

Consumer Council for Water

Annual Report and Accounts 2007-08

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2007-08

*Ordered by the House of Commons to be printed
10 July 2008*

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ISBN 9780102956429

Contents

	Page
Annual Report	
Introduction	4
Roles and Responsibilities	5
Management Commentary	6
Remuneration Report	13
Statement of the Consumer Council for Water and Chief Executive's Responsibilities	17
Statement on Internal Control	18
Certificate and report of the Comptroller and Auditor General to the Houses of Parliament	21
Statement of Net Expenditure and Statement of Recognised Gains and Losses	23
Balance Sheet	24
Cash Flow Statement	25
Notes to the accounts	26

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 2007 to 31 March 2008.

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 national 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 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 2008 was:

		Appointed:	Term:
Council Chair:	Dame Yve Buckland	1 April 2005	4 yrs
Chief Executive:	Tony Smith	1 December 2005	open ended
English Regional Committees:			
Central and Eastern	Sir James Perowne	1 December 2007	1 yr
Northern	Andrea Cook OBE	1 October 2005	3 yrs 9 mths
London and South East	David Bland OBE	1 December 2007	1 yr
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
	Narendra Makanji	1 November 2005	4 yrs
	Janet Paraskeva	1 October 2005	3 yrs 9 mths

Catherine Harvey and Dr Richard Sturt left the Board on 30 September 2007 at the end of their terms. Janet Paraskeva resigned from the organisation with effect from 1 April 2008.

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 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.

Company Directorships

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

Authority Committees

The Council had three committees reporting directly to the Board:

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

The membership of the Committees as at 31 March 2008 was:

Audit and Risk Management Committee

Independent members:	Michael Barnes – Chair Narendra Makanji
Regional / Wales Chairs:	Sir James Perowne Diane McCrea
In attendance:	Chief Executive (Accounting Officer) Head of Governance and Finance Finance and Resources Manager External Audit representatives Internal Audit representatives

The original members of the committee were appointed at the Board meeting held on 1 November 2005. Diane McCrea was appointed as from 1 October 2007 to replace Richard Sturt who left the organisation on 30 September 2007. 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 2008.

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.
- 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

Independent members:	Timothy Hornsby – Chair Janet Paraskeva
Regional / Wales Chairs:	David Bland Diane McCrea
In attendance:	Chief Executive (Accounting Officer) Head of Governance and Finance Finance and Resource Manager Head of Corporate Services

The members of the committee were appointed at the Board meeting held on 1 November 2005. Membership is reviewed and confirmed by the Board annually at the end of each financial year. The committee met twice in the period to 31 March 2008.

The role of the committee is to:

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

Remuneration Committee

Independent members:	Janet Paraskeva – Chair Narendra Makanji
Regional Chairs:	Sir James Perowne David Bland
In attendance:	Head of Governance and Finance

The original members of the committee were appointed at the Board meeting held on 1 November 2005. Sir James Perowne was appointed as from 1 October 2007 to replace Catherine Harvey who left the organisation on 30 September 2007. Membership is reviewed and confirmed by the Board annually at the end of the financial year. The committee met twice in the period to 31 March 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.
- 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 2007-08 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 2007-08 was £26,000.

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 21 to 22. The cost of the external audit for 2007-08 was £31,000. 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.

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

The most significant development for CCWater during 2007-08 was the reorganisation of the English regional committee structure.

Before CCWater was created in 2005, it had originally been proposed that the new organisation should be created with fewer committees than its predecessor organisation WaterVoice. In the event this proposal was not implemented. The task of review of the committee structure was passed to the CCWater Board, to look at how the interests of water and sewerage consumers could best be represented.

The CCWater independent non-executive Board members undertook a review of CCWater committees. They reported their findings to the Board meeting on 3 July 2007, making recommendations to improve the use of committee members as well as raising for the Board a series of more radical challenges about the allocation and responsibilities, and ways of working between the Board, the English regional committees, the Welsh committee and CCWater executive staff.

