Committee on Climate Change

Annual Report and Accounts

2017–18

HC 1179

Committee on Climate Change

Annual Report and Accounts

1 April 2017 to 31 March 2018

Presented to Parliament pursuant to Paragraph 24 of Schedule 1 of the Climate Change Act 2008

Ordered by the House of Commons to be printed 2 July 2018

HC 1179
SG/2018/96

This publication is available at www.gov.uk/government/publications

Any enquiries regarding this publication should be sent to us at the Committee on Climate Change.

ISBN 978-1-5286-0262-4

CCS0418463104 07/18

Printed on paper containing 75% recycled fibre content minimum

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

Contents

Chairman's foreword

In 2018, we are celebrating a decade of achievement. It's ten years since Parliament voted overwhelmingly to curb the UK's greenhouse gas emissions; ten years since the Climate Change Act passed into law; and ten years since the Committee on Climate Change (CCC) was established to advise the government on reducing emissions and preparing for climate change.

As I look back on our successes, some of which are highlighted in this year's annual report, it's remarkable to see how far we've come.

Overall, the UK's emissions are falling. In 2017, emissions were 43% below 1990 levels, while the economy grew by two thirds over the same period. We will have met the first two carbon budgets (2008-12 and 2013-17) and are likely to meet the third (2018-22), on track towards the goal of reducing total emissions by at least 80% in 2050.

The Committee has had a real hand in this progress. The 2050 target was set in line with our advice. The first five carbon budgets were legislated at the levels we recommended. And we have repeatedly said that, if we act early, we can decarbonise our economy without significant economic penalty.

In terms of climate change adaptation, we have also made an important contribution. As a nation, we are taking steps to assess the risks and build our resilience to climate change impacts, thanks in large part to the work of our Adaptation Sub-Committee (ASC). In early 2017, the UK government and the devolved administrations in Scotland, Wales and Northern Ireland set out their latest view of the key areas of climate risk and opportunity for the UK, strongly informed by the ASC's independent assessment for the UK government six months earlier.

So it is with pride that I look back at our achievements over the past decade, and the past year. But we must not rest on our laurels. Indeed, our work during the last twelve months has demonstrated all too often how much remains to be done, not least now that the UK has signed up to the demanding requirements of the Paris Agreement.

Our Progress Report to Parliament last summer showed that, if the UK is to meet its carbon budgets in the 2020s and 2030s, we need to start driving down emissions right across the economy – well beyond the power and waste sectors. Although the UK government's Clean Growth Strategy sets out a blueprint to achieve this, our recent independent assessment found that current policies and proposals do not go far enough. Urgent work is required, particularly when it comes to tackling emissions from buildings, transport, and agriculture. The CCC's advice on the level of the budgets was based real reductions, relying neither on 'flexibilities' nor on future purchase of offsetting credits.

On adaptation, our biennial report to the UK government in June 2017 called for further action to ensure the UK is prepared for changing average climatic conditions and more extreme weather; and the associated impacts on our natural environment, built environment, and infrastructure.

The range of our analysis and advice extends beyond our annual statutory reports. Over the last year we have also published, amongst many other things, an assessment of how the UK's greenhouse gas emissions are quantified and three reports to the devolved administrations in Wales and Scotland.

The vital contribution that all UK nations make to meeting carbon budgets and to building resilience to climate change impacts cannot be overstated. Our report to the Scottish government last September showed that Scotland is leading the UK in terms of emissions reductions. In addition, we advised on the Scottish government's draft climate change plan, making a number of recommendations for consideration. Scotland's new Climate Change Bill, which could be world-leading in its ambition, has also been published.

Wales is making great strides. We have advised on the design and level of Welsh carbon targets, taking into account specific factors relating to the Welsh economy and its unique sources of emissions. We look forward to seeing how the Welsh government responds to our advice later this summer.

We could not deliver our duties without wide input from a range of organisations and individuals, across government, Parliament, industry, business and civil society – your input, insight and interest in our work is invaluable.

Particular thanks go to our Committee Members, our dedicated Secretariat staff, and our exemplary interim Chief Executive, Adrian Gault, who has led the team with such professionalism over the last nine months.

Finally, I am delighted to welcome our new CEO, Chris Stark – a truly excellent appointment for the Committee.
I have no doubt that he will take us from strength to strength as we celebrate our first ten years and embark on the decade ahead.

Lord Deben
Chairman,
Committee on Climate Change
27 June 2018

Section 1:
Performance Report

1.1 Overview

1.1.1 Chief Executive's message

This year, 2018, marks an important juncture for the Committee on Climate Change (CCC). As the new Chief Executive I am excited to join the organisation as we turn ten and set expectations for the next decade of work.

We have never been busier, as this report attests. The last year has seen us publish a number of important assessments; of the UK government's Clean Growth Strategy and its likely impact on the UK's ongoing drive to reduce emissions; of the Scottish and Welsh governments' carbon reduction ambitions; and of the government's adaptation programme to prepare England for climate change – and much more besides.

I'm struck by how well the CCC builds knowledge, growing its analytical legacy consistently over the first decade. This year's work, in every case, has built on our previous assessments, refining and augmenting our understanding of climate risks and our forecasts of the years ahead. It is this consistency that has allowed us to remain an influential voice. The Committee has played an instrumental role in helping the UK government, and the devolved administrations, to devise and set frameworks to meet their respective climate change goals. Progress is underway: greenhouse gas emissions are falling, and initial steps are being taken to build resilience to climate change impacts.

The next phase of the journey is about to begin, and there is a lot to do. By 2028, in just a decade, the UK will be embarking on the fifth carbon budget period which runs to 2032. By then, as a nation, our greenhouse gas emissions will need to have reduced by at least a further 15% on today's levels.

The UK mission to continue to decarbonise and adapt to climate change is more important than ever. If the success story I've described above is to continue, as it must, in the next period we'll see some changes to our lifestyle. By the 2030s, many of us will be driving electric or hybrid vehicles. More of our power will come from renewable sources – with a great deal of it produced by wind turbines at sea. Heat pumps may warm our homes in winter and keep them cool in summer. Plans to deploy carbon capture and storage technology in the UK will be well underway, and perhaps even in the early phases of operation. We may have built new flood defences to cope with rising sea-levels. Our farmland could be both a source of food and a sponge to soak up water during periods of intense rainfall.

None of this will happen without a gear shift in government policy and a market response. Over the coming years our challenge as a Committee will be to help government move from ambition to action; from setting targets to delivering them – right across the board. It will require us to put forward new, evidence-based thinking about effective policy-making, and to develop further insights into behaviour change: how can people be encouraged to make choices that are consistent with realising a low-carbon economy?

Hitting our carbon targets into the 2020s and 2030s and building widespread resilience to climate change impacts will involve us all; country by country, city by city, town by town. That's why I'm keen to ensure our analysis increasingly takes note of experiences and expertise in England, Scotland, Wales and Northern Ireland. I want the CCC to be an advocate for a coherent, long-term climate change framework which accommodates the relative strengths of all UK nations – and each of the City Regions.

International developments will also be crucial. In the next twelve months, we're likely to learn more about the implications of Brexit for UK carbon budgets, including how it might affect the UK's membership of the EU's Emissions Trading System. We'll read the Intergovernmental Panel on Climate Change's (IPCC) report on emissions pathways consistent with holding global temperature rise to 1.5°C, due out in October, with interest. And, at the UK government's request, we expect to assess in detail what the Paris Agreement means for the UK's long-term emissions targets.

