State for the Environment, Food and Rural Affairs, of the state of the Consumer Council for Water's affairs as at 31 March 2009 and the net expenditure, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Water Act 2003 and the Secretary of State for the Environment, Food and Rural Affairs directions made thereunder; and
- Information, which comprises the Introduction, Roles and Responsibilities and Management Commentary sections, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

14 July 2009

STATEMENT OF NET EXPENDITURE*for the year ended 31 March 2009*

	Note	<u>2008-09</u>	<u>2007-08</u>
		£000s	£000s
Gross Income			
Operating income	3	24	66
		<u>24</u>	<u>66</u>
Expenditure			
Staff costs	2.1	3,196	3,139
Other operating costs	4	3,136	2,763
		<u>6,332</u>	<u>5,902</u>
Net Operating Costs		(6,308)	(5,836)
Notional cost of Capital		(3)	(2)
Deficit for the financial year after notional cost of capital		(6,311)	(5,838)
Reversal of notional cost of Capital		3	2
Net expenditure for the financial year		<u>(6,308)</u>	<u>(5,836)</u>

All income and expenditure are derived from continuing activities.

STATEMENT OF RECOGNISED GAINS AND LOSSES*for the year ended 31 March 2009*

	Note	<u>2008-09</u>	<u>2007-08</u>
		£000s	£000s
Revaluation of fixed assets	6	4	3
Recognised gains and losses for the financial year		<u>4</u>	<u>3</u>

The notes on pages 27 to 36 form part of these accounts.

BALANCE SHEET AS AT 31 MARCH 2009

	Note	31 March 2009		31 March 2008 (restated)	
		£000s	£000s	£000s	£000s
Fixed assets:					
Intangible assets	5		59		76
Tangible assets	6		272		248
			331		324
Debtors (falling due after more than one year)	7		–		91
Current assets:					
Debtors	7	276		453	
Cash at bank and in hand	8	1,835		793	
		2,111		1,246	
Creditors (amounts falling due within one year)	9	(423)		(478)	
Net current assets			1,688		768
Creditors (amounts falling due after one year)	9		(18)		(76)
Provision for liabilities and charges	10		(129)		(169)
Total net assets			1,872		938
Capital and Reserves					
General reserve	11		1,862		931
Revaluation reserve	11		10		7
			1,872		938

Tony Smith
 Chief Executive and Accounting Officer
 Consumer Council for Water
 7 July 2009

The notes on pages 27 to 36 form part of these accounts.

CASH FLOW STATEMENT*for year ended 31 March 2009*

		<u>2008-09</u>	<u>2007-08</u>
	Note	£000s	£000s
Net cash outflow from Operating activities	13 i	(6,081)	(6,010)
Capital expenditure	13 ii	(115)	(27)
Financing	13 iii	7,238	4,595
Increase/(Decrease) in cash	13 iv	<u>1,042</u>	<u>(1,442)</u>

The notes on pages 27 to 36 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the Financial Reporting Manual (FRM), and financial reporting standards issued or adopted by the Accounting Standards Board, and are in accordance with the Accounts Direction issued by the Secretary of State for Defra. The accounting policies adopted by CCWater are described below they have been applied consistently in dealing with items considered material in relation to the financial statements.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their present value to the business by reference to their current costs.

1.2 Tangible Fixed Assets

Tangible and intangible assets have been stated at current cost using indices provided by the Valuation Office Agency with the exception of leasehold improvements where no indexation is applied.

Tangible fixed assets consist of furniture fixtures and fittings, office machinery, leasehold improvements and IT. Telecommunications equipment and office machinery have been combined and leasehold improvements have been separated out from furniture and fitting during the year. Intangible fixed assets comprises of purchased software licences.

With the exception of PCs and office furniture, individual assets must exceed a capitalisation threshold of £1,000 for inclusion as fixed assets. PCs and office furniture items falling below the threshold are capitalised as groups. A threshold of £250 exists for individual items to be classified as grouped fixed assets.

1.3 Depreciation

Depreciation is provided at rates calculated to write-off the value of tangible fixed 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 and bespoke software 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 2009 (31 March 2008: 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 and Grant in Aid

CCWater is financed by grant-in-aid from Defra and WAG 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 Capital Charge

A charge, reflecting the cost of capital utilised by CCWater, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for cash balance with the Office of the Paymaster General (OPG), where the charge is nil.

1.7 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 fixed assets.

1.8 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 2.2 per cent).

1.9 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, 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 which 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 FRS 12 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 are stated at the amounts reported to Parliament.