Having considered the review, the Board clarified and agreed the roles of committees and their chairs. The Board also agreed a number of other recommendations made by the review about ways in which CCWater could use and support committee members. The Board also agreed to proposals to merge and rationalise the committees' structure in England to make CCWater more fit for purpose, particularly in the forthcoming Price Review 2009 process.

Given the information and analysis of the independent review, the Board considered and concluded that a number of the committees should merge and the number of committee members be reduced. The Board agreed the creation of:

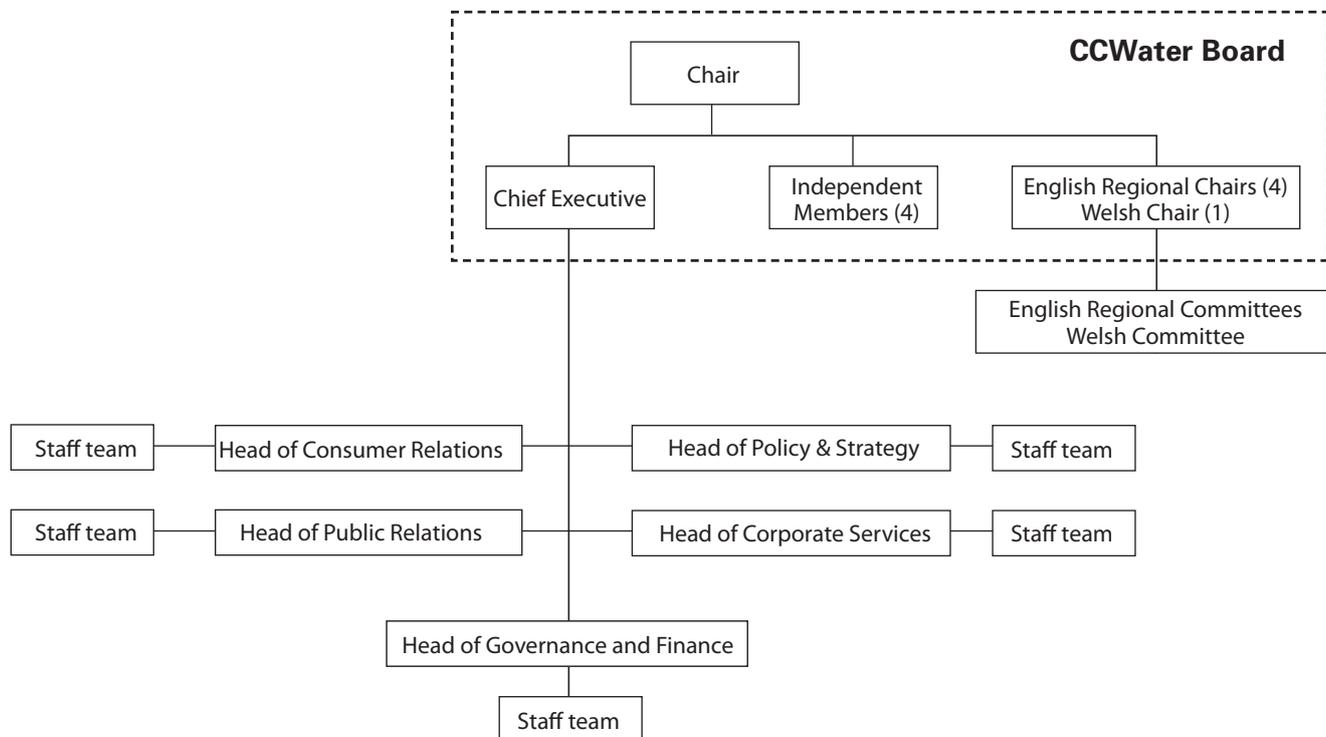
- one committee for Midlands and Eastern – to be known as the Central and Eastern region
- one committee for Southern and Thames – to be known as the London and South East region
- one committee for Northumbria, the North West and Yorkshire – to be known as the Northern region
- one committee for Wessex and South West – to be known as the Western region.