We will also publish our annual assessment of Scotland's progress in reducing emissions, new research into the role of hydrogen and bioenergy in meeting UK carbon budgets, an in-depth report on the importance of agriculture and land-use in relation to the UK's mitigation and adaptation efforts, and an assessment of how climate change will increasingly affect our coasts.

It is set to be an important year – a fitting start to our second decade. I very much look forward to leading the team through it.

Chris Stark
Chief Executive,
Committee on Climate Change
27 June 2018

1.1.2 Committee role and structure

The Committee on Climate Change ('CCC') is an independent, statutory non-departmental public body established under the Climate Change Act 2008. Our purpose is to advise the UK government, Parliament and the devolved administrations on cutting emissions and preparing for climate change. The CCC consists of two committees: a committee ("the Committee") advising on how to reduce greenhouse gases in line with legislative requirements and an Adaptation Sub-Committee ("ASC") which advises on actions the UK should take to adapt to the developing risks from climate change.

Our strategic priorities are:

- Provide independent advice to government on setting and meeting carbon budgets and preparing for climate change
- Monitor progress in reducing emissions, achieving carbon budgets and preparing for climate change
- Conduct independent analysis into climate change science, economics and policy
- Engage with a wide range of stakeholders and individuals to promote understanding and inform an evidence-based debate on climate change and its impacts

The Committee comprises a Chairman and eight independent members. The Committee is sponsored by the Department for Business, Energy and Industrial Strategy (BEIS), the Northern Ireland Executive, the Scottish government and the Welsh government.

The ASC, also established under the Climate Change Act, advises the UK government and devolved administrations on their assessment of the risks and opportunities from climate change. It also reports to the UK Parliament on progress in adaptation, particularly in relation to the UK government's National Adaptation Programme.

The ASC comprises a Chairman, who also sits on the Committee, and five independent members. The ASC is jointly sponsored by the Department for Environment, Food and Rural Affairs (Defra), the Northern Ireland Executive, the Scottish government and the Welsh government.

1.1.3 Adoption of the going concern basis

The statement of financial position at 31 March 2018 shows net liabilities of £359,256 (2016-17, net liabilities of £363,497). This reflects the inclusion of liabilities falling due in future years that may be only met by future Grants-in-Aid from BEIS, Defra and devolved administrations. The conventions applying to parliamentary control over income and expenditure require that Grants-in-Aid may not be issued in advance of need.

The future financing of the CCC (including the ASC) is to be met by Grants-of-supply from BEIS, Defra and the devolved administrations as well as the application of future income, both of which are approved on an annual basis by Parliament. Funding provided by devolved administrations is approved by their respective Parliaments. Grants-of-supply for 2018-19 have already been given and there is no reason to believe that future approvals will not be forthcoming. IAS 10 states that for non-trading entities the anticipated continuation of the provision for that service is normally sufficient evidence of going concern. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.2 Performance Analysis

1.2.1 Key performance indicators for 2017-18

Key Performance Indicator 1

Fulfilling our statutory duties as set out under the Climate Change Act 2008, including reporting on progress made in meeting carbon budgets, advising on future carbon budgets, and reporting on preparedness to adapt to climate change

- Completing the Committee's Joint Progress Report which details the UK's progress in reducing greenhouse gas emissions and meeting carbon budgets and the ASC's second biannual assessment of the National Adaptation Programme;
- Providing an independent assessment of the UK Government's Clean Growth Strategy;
- Publishing a report on the quantification of the UK's greenhouse gas emissions;
- Responding to advice requests from the devolved administrations.

Key Performance Indicator 2

Ensuring that the Committee's governance arrangements are fit for purpose, meeting statutory and other requirements, and that it continues to operate as a responsible and effective NDPB

- Ensuring adequate financial reporting and accounting arrangements are in place;
- Maintaining an appropriate internal control and governance framework;
- Implementing corporate and human resources policies which facilitate the hiring, retention and development of a skilled and motivated team;
- Maintaining a security policy, business continuity plan and risk management plan;
- Engaging with key stakeholders, through a range of communications channels, to ensure the effective delivery of our message.

The Corporate Plan, available on the CCC's website, provides more information about our achievements in 2017-18 and details our business activity plan for 2018-19 and our longer term plan for the period 2019 – 2021.

An assessment of the key risks and issues faced by the CCC is provided in the Governance Statement which is shown in the Performance Report in section 2:1:3.

1.2.2 Analysis of our performance in 2017-18

Progress towards reducing emissions

The **Joint Progress Report to Parliament** in June 2018 provided the Committee's ninth annual assessment of UK progress in reducing emissions and meeting carbon budgets and the ASC's second biannual assessment of the National Adaptation Programme, which drives action to prepare for climate change impacts in England.

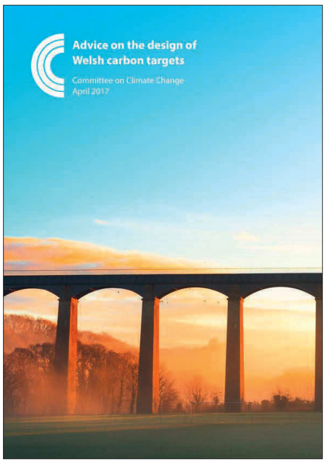
The report found that UK greenhouse gas emissions are about 42% lower than in 1990, which is around half way to the 2050 commitment to reduce emissions by at least 80% on 1990 levels. However the Committee advised that effective new strategies and policies are urgently needed to ensure emissions continue to fall in line with the commitments agreed by Parliament.

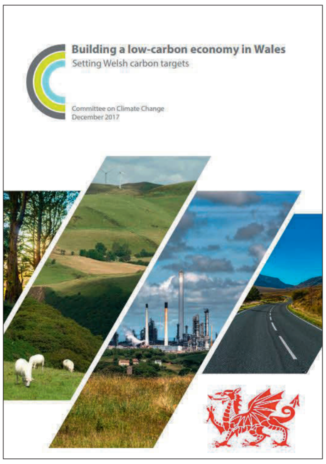
This recommendation was reinforced in January 2018 when the Committee published its **Response to the UK government's Clean Growth Strategy**. Our report recognised the good progress which has been made to reduce greenhouse gas emissions since the Climate Change Act was passed in 2008. Emissions have fallen faster than the average rate of reduction across other G7 countries. The Committee also recognised the strong commitment made by government to achieving the UK's climate change targets.

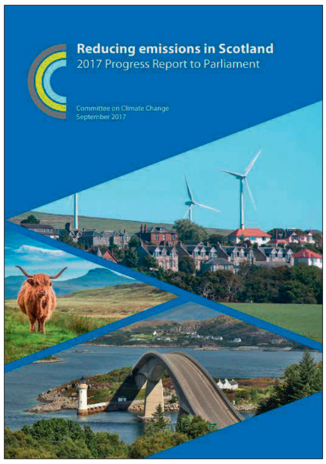
However, the policies and proposals set out in the Clean Growth Strategy need to be firmed up. There are also gaps to meeting the fourth and fifth carbon budgets which must be closed. Additionally, risks of under-delivery must be addressed to ensure carbon budgets are met on time.