2. Staff numbers and related costs

2.1 Staff costs consist of:

	2008-09		2007-08	
	Permanently Employed Staff	Other Staff	Total	Total
	£000s	£000s	£000s	£000s
Total staff costs including the Chief Executive's were:				
Wages and salaries	2,264	395	2,659	2,620
Social security costs	179	–	179	169
Pension costs	358	–	358	350
Total net costs*	2,801	395	3,196	3,139

*Of the total no charge has been made to capital

Salary

"Salary" includes gross salary; performance pay or bonuses; overtime; reserved rights to 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. Agency, casuals and CCWater members 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, and we are unable to identify our 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

For 2008-09, normal employer contributions of £357,831 were payable to the PCSPS (2007-08: £349,874) at one of four rates in the range 17.1 to 25.5 per cent (2007-08: 17.1 to 25.5 per cent) of pensionable pay, based on salary bands. £49k was payable in early retirement benefits during the year. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2009-10, the rates will be in the range 16.7 to 24.3 per cent. The contribution rates are set to meet the cost of the benefits accruing during 2008-09 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 £12,064 for 2008-09 (2007-08 £8,150) was paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3 to 12.5 per cent (2007-08: 3 to 12.5 per cent) of pensionable pay. Employers also match employee contributions of up to 3 per cent of pensionable pay. In addition, employer contributions of £905, 0.8 per cent (2007-08: £639, 0.8 per cent) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date was £1,590. (2007-08 £745)

Contributions prepaid at that date were nil.

2.2 Average numbers of people employed

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

Average number of staff

	<u>2008-09</u>	<u>2007-08</u>
Staff permanently employed by CCWater	84	75
*Others engaged on the objectives of CCWater	4	4
Total	<u>88</u>	<u>79</u>

*This includes temporary staff.

3. Income

	<u>2008-09</u>	<u>2007-08</u>
	£000s	£000s
Other Income*	24	66
Total	<u>24</u>	<u>66</u>

*Other income is income from sub-letting parts of the Bristol and Manchester offices.

4. Administration Costs and Other Expenditure

	<u>2008-09</u>	<u>2007-08</u>
	£000s	£000s
Rentals under operating leases:		
Accommodation	574	602
IT Software	317	301
Office equipment	9	9
	<u>900</u>	<u>912</u>
Non cash items:		
Depreciation of tangible fixed assets	83	46
Amortisation of intangible fixed assets	22	23
(Profit)/Loss on disposal of fixed assets	1	-
Early retirement provision provided in year	5	(3)
Unwinding of discount	4	-
Permanent diminution of fixed assets	6	7
	<u>121</u>	<u>73</u>
Other expenditure:		
Consultancy services	579	439
Training	90	56
Travel and subsistence	255	248
Rates	162	163
Support service costs	102	112
Hire and maintenance	31	28
Seminars, meetings and conferences	93	92
Publications, books & periodicals	135	147
Postal services and couriers	21	29
Telecommunications	63	55
Auditors' remuneration*	40	31
Other accommodation costs	318	169
Recruitment costs	49	98
Website	33	9
Other	144	102
	<u>2,115</u>	<u>1,778</u>
	<u>3,136</u>	<u>2,763</u>

*Audit remuneration work included £3,300 for the audit of CCWater's IFRS restated balance sheet, there was no remuneration for non-audit work.

5. Intangible Fixed Assets

	Software Licences
	£000s
Cost or valuation	
At 1 April 2008	117
Additions	9
Disposals	(1)
Revaluation	(6)
At 31 March 2009	119
Amortisation	
At 1 April 2008	41
Charged in year	22
Disposals	(1)
Revaluation	(2)
At 31 March 2009	60
Net book value at 31 March 2009	59
Net book value at 31 March 2008	76

6. Tangible Fixed Assets

	Furniture fixtures and fittings	Office machinery	Leasehold works	IT equipment	Total
	£000s	£000s	£000s	£000s	£000s
Cost or valuation					
At 1 April 2008	111	38	234	45	428
Additions	11	2	79	13	105
Disposals	(5)	(3)	–	(3)	(11)
Revaluation	6	1	–	(3)	4
At 31 March 2009	123	38	313	52	526
Depreciation					
At 1 April 2008	73	33	56	18	180
Charged in year	9	3	55	16	83
Disposals	(5)	(3)	–	(2)	(10)
Revaluation	2	–	–	(1)	1
At 31 March 2009	79	33	111	31	254
Net book value at 31 March 2009	44	5	202	21	272
Net book value at 31 March 2008	38	5	178	27	248

7. Debtors**7.1 Analysis by type**

	<u>2008-09</u>	<u>2007-08</u>
	£000s	£000s
Amounts falling due within one year:		
Other debtors	–	101
Advances*	8	8
Prepayments	268	344
	<u>276</u>	<u>453</u>
Amounts falling due after more than one year:		
Prepayments	–	91
	<u>–</u>	<u>91</u>

*Advances comprise of 17 travel season ticket loans.

7.2 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	<u>2008-09</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2007-08</u>
	£000s	£000s	£000s	£000s
Balance with other central government bodies	–	60	–	–
Balance with local authorities	10	15	–	–
Subtotal: intra-government balances	10	75	–	–
Balances with bodies external to government	266	378	–	91
Total debtors at 31 March	<u>276</u>	<u>453</u>	<u>–</u>	<u>91</u>

8. Cash at Bank and in Hand

	<u>2008-09</u>	<u>2007-08</u>
	£000s	£000s
Balance at 1 April	793	2,235
Net change in cash balance:	1,042	(1,442)
Balance at 31 March	<u>1,835</u>	<u>793</u>
The following balances are held at:		
Office of HM Paymaster General (OPG)	1,835	793
Commercial banks and cash in hand	–	–
	<u>1,835</u>	<u>793</u>

9. Creditors

9.1 Analysis by type

	2008-09	2007-08 (restated)
	£000s	£000s
Amounts falling due within one year:		
Trade creditors	45	14
Accruals*	277	367
Tax and social security creditors	65	65
Other creditors	36	32
	423	478
Amounts falling due after more than one year:		
Accruals*	18	76
	18	76

*Within accruals £76k (2007-08 £134k) relates to rent free premises for Victoria Square House of which £18k relates to falling due after one year, 2007-08 figures have been restated to show the amount due falling due after more than one year separately.