Wales would continue as a separate committee.

Committee chairs also considered how they could use their committee members to support them at regional and sub-regional level (and in Wales) giving them leadership and other opportunities.

The new structure was in place for 1 December 2007 which included a period for receiving any comments from stakeholders regarding the proposals for the committee restructure. All proposals were approved by CCWater's sponsors: Defra and the Welsh Assembly Government.

Figure 1:
Organisational Structure as at 31 March 2008



During 2007-08 CCWater also replaced its complaints management system with a modern, web based application provided by RightNow Technologies. The decision to replace the existing WaterCare system was taken in order to provide the organisation with an efficient software package providing greater flexibility for the organisation. The project was delivered on time and to budget. The new system went live within the organisation in February 2008.

Considerable effort went into the delivery of the Operational Business Plan of the organisation during 2007-08. 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:

- *Right first time* – consumer complaints, advice and information
- *Value for money* – the 2009 price review
- *Value for money* – paying for water, fair charging
- *Water on tap* – using water wisely with particular focus on the South East and parts of Eastern England.

A work progress monitoring report 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 work 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, three water companies agreed not to take up additional price increases as had been planned by the companies and agreed by the water regulator, saving customers about £90 million.

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

Commitments/Measure	2007-08	Output delivered 2007-08 compared with previous year	
Year on year increase in consumers satisfied with their contact with CCWater.	Increase (from base 2006-07)	Outcome	62% up 4%
		Speed	72% down 1%
		Quality	63% up 2%
Year on year increase in the percentage of consumer complaints resolved within our targets.	Increase (from base 2006-07)	5 days	98% same
		20 days	76% up 4%
		40 days	87% up 1%

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 2007-08 is published in our *Annual Review* available on the organisation's web site.

A statutory requirement for the organisation was the review and development of the Forward Work Programme and the preparation of a supporting Operational Business Plan for 2008-09 by 31 March 2008. 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 and stakeholder workshops.

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, 2007-08

In 2007 there was focus on the water industry particularly related to fines imposed on companies by the regulator Ofwat. As a result, the industry and its regulator were under the spotlight of the media. CCWater was a very active commentator on behalf of consumers.

As in the previous year, effort was spent during the course of 2007-08 responding to the Department for Business, Enterprise and Regulatory Reform (BERR) proposals for the reform of consumer representation and redress. In the original consultation document published on 25 January 2006 '*Proposals to strengthen and streamline consumer advocacy: a consultation on consumer representation and redress*', the proposal was that CCWater should not be part of the initial group of sectoral consumer bodies to be incorporated in the new arrangements, but that consultation should take place in 2008 as to its merger into the new body. However it was further suggested by CCWater to BERR that the consultation should take place in 2010 rather than 2008 – to avoid disrupting CCWater's key role in representing consumers in the 2009 price review process and giving CCWater a fair chance to prove its worth and to demonstrate the distinctive elements of a monopoly sector that must be captured if effective representation of consumers is to be achieved. No clear timetable has yet been identified as to whether a consultation will take place in 2008 or at a later date.

Over the period of the year 2007-08 customer complaints and enquiries increased, so putting greater pressure on staff working in the area. This pressure was a factor taken into account in the decision to replace the complaints management system during the course of the year with an efficient software package providing greater flexibility for the organisation.

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 also acts on behalf of businesses as well as domestic households.

Future development, performance and position

In 2008-09 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 reporting mechanisms.

The BERR reorganisation of consumer representation will progress during 2008-09 and CCWater will keep itself fully aware of this process.

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

- The organisation does not fully deliver its Forward Work Programme
- The organisation fails to convince customers of its validity as an organisation capable of representing consumers and being effective
- BERR reorganisation of consumer representation undermines CCWater's delivery of its Forward Work Programme
- There is a loss of key staff as a result of the BERR review
- 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 2007-08 by Ofwat: financial services, facilities management services, library and information services and human resources 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>2007-2008</u>	<u>2006-07</u>
	£000s	£000s
Income		
Operating Income	66	83
	<u>66</u>	<u>83</u>
Expenditure		
Operating costs	5,902	5,841
	<u>5,902</u>	<u>5,841</u>
Net Operating Costs	<u>5,836</u>	<u>5,758</u>

The budget for CCWater during 2007-08 was set at £6.01m.