In April 2017 the Committee published a report on the **quantification of the UK's greenhouse gas emissions**, where uncertainties lie, and the implications for setting carbon budgets and measuring progress against climate change targets. The report found that the methodology for constructing the UK's greenhouse gas inventory is rigorous but the process for identifying improvements could be strengthened. The Committee recommended that the government should continue to monitor consumption-based greenhouse gas estimates and support continued research to improve methodology and reduce uncertainty in those estimates.

The Committee has also published the following advice reports to the devolved administrations:







Managing and adapting to climate change risks

The **ASC's assessment of the National Adaptation Programme (NAP)**, published as part of the Joint Progress Report in June 2017, found that the actions set out in the NAP had largely been delivered. This includes steps to invest in flood defences and funding to improve the resilience of energy, transport and water infrastructure to severe weather conditions. However despite the action underway the overall state of the natural environment is worsening which increases its vulnerability to climate change. Further work is therefore needed to reduce the risks of surface water flooding and over-heating in towns and cities and recent storms show that national infrastructure remains vulnerable to severe weather.

The ASC advised that the next NAP must be more ambitious with polices which make a measurable difference and clearer mechanisms to track progress and address priority areas including flood risks to homes and businesses, risks to the natural environment, including to soils and biodiversity, and risks to human health and wellbeing from higher temperatures.

Financial performance and governance arrangements

Analysis of the CCC's financial performance can be found in section 2:1:1(b) of the Accountability Report. This together with information provided in the Governance Statement, section 2:1:3 of the Accountability Report, provides information on our performance against our second Key Performance Indicator, which is to ensure the CCC's governance arrangements are fit for purpose, meet statutory and other requirements, and that it continues to operate as a responsible and effective NDPB.

1.2.3 Sustainability report

Our environmental impact

Our greatest environmental impact arises from our role in advising the UK government, Parliament and the devolved administrations on reducing carbon emissions. The successful performance of our statutory duties will form a critical role in the UK's desire to remain at the forefront of tackling climate change globally.

More broadly, the CCC has supported an increased understanding, awareness and debate of the challenges and opportunities in moving to a low-carbon economy and preparing for the impacts of climate change.

CCC publications and recommendations are frequently referenced in the UK and devolved Parliaments and assemblies, university lecture courses, media reports, at industry events and, increasingly, by the wider public. We engage widely, through hundreds of meetings and speaking events each year and are always open to reviewing new evidence.

Following the creation of the CCC in 2008, a number of other countries have created climate change committees or similar advisory bodies. A meeting of these organisations was jointly organised by the CCC and the Finnish Climate Change Panel in February 2018. Nine climate change advisory bodies participated alongside a number of other organisations. Progress was made to share information across the organisations with a substantial commonality of issues and concerns emerging. Work will be taken forward with the Foreign & Commonwealth Office to maintain the progress made.

The CCC has also worked with a number of countries, such as New Zealand and Taiwan, which are in the process of creating their own advisory bodies to provide advice.

Our direct impact

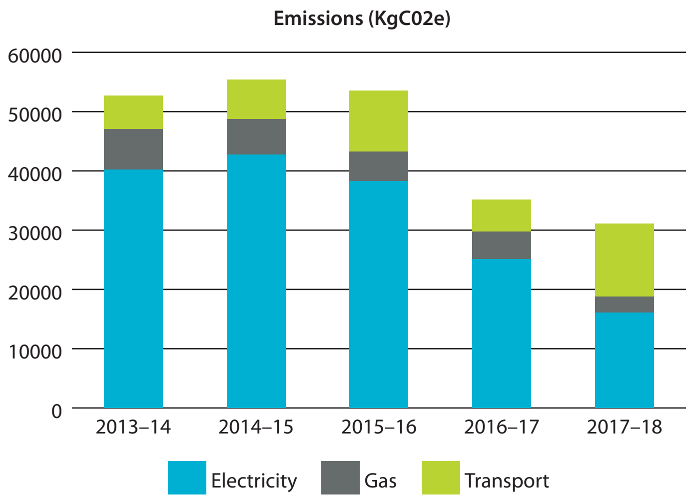
We also have a direct impact on the greenhouse emissions associated with our business travel and energy use, as well as the water use, paper consumption and waste generated by our activities.

In August 2017 the Carbon Trust completed an assessment of the CCC's progress to reduce carbon emissions. To achieve re-certification the Carbon Trust required the CCC to provide evidence of a sustained year on year reduction in carbon emissions and to demonstrate good all-round carbon management performance in their day to day operations.

The Carbon Trust confirmed that the CCC has achieved a considerable reduction in absolute tCO_2e during the four year assessment period (2013-14 to 2016-17) compared to the best performing organizations in our sector. The Carbon Trust also commended the work completed by the CCC to implement our Carbon Reduction policies.

Measuring, reducing and off-setting our carbon emissions

The progress made to reduce our carbon emissions is shown in the chart below:



In 2017-18 emissions from electricity and gas accounted for 60% of total emissions. During this year the CCC has worked with our landlord to improve the efficiency of the use of air conditioning and heating within our building by implementing a number of measures such as changing the temperature within our office areas.

Travel emissions have increased in 2017-18 compared to previous years. This is due to three international flights to Beijing as part of a project with the British Embassy in Beijing to develop climate risk indicators. Throughout the course of the project we have sought to minimize the need for travel through the use of video and teleconferencing facilities wherever possible.

Most of our travel is by rail with UK domestic and international flights used only in exceptional circumstances. The majority of our staff travel to work by public transport and many of our staff also use the cycle to work scheme.

Sustainable development

We continually assess the environmental impact of our activities and follow sustainable business practices to achieve our aim of being a low-carbon, resource efficient organization including:

- Measuring, reducing and off-setting our carbon emissions.
- Reducing waste and increasing recycling.
- Procuring our resources from sustainable resources.

The CCC considers sustainability as part of all its procurement decisions, including when the CCC enters into contracts with new suppliers or tenders for services from external contractors.

We have significantly reduced the number of printed reports produced for each publication. We also ensure the environmental credentials of printing firms used by the CCC using firms which can demonstrate carbon neutrality.

Waste and recycling

We continue to use resources efficiently so that we produce less waste, and to reduce the amount of waste sent to landfill through increased recycling. We are working with local businesses to set up a process to enable compostable waste to be recycled as compost recycling is not currently carried out by our local council.

Where IT hardware is no longer required our strategic supplier (IBM) reuses the hardware where possible. Items that cannot be reused are collected by its subcontractor Northern Realisation for reuse by schools and charities and recycling of components and materials. Items are sent for incineration only as a last resort.

Chris Stark
Accounting Officer
27 June 2018

Section 2:
Accountability Report

2.1 Corporate Governance Report

2.1.1 The Directors' report

a) Our Directors

The Directors comprise the Chairman, Lord Deben, the Chief Executive, Matthew Bell until 14 July 2017, Adrian Gault from 15 July 2017 to 15 April 2018 and Chris Stark from 16 April 2018, and other Committee Members whose details can be found in section 2:2:3 of the Remuneration Report.

b) Financial summary

i) <u>Results</u>

The CCC received a resource allocation of £3,475,099 (2016-17: £3,575,026) and a capital allocation of £13,000 (2016-17: £15,000), which was wholly funded by BEIS, Defra and the devolved administrations. The Grant-in-Aid funding drawn down during the year was £3,447,093 (2016-17: £3,382,291). The CCC's net operating cost for the year was £3,442,852 (2016-17: £3,472,236) and the capital expenditure was £12,368 (2016-17: £9,035).