9.2 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2008-09	2007-08 (restated)	2008-09	2007-08 (restated)
	£000s	£000s	£000s	£000s
Balance with other central government bodies	142	73	-	-
Balance with local authorities	-	6	-	-
Subtotal: intra-government balances	142	79	-	-
Balances with bodies external to government	281	399	18	76
Total creditors at 31 March	423	478	18	76

10. Provision for Liabilities and Charges

Early departure costs

	2008-09	2007-08
	£000s	£000s
Balance at 1 April	169	219
Provided in year	5	-
Provision not required written back	-	(3)
Provision utilised in year	(49)	(47)
Unwinding of discount	4	-
Balance at 31 March	129	169

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 discount rate of 2.2 per cent in real terms.

11. Movement on Reserves

	General Reserve	Revaluation Reserve	Total
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Balance b/f at 1 April 2008	931	7	938
Net expenditure	(6,308)	–	(6,308)
Revaluation during the year	–	4	4
Realised element	1	(1)	–
Grant in Aid received towards resource expenditure	6,043	–	6,043
Grant in Aid received towards purchase of fixed assets	115	–	115
Grant in Aid received for 2009-10	1,080	–	1,080
At 31 March 2009	<u>1,862</u>	<u>10</u>	<u>1,872</u>

12. Capital and Other Commitments

	2008-09	2007-08
	<u>£000s</u>	<u>£000s</u>
Contracted capital commitments for which no provision has been made	–	–

13. Notes to the Cash flow statement

	2008-09	2007-08		
Note	<u>£000s</u>	<u>£000s</u>		
Note (i) Reconciliation of net operating costs to net outflow from operating activities				
Net operating cost	(6,308)	(5,836)		
Adjustments for non-cash transactions	4	121		
Decrease/(Increase) in debtors	7	268		
Decrease in creditors	9	(113)		
Use of provisions payments made	10	(49)		
Net cash inflow/(outflow) from Operating activities	<u>(6,081)</u>	<u>(6,010)</u>		
Note (ii) Capital Expenditure				
Applied towards the purchase of intangible fixed assets	(18)	(10)		
Applied towards the purchase of tangible fixed assets	(97)	(17)		
Total capital expenditure	<u>(115)</u>	<u>(27)</u>		
Note (iii) Analysis of financing				
Grant-in-Aid and revenue Grant received from Defra and WAG	<u>7,238</u>	<u>4,595</u>		
Note (iv) Analysis of changes in net funds				
	At	Cash	At	
	31/3/09	flow	31/3/08	
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	
Cash at bank and in hand	8	<u>1,835</u>	<u>1,042</u>	<u>793</u>

14. Commitments Under Operating Leases

At 31 March 2009 we were committed to making the following annual payments in respect of operating leases. 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. The payments to which CCWater is committed during 2009-10, analysed by the period during which the commitment expires are as follows:

	2008-09		2007-08	
	Buildings £000s	Other £000s	Total £000s	Total £000s
Expiry within 1 year	-	-	-	1
Expiry within 2 to 5 years	221	178	399	282
Expiry thereafter	384	-	384	471
Total	605	178	783	754

15. Contingent Liabilities

There are no contingent liabilities as at 31 March 2009.

16. Losses and Special Payments

There were no losses reportable during the year.

17. Post-Balance Sheet Events

There were no reportable post balance sheet events between the balance sheet date and the 14 July 2009, the date when the accounts were certified. The Financial Statements do not reflect events after this date.

18. Financial Instruments

FRS 29, *Financial Instruments: Disclosures*, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which CCWater is financed, it is not exposed to the degree of financial risk faced by businesses. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which the standard mainly applies. CCWater has no powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the office in undertaking its activities

Short term debtors and creditors have been excluded from the disclosures.

Liquidity risk

CCWater has no borrowings and relies primarily on funding from other government bodies for its cash requirements, and is therefore not exposed to liquidity risks.

Interest rates and foreign currency risks

All material deposits are held at the Office of the Paymaster General and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

Fair Values

There is no material difference between the book values and the fair values of CCWater's financial assets and liabilities as at 31 March 2009.

19. Related Party Transactions

CCWater receives grant in aid from Defra and WAG. Defra is CCWater's parent governmental body.

CCWater sublets part of its premises to Consumer Focus.

CCWater received financial services, facilities management services, library and information services and human resources services from Ofwat during 2008/09; the cost for 2008/09 was £102k including VAT.

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

None of the Council Board members, key managerial staff or other related parties has undertaken any material transactions with CCWater during the year.



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