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.

Authority for us to incur expenditure is provided by Parliament through the public expenditure process.

Grant in Aid of £1,325k intended for 2007/08 was received prior to the balance sheet date in 2006/07. This has the effect of increasing cash and reserves in the prior year.

Equal opportunities policy

We recruit staff on merit through fair and open competition. This 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 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.

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 staff recruited into the organisation received full induction training and a programme of specialist training is given to all staff to develop appropriate skills.

Payment of suppliers

We achieved 99 per cent against the Government target for paying agreed invoices within 30 days of receipt during 2007-08. The corresponding figure for 2006-07 was 99 per cent.

Tony Smith
 Chief Executive and Accounting Officer
 Consumer Council for Water
 1 July 2008

Remuneration Report

Senior management team

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

Tony Smith	Chief Executive
Teresa Evans	Head of Policy & Strategy (retired 19 October 2007)
Nick Ellins	Head of Policy & Strategy (from 2 January 2008)
Carl Pegg	Head of Consumer Relations
Jane Morris	Acting Head of Policy & Strategy (1 April 2007 – 1 January 2008)
	Acting Head of Corporate Services (as from 2 January 2008)
Andrew Marsh	Head of Public Relations (left 25 May 2007)
Dave Thompson	Head of Public Relations (as from 11 June 2007)
Steven Harrison	Acting Head of Operations (1 April 2007 – 1 January 2008)
	Head of Governance and Finance (as from 2 January 2008)

The Chief Executive was appointed by the Secretary of State as a member of the Board. His contract has now been confirmed by Defra as being 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, Dave Thompson and Steven Harrison are standard open-ended contracts with three months notice period.

Nick Ellins is on secondment for a period of two years from WaterUK.

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.

Remuneration Committee

Independent members:	Janet Paraskeva – Chair
	Narendra Makanji
Regional Chairs:	Sir James Perowne
	David Bland

The role of this committee is described earlier.

Staff remuneration

A performance related pay (PRP) system applies to all staff. Independent members provide independent scrutiny covering the overall performance of the organisation and the consistency and fairness of the PRP process.

A committee, chaired by the Chief Executive, makes recommendations to the Secretary of State on the percentage of the paybill that is available for performance awards each year together with the percentage increase award for each representative box mark. Members of the committee are the Chief Executive and the senior management team.

The total amount available is the agreed percentage of the sum of the salaries of staff in post at 31 July. Performance related pay is determined by the appraisal box mark system and is a proportionate share of the total sum. It is awarded as a percentage increase in basic salary. Performance rated as "did not meet objectives" does not receive a performance related pay award.

New pay awards take effect from 1 August and 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 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 the Treasury's instructions and as described below.

The following information is subject to audit.

Remuneration of Senior Managers

Disclosure of Salary Information 12 months ended 31 March 2008:

Name	2007-08		2006-07	
	Salary including performance pay	Benefits in kind (to nearest £100)	Salary including performance pay	Benefits in kind (to nearest £100)
	£000	£100	£000	£100
Tony Smith Chief Executive	105-110	-	100-105	-
Teresa Evans Head of Policy & Strategy (retired 19 October 2007)	35-40	-	60-65	-
Carl Pegg Head of Consumer Relations	50-55	-	20-25 (full time equivalent 50-55)	-
Jane Morris Acting Head of Policy & Strategy (1 April 2007 – 1 January 2008) Acting Head of Corporate Services (as from 2 January 2008)	55-60	-	45-50	-
Andrew Marsh Head of Public Relations (left 25 May 2007)	5-10 (full time equivalent 40-45)	-	40-45	-
Dave Thompson Head of Public Relations (as from 11 June 2007)	35-40 (full time equivalent 40-45)	-	-	-
Steven Harrison Acting Head of Operations (1 April 2007 – 1 January 2008) Head of Governance & Finance (as from 2 January 2008)	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" covers both pensionable and non-pensionable amounts and includes gross salary; performance pay or bonuses; overtime; 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 Inland Revenue as a taxable emolument. There were no benefits in kind during the year.