The accounts show a Statement of Comprehensive Net Expenditure of £3,442,852 for the year ended 31 March 2017 and net liabilities of £359,256 on the Statement of Financial Position principally driven by our trade and other payables, which include liabilities falling due in futures years that may only be met by future grants-in-aid.

ii) <u>Non-current assets</u>

The CCC has non-current assets of £100,924 at 31 March 2018 which all comprise of property, plant and equipment and intangible assets.

iii) <u>Events since the end of the financial year</u>

No events have occurred since the end of the financial year which would materially affect the contents of these financial statements.

The Annual Report and Accounts were authorised for issue by the Accounting Officer on 27 June 2018.

iv) <u>Going concern</u>

Our funding for 2018-19 has been agreed with BEIS and set out in the Main Supply Estimate 2018-19. On this basis we consider it appropriate to prepare these financial statements on a going concern basis. The funding for 2018-19 covers the reported liabilities as at 31 March 2018 of £359,256

c) Register of interests

A register of interests of CCC Members and the Chief Executive is maintained and is available on the CCC's website at https://www.theccc.org.uk/about/transparency/.

d) Personal data related incidents

There were no personal data related incidents for the year ended 31 March 2018 (2016-17, nil).

e) Health and safety incidents

There were no health and safety incidents for the year ended 31 March 2018 (2016-17, nil).

f) Service arrangements

The CCC has procured the following service arrangements for its operations:

- Payroll, procurement, accounting and human resources through Shared Services Connected Limited (SSCL).
- IT infrastructure and services through the Defra's E-nabling Agreement with IBM; and
- Accommodation on the first floor of Holbein Place leased from the Heritage Lottery Fund (HLF).

Priorities for accommodation, IT and shared services delivery are kept under review to ensure they remain efficient, effective and provide value for money.

g) Supplier payment

The CCC uses SSCL to administer payments to suppliers on its behalf. The standard terms of payment for all contracts is 30 days from receipt of a valid invoice. SSCL is committed to the government's prompt payment target to pay valid invoices within 5 days of receipt.

According to the statistics provided by SSCL 83.76% of valid invoices received between 1 April 2017 and 31 March 2018 by the CCC were paid within the 5-day target (84.31% in 2016-17).

h) Whistleblowing

The CCC operates a whistleblowing policy which complies with the key elements of the Civil Service Employee Policy 'Whistleblowing and Raising a Concern'. No reports under the whistleblowing policy have been made by employees during the year ended 31 March 2018.

i) Regularity of expenditure (This section has been subject to audit)

There were no losses or special payments made by the CCC in the financial year.

j) Remote contingent liabilities (This section is subject to audit)

The Committee on Climate Change does not have any Remote Contingent Liabilities in 2017-18 (2016-17, none).

2.1.2 The Statement of Accounting Officer's responsibilities

Under schedule 1, Section 24 (2) of the Climate Change Act 2008, the Secretary of State for Business, Energy and Industrial Strategy has directed the CCC 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 CCC and its income and expenditure, changes in taxpayers' equity 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 Treasury, including the relevant accounting and disclosures 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 Sponsoring Accounting Officer of BEIS has designated the Chief Executive as Accounting Officer of the CCC. 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 CCC's assets, are set out in Managing Public Money published by the HM Treasury.

As far as I am aware there is no relevant audit information of which the CCC's auditors are unaware and as Accounting Officer I have taken all the steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the CCC's auditors are aware of that information.

I confirm that the Annual Report and Accounts as a whole gives a fair, balanced and understandable view of the CCC's activities for the year ended 31 March 2018 and its financial position as at 31 March 2018.

I confirm also that I am personally responsible for this Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

2.1.3 Governance statement

Introduction

This Governance Statement sets out the governance, risk management and internal control arrangements for the CCC, in accordance with HM Treasury guidance. It applies to the financial year 1 April 2017 to 31 March 2018 and up to the date of approval of the Annual Report and Accounts.

As Accounting Officer, I have responsibility for maintaining and reviewing the effectiveness of our governance arrangements, risk management and internal control arrangements. I am personally responsible for safeguarding the public funds in my charge and for ensuring propriety and regularity in the handling of those funds.

Specifically, I am tasked with ensuring that the CCC:

- Operates within the confines of the Climate Change Act (2008).
- Is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in HM Treasury's 'Managing Public Money'.
- Operates in line with the requirements of the Freedom of Information Act 2000 and complies with Data Protection legislation.

Governance Structures

The CCC's corporate governance structure is framed by the requirements of the UK Climate Change Act, which sets out both the legal duties of the CCC and the functions and broad governance structure of the organisation. This primary legislation is supported by the CCC's Framework Document (available from our website) which describes how we are accountable to BEIS, Defra and the devolved administrations, our governance arrangements, and our management and budgeting processes.

The vision and strategic direction for the organisation is set by the **Committee**, which is responsible for the delivery of independent, evidence-based advice on reducing greenhouse gas emissions. Similarly, the **Adaptation sub-Committee** (ASC) is responsible for the delivery of advice on the UK's preparedness for climate change.

The Committee and ASC each agree an annual work programme and meet regularly to review progress against it. Agendas, minutes of previous meetings and supporting evidence are sent to members in advance. Members of the secretariat attend committee meetings to hear relevant discussions, present evidence and answer questions.

The **Audit Committee** is responsible, on behalf of the board, for advising me as Accounting Officer on the adequacy of our internal control and risk management framework and the governance of the internal and external audit processes. The Audit Committee also provides assurance on the quality of the Committee's Financial Statements.

The Audit Committee met three times during 2017–18 with representatives from the National Audit Office (NAO), Internal Audit (Government Internal Audit Agency) and the departmental Sponsor Group also attending.

The Chief Executive leads the **Senior Management Team**, which includes the Head of Corporate Services and other senior members of staff as appropriate. The Senior Management Team has responsibility of the overall management of the CCC. We are responsible for making any necessary and appropriate decisions relating to the day-to-day performance of the CCC's business, and for the effective management of our staff.

The table below shows attendance at meetings held by the Committee, Adaptation Sub-Committee and the Audit Committee during 2017-18. Committee members also spend time working directly with the Secretariat on particular pieces of analysis and thinking.

	Committee	ASC	Audit Committee
	Meetings attended out of those eligible	**Meetings attended out of those eligible**	**Meetings attended out of those eligible**
Lord Deben	11of 12		
Baroness Brown of Cambridge	12 of 12	12 of 13	1 of 1
Professor Nick Chater	10 of 12		
Sir Brian Hoskins	12 of 12		
Dr Rebecca Heaton	11 of 12		
Paul Johnson	8 of 12		
Professor Corinne Le Quéré	12 of 12		3 of 3
Professor Jim Skea	9 of 12		
Professor Jim Hall		11 of 13	
Professor Michael Davies		2 of 2	
Professor Dame Anne Johnson		7 of 11	
Professor Georgina Mace		1 of 2	
Ece Ozdemiroglu		10 of 13	
Rosalyn Schofield		12 of 13	3 of 3
Sir Graham Wynne		10 of 11	0 of 2

Compliance with the Corporate Governance Code

Our governance structure has been designed, where relevant, to be consistent with the principles of the Corporate Governance Code of Good Practice for Central Government Departments, published by HM Treasury. Smaller, non-ministerial departments, such as the CCC, are encouraged, as far as is possible, to adopt the practices set out in the Code or to explain non-compliance under the 'comply or explain' principle.