The Chief Executive is a member of the Premium Pension Scheme.

Remuneration of Board Members

	<u>2007-08</u>	<u>2006-07</u>
	<u>Salary £000</u>	<u>Salary £000</u>
Dame Yve Buckland (Chair)	45-50	45-50
David Bland	30-35	20-25
Andrea Cook	30-35	30-35
Catherine Harvey (appointment ended 30 Sept 2007)	20-25	20-25
Charles Howeson	30-35	30-35
Diane McCrea (including back remuneration)	40-45	30-35
Sir James Perowne	30-35	20-25
Richard Sturt (appointment ended 30 Sept 2007)	10-15	20-25
Mike Barnes	5-10	5-10
Timothy Hornsby	5-10	5-10
Narendra Makanji	5-10	5-10
Janet Paraskeva (left 31 March 2008)	5-10	5-10

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

Board member posts are non-pensionable.

Senior Managers Disclosure of Pension Information 12 months ended 31 March 2008

Name	Real increase in pension at 60 <u>£000</u>	Real increase in lump sum <u>£000</u>	Total accrued Pension at End Date <u>£000</u>	Lump sum at 31 March 2008 <u>£000</u>	CETV at 31 March 2007 <u>£000</u>	CETV at 31 March 2006 <u>£000</u>	Real increase in CETV funded by employer <u>£000</u>
Tony Smith Chief Executive	0-2.5	N/A	15-20	N/A	210	250	6
Teresa Evans Head of Policy & Strategy (retired 19 October 2007)	0-2.5	0-2.5	25-30	75-80	423	449	13
Carl Pegg Head of Consumer Relations	0-2.5	N/A	20-25	N/A	257	306	3
Jane Morris Acting Head of Policy & Strategy (1 April 2007-1 January 2008) Acting Head of Corporate Services (as from 2 January 2008)	2.5-5	5-10	20-25	60-65	278	380	58
Andrew Marsh Head of Public Relations (left 25 May 2007)	0-2.5	0-2.5	0-5	0-5	39	37	1
Dave Thompson Head of Public Relations (as from 11 June 2007)	0-2.5	N/A	0-5	N/A	N/A	9	7
Steve Harrison Acting Head of Operations (1 April 2007- 1 January 2008) Head of Governance & Finance (appointed 2 January 2008)	0-2.5	N/A	0-5	N/A	28	33	4

CETV figures at 31 March 2007 were revised from the People Pay and Pension Agency (PPPA).

Civil Service Pensions

Pension benefits for CCWater staff are provided through the CSP arrangements. From 1 October 2002, they may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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. 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).

Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values (CETV)

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 purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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 drawn.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of 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
1 July 2008

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 judgements 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

1. 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.

2. 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 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. The 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”

“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, including internally facing 'corporate' provision. The ongoing 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.

4. 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 four 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.

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

The risk appetites, that is the amount of risk that the organisation is prepared to accept, tolerate, or be exposed to at any point in time, are determined by the organisation's executive team, having both used appropriate escalation processes and being prepared to use further escalation processes upwards and by analysis under a framework of:

- corporate risk appetite
- delegated risk appetite
- project risk appetite

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control 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 on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit and Risk Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

As a result of the comprehensive review of the system of internal control that I have conducted, supported by reports provided from internal audit, reviews conducted by the Audit and Risk Management committee and regular discussions at Board meetings on appropriate topics, I feel no significant controls issues have been identified except in relation to certain health and safety issues where corrective action has now been taken.

In conclusion, I would identify further improvements to the system of internal control CCWater has in place. These improvements have been identified during the review of aspects of the system and steps will be taken to implement and embed them within the organisation during 2008-09:

- To ensure for the 2008-09 financial year a procurement savings target is put in place and quarterly monitoring reports of savings achieved as a result of actions taken by the procurement function are produced
- To put in place arrangements for each board sub-committee to report back formally to the Board on the work undertaken each year and performance against any set aims and objectives.
- To review and further update the health and safety policy to ensure that all relevant health and safety risks are appropriately addressed.
- To put in place KPIs to monitor health and safety compliance which are reported to the executive management team on a quarterly basis.

Tony Smith
Chief Executive and Accounting Officer
Consumer Council for Water
1 July 2008

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 2008 under the Water Act 2003. These comprise the Statement of Net Expenditure, the Balance Sheet, the Cashflow 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, 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 in the Annual Report, which comprises the Introduction, Management Commentary and the Roles and Responsibility section 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 other 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 judgements made by the Council and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Consumer Council for 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 2008 and of net expenditure 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
- the information given in the Annual Report, which comprises the Introduction, Management Commentary and the Roles and Responsibility section 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.

Tim Burr
Comptroller and Auditor General

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

July 2008

Statement of Net Expenditure*for the year ended 31 March 2008*

	Note	<u>2007-08</u>	<u>2006-07</u>
		£000s	£000s
Gross Income			
Operating income	3	66	83
		<u>66</u>	<u>83</u>
Expenditure			
Staff costs	2.1	3,139	3,012
Other operating costs	4	2,763	2,829
		<u>5,902</u>	<u>5,841</u>
Net Operating Costs		(5,836)	(5,758)
Notional cost of Capital		(2)	–
Deficit for the financial year after notional cost of capital		(5,838)	(5,758)
Reversal of notional cost of Capital		2	–
Net expenditure for the financial year		<u>(5,836)</u>	<u>(5,758)</u>

All income and expenditure are derived from continuing activities.

Statement of Recognised Gains and Losses*for the year ended 31 March 2008*

	<u>2007-08</u>	<u>2006-07</u>
	£000s	£000s
Net expenditure for the financial year	(5,836)	(5,758)
Recognised gains and losses for the financial year	<u>(5,836)</u>	<u>(5,758)</u>

The notes on pages 26 to 34 form part of these accounts.

Balance Sheet as at 31 March 2008

	Note	31 March 2008		31 March 2007	
		£000s	£000s	£000s	£000s
Fixed assets:					
Intangible assets	5		76		105
Tangible assets	6		248		271
			324		376
Debtors (falling due after more than one year)	7		91		99
Current assets:					
Debtors	7	453		270	
Cash at bank and in hand	8	793		2,235	
		1,246		2,505	
Creditors (amounts falling due within one year)	9	(554)		(582)	
Net current assets			692		1,923
Provision for liabilities and charges	10		(169)		(219)
Total net assets			938		2,179
Capital and Reserves					
General Reserve	11		931		2,172
Revaluation reserve	11		7		7
			938		2,179

Tony Smith
 Chief Executive and Accounting Officer
 Consumer Council for Water
 1 July 2008

The notes on pages 26 to 34 form part of these accounts.

Cash Flow Statement*For year ended 31 March 2008*

		<u>2007-08</u>	<u>2006-07</u>
	Note	£000s	£000s
Net cash (outflow) from Operating activities	13 i	(6,010)	(5,481)
Capital expenditure	13 ii	(27)	(186)
Financing	13 iii	4,595	7,025
Increase/(Decrease) in cash	13 iv	<u>(1,442)</u>	<u>1,358</u>

The notes on pages 26 to 34 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 value to the business by reference to their current costs.

1.2 Fixed assets

Tangible and intangible assets have been stated at current cost using indices provided by the Valuation Office.