The CCC can confirm that all of its Members and employees are paid directly through the CCC's payroll and that no individuals are engaged on an off-payroll basis.

Approach to risk management

The CCC has a risk identification, management and escalation framework within the organisation's Risk Management Strategy. Risk management and internal control processes are embedded within the business. As a small organisation, our approach to risk management is closely integrated with the day-to-day management of the CCC as well as our long term strategic planning.

The Head of Corporate Services is responsible for compiling and maintaining a register of the key risks facing the CCC. All members of staff are engaged in identifying these risks. The risk register is reviewed and discussed regularly at Senior Management Team and Audit Committee meetings, with escalation to the Committee as necessary. This review process supports informed decision making within the Committee and ensures that changes in risk to our corporate objectives and work programmes are identified at an early stage. I am responsible, with the Head of Corporate Services, for ensuring mitigation strategies are implemented.

Principle risks and uncertainties

The principal risks the CCC has faced over 2017-18 are described below:

Risk	Risk trend at year end	Mitigating activity
Independence Greater focus on real or perceived conflicts of interest could affect the Committee's ability to act independently and credibly.	↑	Processes are in place to record interests to ensure full transparency. A clear policy with guidance on managing interests has been developed for both members and staff.
Funding Challenging savings targets must be delivered whilst maintaining a large and complex work programme necessary to deliver the 6th Carbon Budget advice.	↔	Measures have been implemented to reduce operating costs. But significant uncertainty remains around future accommodation costs as the CCC is working at full capacity within its current office facilities and will need to secure new premises in the near future. The complexity and breadth of the future work programme will need to be carefully monitored to ensure staffing and research budgets remain sufficient to deliver high quality advice.
Recruitment and retention of staff An acute shortage of analytical skills combined with the risk of increased staff turnover due to a lack of promotion opportunities resulting from the small size of our organisation and an ambitious work schedule creates a potential delivery risk to the forward work programme.	↔	Measures are in place to aid effective succession planning. The forward work programme will be regularly reviewed to ensure to workload remains manageable. Recruitment activity to take place early with careful consideration of the most effective way to attract high quality candidates.
Committee member recruitment and effectiveness Significant delays to the recruitment of new members acts a deterrent to high quality candidates and compromises the ability of the Committee to operate effectively if vacant positions arise.	↔	Work with Sponsor Departments to ensure each recruitment process starts early.

Key

Relative severity	Change during the year
High	↑ Increasing severity
Medium	↓ Decreasing severity
Low	↔ Stable

Other governance activity

Shared Service Assurance

The CCC has a contract with Shared Services Connect Ltd (SSCL), a joint venture between Sopra Steria (a private sector company) and the Cabinet Office, to provide the majority of the CCC's financial systems, procurement and human resource processes. The CCC has received assurance from the Cabinet Office over the processes and controls operated by SSCL, including the results of the annual ISAE3402 report. No significant risks have been identified which would require disclosure in the statement following the assurance work completed by Pricewaterhouse Coopers LLP.

Quality assurance modelling

To deliver our objectives it is critical that the CCC's advice is supported by robust analysis and based upon sound assumptions. Quality Assurance (QA) is therefore embedded in all our analytical work. All projects and business critical models are allocated a Senior Responsible Owner, who is accountable for quality of data and analysis.
All analysis undergoes challenge from individuals outside the immediate project team and, where appropriate,

outside the organisation. There is a requirement for senior analytical clearance of work prior to presentation and a responsibility for risks and uncertainties, data limitations and any limitations in the QA process to be drawn to the attention of the Committee.

Consultants contracted to provide work for the CCC are expected to meet QA requirements, as set out in Invitations to Tender, which includes senior review and sign-off.

The CCC has reviewed the recommendations arising from the MacPherson Review of Quality Assurance and is compliant with the recommendations made.

Information and cyber security

Our IT support is provided through Defra's E-enabling Agreement with IBM. Following the formation of the central government Security Clusters and of the National Cyber Security Centre, Defra has developed contacts to support the continuation of central government support on Information Security and Assurance matters.

Cyber security remains a top priority for the government with the Cabinet Office leading a National Cyber Security Strategy and the creation of a new National Cyber Security Centre. The National Cyber Security Centre has developed four measures to improve cyber security. The CCC has implemented a number of these measures during 2017-18 and work is in progress to implement the remaining measure during 2018.

No reportable data loss incidents occurred during 2017–18 and the CCC continues to take a proportionate approach to the management of security risks in line with the low volume of sensitive and personal information handled.

General Data Protection Regulation

The new General Data Protection Regulation (GDPR) applied to the CCC from 25 May 2018. To prepare the CCC has followed the Information Commissioner's Office (ICO) guidance on preparing for GDPR and has also worked with relevant teams at BEIS and the Cabinet Office.

The GDPR places greater emphasis on the documentation that data controllers must keep to demonstrate their accountability. Consequently the CCC has reviewed the personal data sets held and the ways in which the CCC manages and protects personal data which is processed by our organisation. An information audit to document the personal data held by the CCC has been completed and updated Privacy Notices are available on our website.

Staff have been made aware of the new data protection requirements with mandatory, on-line training courses available to complete. A programme of work is underway to ensure that the CCC is able to demonstrate our accountability and to implement any new processes required to enable the CCC to comply with GDPR.

The CCC's shared service provider, SSCL, processes personal data for the CCC as well as a significant number of other government organisations. The government Shared Services Team, based within Cabinet Office, is leading a GDPR compliance strategy.

Tailored Review

BEIS have completed a Tailored Review of the CCC during 2017-18. The review was conducted using Cabinet Office principles and focussed on:

- Governance;
- Form and function; and
- Improving effectiveness and efficiency.

The Review concluded that the CCC is well respected and highly valued by UK and international stakeholders. Three recommendations, one in each of the focus areas listed above, have been agreed:

Area	Recommendation	Planned action
Governance	The Framework Document should be updated.	The Framework Document will be updated by the CCC's sponsoring departments and approved by Her Majesty's Treasury for publication by summer 2018.
Form and function	A commitment to 6-monthly Sponsor Group Meetings should be made.	BEIS have agreed to implement a more robust calendar of sponsor group meetings.
Improving effectiveness and efficiency	The BEIS policy sponsor team should ensure that CCC Sponsor Group Meetings have the right representation, enabling CCC access to wider departmental functions and support.	The Sponsor Group are to consider widening the scope of Sponsor Group meetings to include staff from other directorates across such as Communications, Partnerships and Governance. The CCC will continue to work closely with its sponsors in the devolved administrations, Defra and BEIS, ensuring they are kept regularly informed of the progress of work.

Internal audit review

The GIIA has provided an annual opinion on the adequacy and effectiveness of the CCC's framework for governance, risk management and control to me, as Accounting Officer, and the Audit Committee. The audit opinion was that there is substantial assurance with the framework of governance, risk management and control being adequate and effective.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the National Audit Office and the senior management team of the CCC. On this basis, I consider the CCC's governance arrangements to be effective.

I can confirm the CCC has not had any significant control issues during 2017–18 and no significant weaknesses to address.

Chris Stark
Chief Executive
Committee on Climate Change
27 June 2018

2.2 Remuneration and staff report

2.2.1 Service Contracts

Staff

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

Chief Executive

The Chief Executive is on a permanent contract that may be terminated by the CCC or the Chief Executive by giving three months' notice, unless agreed otherwise by both parties.

Committee Members

All appointments to the Committee are made jointly by the Secretary of State for Business, Energy and Industrial Strategy and Ministers in the devolved administrations. Appointments to the Adaptation Sub-Committee are made jointly by the Secretary of State for Environment, Food and Rural Affairs and Ministers in the devolved administrations. These appointments are made in accordance with the Code of Practice for Ministerial Appointments to Public Bodies issued by the Office of the Commissioner for Public Appointments.

Chairs and committee members are normally appointed for a fixed period up to five years. Either party may terminate an appointment for any reason upon giving three months' notice in writing or the appointment may be terminated immediately by mutual consent. The Departments (BEIS or Defra) may also terminate an appointment immediately should the member be guilty of any conduct that, in the opinion of the Department, renders them unsuitable to continue.

The remuneration for the Committee on Climate Change is determined jointly by all funders. In 2017-18, the Chairman of the Committee of Climate Change was paid £1,000 per day with an average time commitment of three days per month. Committee members were paid £800 per day with an estimated time commitment of two days per month.

The remuneration for the Adaptation Sub-Committee is made jointly by all funders. In 2017-18, the Chairman of the Adaptation Sub-Committee was paid £650 per day with an average time commitment of five days per month. Committee members were paid £550 per day, with an estimated time commitment of two or three days per month.

2.2.2 Remuneration policy

The Chief Executive's remuneration is determined by the Committee. This is on the basis of a performance evaluation by the Chair of the Committee and with regard to recommendations by the Senior Salaries Review Body regarding senior Civil Service pay.

Up to 4% of the Chief Executive's remuneration is subject to meeting agreed performance criteria measured against delivery of objectives set by the Committee at the beginning of the year and is only triggered if all the main performance targets are exceeded.

None of the remuneration of any Committee Member is subject to performance conditions.

2.2.3 Remuneration (including salary) and pension entitlements (This section has been subject to audit)

The following sections provide details of the remuneration and pension interest of the Chief Executive and the Committee Members.

Table 1: Remuneration payments to Committee members during 2017–18

	Salary (£'000)	Bonus payments (£'000)	Benefit in kind (to nearest £100)	Pension Benefits (to nearest £1000)	Total (£'000)
Chief Executive					
Adrian Gault* (from 15 July 2017 to 15 April 2018)	75 – 80 (full year equivalent 105–110)	0 – 5	–	124,000	200 – 205 (full year equivalent 290 – 295)
Matthew Bell (resigned 14 July 2017)	40 – 45 (full year equivalent 135 – 140)	0 – 5	–	–	40 – 45 (full year equivalent 140 – 145)
Committee on Climate Change					
Committee Chair					
Lord Deben	35 – 40	–	3,100	–	35 – 40
Committee Members					
Baroness Brown of Cambridge**	20 – 25	–	1,000	–	20 – 25
Professor Nick Chater	15 – 20	–	2,600	–	20 – 25
Dr Rebecca Heaton	10 – 15	–	300	–	10 – 15
Sir Brian Hoskins	5 – 10	–	100	–	5 – 10
Paul Johnson	5 – 10	–	–	–	5 – 10
Professor Corinne Le Quéré	10 – 15	–	2,000	–	10 – 15
Professor Jim Skea	10 – 15	–	–	–	10 – 15
Adaptation Sub–Committee					
Committee Chair					
Baroness Brown of Cambridge**	20 – 25	–	1,600	–	20 – 25
Lord Krebs (resigned 31 January 2017)	–	–	300	–	0 – 5
Committee Members					
Professor Michael Davies (appointed 31 January 2018)	0 – 5 (full year equivalent 5 – 10)	–	–	–	0 – 5 (full year equivalent 5 – 10)
Professor Jim Hall	10 – 15	–	1,700	–	10 – 15
Professor Dame Anne Johnson (resigned 31 January 2018)	5 – 10 (full year equivalent 5 – 10)	–	–	–	5 – 10 (full year equivalent 5 – 10)
Professor Georgina Mace (appointed 31 January 2018)	0 – 5 (full year equivalent 5 – 10)	–	–	–	0 – 5 (full year equivalent 5 – 10)
Ece Ozdemiroglu	5 – 10	–	–		5 – 10
Rosalyn Schofield	5 – 10	–	–	–	5 – 10
Sir Graham Wynne (resigned 31 January 2018)	5 – 10 (full year equivalent 5 – 10)	–	100	–	5 – 10 (full year equivalent 5 – 10)

* Based on Adrian Gault's FTE salary, he would have received £185k in pension benefits, had he been in post for the full year.
** Baroness Brown is a member of the Committee on Climate Change and the Adaptation Sub-Committee. She received separate remuneration for both committees.

Table 2: Remuneration payments to CCC members during 2016–17

	Salary (£'000)	Bonus payments (£'000)	Benefit in kind (to nearest £100)	Pension Benefits (to nearest £1000)	Total (£'000)
Chief Executive					
Matthew Bell	135 – 140	0 – 5	–	54,000	195 – 200
Committee on Climate Change					
Committee Chair					
Lord Deben	20 – 25	–	300	–	20 – 25
Committee Members					
Baroness Brown of Cambridge*	5 – 10	–	1,500	–	10 – 15
Professor Nick Chater (appointed 1 April 2016)	15 – 20	–	1,300	–	20 – 25
Professor Samuel Fankhauser (resigned 31 December 2016)	5 – 10 (full year equivalent 5 – 10)	–	–	–	5 – 10 (full year equivalent 5 – 10)
Dr Rebecca Heaton (appointed 1 February 2017)	0 – 5 (full year equivalent 5 – 10)	–	–	–	0 – 5 (full year equivalent 5 – 10)
Sir Brian Hoskins	5 – 10	–	300	–	5 – 10
Paul Johnson	5 – 10	–	–	–	5 – 10
Lord Krebs (retired 31 January 2017)*	5 – 10 (full year equivalent 5 – 10)	–	800	–	5 – 10 (full year equivalent 5 – 10)
Professor Corinne Le Quéré (appointed 1 April 2016)	10 – 15	–	1,300	–	10 – 15
Professor Jim Skea	10 – 15	–	100	–	10 – 15
Adaptation Sub-Committee					
Committee Chair					
Baroness Brown of Cambridge (appointed as ASC Chair on 1 February 2017)*	0 – 5 (full year equivalent 15 – 20)	–	–	–	0 – 5 (full year equivalent 15 – 20)
Lord Krebs (retired 31 January 2017)*	20 – 25 (full year equivalent 20 – 25)	–	6,500	–	25 – 30 (full year equivalent 30 – 35)
Committee Members					
Professor Jim Hall	10 – 15	–	2,200	–	10 – 15
Professor Dame Anne Johnson	5 – 10	–	–	–	5 – 10
Ece Ozdemiroglu	10 – 15	–	–	–	10 – 15
Rosalyn Schofield	5 – 10	–	–	–	5 – 10
Sir Graham Wynne	10 – 15	–	1,100	–	10 – 15

* Baroness Brown and Lord Krebs are members of the Committee on Climate Change and the Adaptation Sub-Committee. They received separate remuneration for both committees.