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 and amortisation

Depreciation is provided at rates calculated to write-off the value of tangible fixed assets by equal instalments 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 2008 (31 March 2007: 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:

	2007-08		2006-07	
	Permanent Staff	Other Staff	Total	Total
	£000s	£000s	£000s	£000s
Total staff costs including the Chief Executive's were:				
Wages and salaries	2,171	449	2,620	2,503
Social security costs	169	–	169	157
Pension costs	350	–	350	352
Total net costs*	2,690	449	3,139	3,012

*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 2007-08, normal employer contributions of £349,874, were payable to the PCSPS (2006-07: £321,373) at one of four rates in the range 17.1 to 25.5 per cent (2006-07: 17.1 to 25.5 per cent) of pensionable pay, based on salary bands. £47k 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 2008-09, the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from April 2008). The contribution rates are set to meet the cost of the benefits accruing during 2007-08 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 £8,150 for 2007-08 (2006-07 £4,760) 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 (2006-07: 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 £639, 0.8 per cent (2006-07: £427, 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 £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>2007-08</u>	<u>2006-07</u>
Staff permanently employed by CCWater	75	73
*Others engaged on the objectives of CCWater	4	8
Total	<u>79</u>	<u>81</u>

*This includes temporary staff.

3. Income

	<u>t2007-08</u>	<u>2006-07</u>
	£000s	£000s
Other Income*	66	83
Total	<u>66</u>	<u>83</u>

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

4. Administration costs and other expenditure

	<u>2007-08</u>	<u>2006-07</u>
	£000s	£000s
Rentals under operating leases:		
Accommodation	602	595
IT Software	301	148
Office equipment	9	15
	<u>912</u>	<u>758</u>
Non cash items:		
Depreciation of tangible fixed assets	46	42
Amortisation of intangible fixed assets	23	15
(Profit)/Loss on disposal of fixed assets	-	4
Early retirement	(3)	55
Unwinding of discount	-	5
Permanent diminution of fixed assets	7	10
	<u>73</u>	<u>131</u>
Other expenditure:		
Consultancy services	439	500
Training	56	63
Travel and subsistence	248	267
Rates	163	164
Support Service costs	112	202
Hire and maintenance	28	19
Seminars, meetings and conferences	92	69
Publications, Books & Periodicals	147	171
Postal services and couriers	29	32
Telecommunications	55	59
Auditors' remuneration*	31	29
Other accommodation costs	169	115
Recruitment costs	98	67
Website	9	82
Other	102	101
	<u>1,778</u>	<u>1,940</u>
	<u>2,763</u>	<u>2,829</u>

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

5. Intangible fixed assets

	Software Licences
	£000s
Cost or valuation	
At 1 April 2007	124
Additions	1
Disposals	–
Revaluation	(8)
At 31 March 2008	117
Amortisation	
At 1 April 2007	19
Charged in year	23
Disposals	–
Revaluation	(1)
At 31 March 2008	41
Net book value at 31 March 2008	76
Net book value at 31 March 2007	105

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 2007	107	47	220	41	415
Additions	2	–	14	7	23
Disposals	(1)	(9)	–	–	(10)
Revaluation	3	–	–	(3)	–
At 31 March 2008	111	38	234	45	428
Depreciation					
At 1 April 2007	66	40	31	7	144
Charged in year	7	2	25	12	46
Disposals	(1)	(9)	–	–	(10)
Revaluation	1	–	–	(1)	–
At 31 March 2008	73	33	56	18	180
Net book value at 31 March 2008	38	5	178	27	248
Net book value at 31 March 2007	41	7	189	34	271

7. Debtors

7.1 Analysis by type

	2007-08	2006-07
	£000s	£000s
Amounts falling due within one year:		
Other debtors	101	–
Advances*	8	6
Prepayments	344	264
	453	270
Amounts falling due after more than one year:		
Prepayments	91	99
	91	99

*Advances comprise of 16 travel season tickets.

7.2 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	£000s	£000s	£000s	£000s
	2007-08	2006-07	2007-08	2006-07
Balance with other central government bodies	60	–	–	–
Balance with local authorities	15	8	–	–
Subtotal: intra-government balances	75	8	–	–
Balances with bodies external to government	378	262	91	99
Total debtors at 31 March 2008	453	270	91	99

8. Cash at bank and in hand

	2007-08	2006-07
	£000s	£000s
Balance at 1 April	2,235	877
Net change in cash balance:	(1,442)	1,358
Balance at 31 March	793	2,235
The following balances are held at:		
Office of HM Paymaster General (OPG)	793	2,234
Commercial banks and cash in hand	–	1
	793	2,235

9. Creditors

9.1 Analysis by type

	2007-08	2006-07
	£000s	£000s
Amounts falling due within one year:		
Trade creditors	14	74
Accruals	443	344
Deferred income	–	10
Tax and Social security creditors	65	65
Other Creditors	32	89
	554	582

9.2 Intra-Government Balances

	Amounts falling due within one year	
	£000s	£000s
	2007-08	2006-07
Balance with other central government bodies	73	137
Balance with local authorities	6	–
Subtotal: intra-government balances	79	137
Balances with bodies external to government	475	445
Total creditors at 31 March 2008	554	582

10. Provision for liabilities and charges**Early departure costs**

	2007-08	2006-07
	£000s	£000s
Balance at 1 April	219	197
Provided in year	–	55
Provision not required written back	(3)	–
Provision utilised in year	(47)	(38)
Unwinding of discount	–	5
Balance at 31 March	169	219

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
	£000	£000	£000
Balance b/f at 1 April 2007	2,172	7	2,179
Net expenditure	(5,836)	–	(5,836)
Grant in Aid received towards resource expenditure	4,568	–	4,568
Grant in Aid received towards purchase of fixed assets	27	–	27
At 31 March 2008	931	7	938

12. Capital and other commitments

	2007-08	2006-07
	£000s	£000s
Contracted capital commitments for which no provision has been made	–	–

13. Notes to the Cash flow statement

	Note	2007-08	2006-07
		£000s	£000s
Note (i) Reconciliation of net operating costs to net outflow from operating activities			
Net operating cost		(5,836)	(5,758)
Adjustments for non-cash transactions	4	73	131
(Increase)/decrease in debtors	7	(175)	(38)
Increase/(decrease) in creditors	9	(25)	222
Use of provisions payments made	10	(47)	(38)
Net cash inflow / (outflow) from Operating activities		(6,010)	(5,481)
Note (ii) Capital Expenditure			
Applied towards the purchase of Intangible fixed assets	5	(10)	(114)
Applied towards the purchase of Tangible fixed assets	6	(17)	(72)
Total capital expenditure		(27)	(186)
Note (iii) Analysis of financing			
Grant-in-Aid and revenue Grant received from DEFRA and WAG		4,595	7,025
Note (iv) Analysis of changes in net funds			
		At	Cash
		31/3/08	flow
		£000s	£000s
Cash at bank and in hand	8	793	(1,442)
		2,235	2,235

14. Commitments under operating leases

At 31 March 2008 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 2008-09, analysed by the period during which the commitment expires are as follows:

	2007-08		2006-07	
	Buildings	Other	Total	Total
	£000s	£000s	£000s	£000s
Expiry within 1 year	–	1	1	130
Expiry within 2 to 5 years	95	187	282	591
Expiry thereafter	471	–	471	390
Total	566	188	754	1,111

15. Contingent liabilities

There are no contingent liabilities as at 31 March 2008.

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 1 July 2008, the date when the Accounting Officer despatched the accounts to Defra. The Financial Statements do not reflect events after this date.

18. Financial instruments

FRS 13, derivatives and other financial instruments, 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 FRS 13 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 2008.

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 energywatch.

CCWater received financial services, facilities management services, library and information services and human resources services from Ofwat during 2007/08; the cost for 2007/08 was £112k including £17k 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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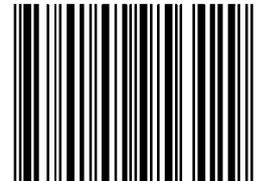
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