Salary

'Salary' includes gross salary; 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. This report is based on accrued payments made by the Committee and thus recorded in these accounts.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2017-18 relate to performance in 2017-18 and the comparative bonuses reported for 2016-17 related to performance in 2016-17.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The Committee members were reimbursed for travel and subsistence costs incurred whilst attending committee meetings, on which the CCC also paid the tax due. The accounting of the CCC's benefits in kind reimbursed during the year is done on a cash basis.

Pay multiples (This section has been subject to audit)

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

	2017-18 £	2016–17 £
Highest paid Director's Total Remuneration	140k – 145k (full time equivalent)	140k – 145k
Median Total Remuneration	51,554	52,514
Ratio	2.8	2.7

The banded salary of the most-highest paid director in the CCC in the financial year 2017-18 was £140k-£145k (2016-17, £140k-£145k). This was 2.8 times (2016-17, 2.7) the median salary of the workforce, which was £51,554 (2016-17, £52,514).

In 2017-18 no employees (2016-17, 0) received remuneration in excess of the highest-paid director.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pension benefits (This section has been subject to audit)

	Accrued pension at pension as at 31/3/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/18	CETV 31/3/17	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Chief Executive						
Adrian Gault	45-50 plus lump sum of 140-145	5-7.5 plus lump sum of 15-17.5	1,051	880	122	-
Matthew Bell	–	–	–	–	–	700

Committee members are not members of any pension scheme and no contributions are paid towards an individual's personal pension plan.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Other Pension Scheme (CSOPS), or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 provide benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one provides benefits on a whole career basis (nuvos) with a normal pension age of 65.

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

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basis contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

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

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

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as "Alpha" – are unfunded multi-employer defined benefit schemes but the CCC is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at www.civilservicepensionscheme.org.uk/about-us/resource-accounts/

For 2017-18, employers' contributions of £283,405 were payable to the PCSPS (2016-17, £299,008) at one of four rates in the range 20.0% to 24.5% (2016-17, 20.0% to 24.5%) of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 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 £19,589 (2016-17, £21,146 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £495 (2016-17, £842), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £621 (2016-17, £2,002). Contributions prepaid at that date were £0 (2016-17, £0)

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value for 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 with the members leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown related 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 the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangements with the member transfers to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVS are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take into 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.

2.2.4 Staff report

The CCC is committed to the Civil Service Recruitment principles of fair and open competition and selection on merit. Our staff have been recruited externally as well as from within the civil service. We promote equality of opportunity for all staff irrespective of their race, sex, disability, age, sexual orientation or religion.

a) Staff Costs (This section has been subject to audit)

	2017–18 Total £	22017–18 Permanent Staff* £	2017–18 Other* £	2017–18 Committee Members £	Year to 31 March 2017 Total £
Committee Members' remuneration**	203,905	–	–	203,905	192,957
Wages and salaries***	1,434,037	1,189,474	244,563	–	1,551,430
Social security costs	196,182	147,552	28,300	20,330	200,172
Other pension costs	296,806	249,553	47,253	–	319,493
Sub total	**2,130,930**	**1,586,579**	**320,116**	**224,235**	**2,264,052**
Less recoveries for secondments	(6,250)	(6,250)	–	–	(25,825)
Total net costs	**2,124,680**	**1,580,329**	**320,116**	**224,235**	**2,238,227**

* 'Permanent' comprises staff employed on a permanent basis on the Committee's terms and conditions. 'Other' comprises staff either employed by other government departments or agencies, whether recharged or not, inclusive of VAT where applicable or employed directly on a short/ fixed term basis by the CCC. This also includes temporary staff.

** Remuneration for Committee members are fees paid for attending meetings and other work performed on behalf of the Committee during the period 1 April 2017 to 31 March 2018.

*** Wages and salaries include an accrual of £34,494 for total performance bonuses related to the 2017-18 financial year (2016-17, £47,094). Further it also includes a movement of £4,688 in staff leave accrual (2016-17, £(2,097)).

b) Exit packages (This section has been subject to audit)

No severance payments were made in the financial year (2016-17, £nil).

c) Compensation for loss of office (This section has been subject to audit)

No compensation payments for loss of office were made to Board members during the reporting year.

d) Off-payroll engagements

The CCC did not have any off-payroll engagements in the financial year (2016-17, £nil)..

e) Expenditure on consultancy

The CCC's spend on consultancy to implement the General Data Protection Regulation (GDPR) by May 2018 amounted to £9,000 during the financial year (2016-17, £nil).

f) Health, safety and wellbeing

During the period ended 31 March 2018 the average number of working days lost due to sickness absence was 2.05 days per full time equivalent (2016-17, 1.63 days). The CCC has a good record in providing a safe and supportive work environment, and there are no accidents to report in accordance with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

The CCC provides employee assistance support services, occupational health assistance and workplace assessments to help ensure the health and wellbeing of our staff.

g) Diversity and inclusion

Inclusion is important and creating a diverse workforce is key towards ensuring a diverse, inclusive organisation. The CCC monitors staff diversity data, pay awards and promotions to assess for unconscious bias and to help ensure our organisation remains as diverse and inclusive as possible.

The CCC recognises the importance of ensuring equality of opportunity for all disabled staff. As part of the CCC's job application process candidates who have a disability who apply for a post at the CCC (under the Guaranteed Interview Scheme) will automatically be put forward to the interview stage provided they satisfy the minimum criteria. The CCC makes this clear in its job adverts and application forms.

The CCC engages with staff on key policies affecting staff, such as performance management policies.

h) Staff numbers (This section has been subject to audit)

The average number of staff during the period is shown below:

	2017–18 Total	2017–18 Permanent staff	2017–18 Others	2016–17 Total	2016–17 Permanent staff	2016–17 Others
Chief Executive Office	2.0	2.0	–	2.3	1.7	0.6
ASC	4.1	3.5	0.6	5.4	4.4	1.0
Committee	15.7	12.9	2.8	15.3	12.2	3.1
Corporate Team	5.0	3.0	2.0	5.2	2.7	2.5
Total	**26.8**	**21.4**	**5.4**	**28.2**	**21.0**	**7.2**

i) Staff composition (This section has been subject to audit)

The composition of staff as at 31 March 2018 is shown below:

	Female	Male
Directors – Chief Executive and Committee Members	7	8
Senior Civil Servants (pay band 1)	2	2
Secretariat	11	8
Corporate Team	3	2
Total	**23**	**20**

Chris Stark
Accounting Officer
27 June 2018

2.3 The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Committee on Climate Change for the year ended 31 March 2018 under the Climate Change Act 2008. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Committee on Climate Change's affairs as at 31 March 2018 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Climate Change Act 2008 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

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

Responsibilities of the Committee and Accounting Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Climate Change Act 2008.

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

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

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

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

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

Other Information

The Committee and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Climate Change Act 2008;
- in the light of the knowledge and understanding of the Committee on Climate Change and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in Performance Report and Accountability Report included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP
29 June 2018

Section 3:
Financial Statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2018

	Note	**2017–18** £	2016–17 Restated* £
Income			
Other income	5	(147,919)	(28,189)
Total income		**(147,919)**	**(28,189)**
Expenditure			
Staff costs	3	2,124,680	2,238,227
Depreciation and amortisation	6, 7	25,767	20,275
Provisions	12	–	(62,700)
Other expenditure	4	1,440,324	1,304,623
Total expenditure		**3,590,771**	**3,500,425**
Net expenditure		**3,442,852**	**3,472,236**
Interest payable / receivable		–	–
Net expenditure after interest		**3,442,852**	**3,472,236**

Other Comprehensive Expenditure

	Note	**2017–18** £	2016–17 £
Other Comprehensive Expenditure		**–**	**–**
Total Comprehensive Expenditure		**3,442,852**	**3,472,236**

'Recoveries for research' (expenditure) has been restated as 'Other income' (Notes 2, 4 and 5).

All income and expenditure is derived from continuing operations

There were no gains and losses or comprehensive expenditure other than that shown above.

The notes on pages 41 – 55 form part of these accounts.

Statement of Financial Position

As at 31 March 2018

		31 March 2018		31 March 2017	
	Note	£	£	£	£
Non-current assets					
Property, plant & equipment	6	89,587		114,323	
Intangible assets	7	11,337		–	
Total non-current assets			**100,924**		**114,323**
Current assets					
Trade and other receivables	9	122,603		64,028	
Cash and cash equivalents	10	320,921		222,514	
Total current assets			443,524		286,542
Total assets			**544,448**		**400,865**
Current liabilities					
Trade and other payables	11	(832,604)		(693,262)	
Total current liabilities			(832,604)		(693,262)
Net current (liabilities)			**(288,156)**		**(292,397)**
Non-current liabilities					
Provisions	12	(71,100)		(71,100)	
Other payables	11	–		–	
			(71,100)		**(71,100)**
Assets less liabilities			**(359,256)**		**(363,497)**
Taxpayers' equity					
General reserve			(359,256)		(363,497)
			(359,256)		**(363,497)**

The financial statements on pages 37 to 40 were approved by the Committee on 27 June 2018 and signed on its behalf by:

Chris Stark
Accounting Officer
27 June 2018

The notes on pages 41 to 55 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2018

	Note	**2017–18** **£**	2016–17 £
Cash flows from operating activities			
Net deficit after interest		(3,442,852)	(3,472,236)
Adjustments for depreciation and amortisation	6, 7	25,767	20,275
Decrease in provisions	12	–	(62,700)
Adjustment to the service concession arrangement	6	–	825
(Increase) in trade and other receivables	9	(58,575)	(20,847)
Increase in trade and other payables	11	139,342	173,775
(Decrease) in payables not passing through the Net Expenditure Account	11	–	(3,843)
Net cash outflow from operating activities		**(3,336,318)**	**(3,364,751)**
Cash flows from investing activities			
Purchase of property, plant and machinery	6	–	(9,035)
Purchase of intangibles	7	(12,368)	–
		(12,368)	(9,035)
Cash flows from financing activities			
Grant from sponsoring department		3,447,093	3,382,291
Capital element of payments in respect of finance leases and on-balance sheet PFI and Service Concession Agreements	11	–	(4,803)
		3,447,093	**3,377,488**
Net Financing			
Net increase in cash and cash equivalents in the period		**98,407**	**3,702**
Cash and cash equivalents at the beginning of the period	10	222,514	218,812
Cash and cash equivalents at the end of the period	10	320,921	222,514

The notes on pages 41 to 55 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2018

	General Reserve £
Balance at 31 March 2016	(273,552)
Changes in Taxpayers' Equity 2016–17	
Grants from sponsoring department	3,382,291
Comprehensive Expenditure for the year	(3,472,236)
Balance at 31 March 2017	**(363,497)**
Changes in Taxpayers' Equity 2017–18	
Grants from sponsoring department	3,447,093
Comprehensive Expenditure for the year	(3,442,852)
Balance at 31 March 2018	**(359,256)**

The notes on pages 41 – 55 form part of these accounts

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2017–18 government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the CCC for the purposes of giving a true and fair view has been selected. The particular policies adopted by the CCC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

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

The preparation of the accounts in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

1.2 Changes in accounting policy, and disclosures

a) Changes in accounting policies

There were no changes in accounting policies during the year.

b) New and amended standards adopted in the year and FReM changes

No new accounting standards were incorporated into the FReM in 2017–18.

c) Applicable accounting standards issued but not yet adopted and FReM changes for 2018–19

IFRS 16 Leases replaces IAS 17 Leases and will be adopted by the public sector in 2019–20. The new standards in not expected to have a material impact on the CCC's future accounts. The value of the CCC's outstanding lease payments at the end of 31 March 2018 amounts to £167,397 and shown in Note 14.

IFRS 9 'Financial instruments' replaces IAS 39 'Financial instruments: Recognition and measurement' and will be adopted by the public sector from 1 April 2018. IFRS 9 Financial Instruments is not expected to have a material impact on the CCC's accounts.

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue' and IAS 11 Construction Contract and will be adopted by the public sector from 1 April 2018. The CCC is currently not expecting any income during 2018–19 and therefore the new standard is not expected to have a material impact on the CCC's accounts.

No material changes have been proposed to the FReM for 2018–19.

1.3 Property, plant and equipment

Assets are capitalised as property, plant and equipment if they are intended for use on a continuing basis and their original purchase cost, on an individual or group basis, is £2,000 or more, including VAT. These assets are reported at fair value.

The CCC does not hold any financial interest in land or buildings. During the period covered by these financial statements, the CCC rented premises from the Heritage Lottery Fund (HLF).

The FReM states that all non-current assets should be valued using the revaluation model as prescribed in IAS 16.

In accordance with the FReM, the CCC has opted to value the remaining non-property assets on a depreciated historical cost (DHC) basis, as a proxy for fair value as these assets have short useful lives or are of low value or both.

Internally developed property, plant and equipment are recognised as assets under construction (AUC) and treated as capital expenditure but not depreciated until the completed asset is brought into service. AUC are not revalued.

1.4 Depreciation

Property, plant and equipment assets are depreciated at rates calculated to write them down to their estimated residual value on a straight line basis over their estimated useful lives. Depreciation is not charged on assets under construction. Assets are normally depreciated over the following periods:

- Furniture and fittings: remaining life of lease
- Information technology: 3–5 years
- Plant and machinery: remaining life of lease

A full month's depreciation is charged to the net expenditure account in the month following acquisition and in the month of disposal.

Management reviews the residual values and estimated lives of property, plant and equipment at least annually at each reporting date.

1.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and net of accumulated impairment losses as a proxy for fair value. The cost of intangible assets comprises the purchase cost and any directly attributable costs incidental to their acquisition. Intangible assets are capitalised where expenditure of £2,000 or more is incurred.

Intangible assets are amortised over the shorter of their useful economic life or five years. Amortisation of intangible assets is charged to the Statement of Comprehensive Net Expenditure on a straight-line basis when the assets are available for use so as to allocate the carrying amounts of the intangible assets over their estimated useful economic lives.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Statement of Financial Position when the CCC becomes a party to the contractual provisions of an instrument.

The CCC has no borrowings and relies primarily on Grant-in-Aid from BEIS, Defra and the devolved administrations for its cash requirements and is therefore not exposed to liquidity risks. All material assets and liabilities are denominated in sterling therefore it is not exposed to currency risk.

1.7 Grant-in-aid

Grant-in-Aid which is used to finance activities and expenditure supporting the statutory and other objectives of CCC is regarded as a contribution from a controlling party, treated as financing and credited directly to the General Reserve.

1.8 Income

Operating income relates directly to the operating activities of the CCC and is measured at the fair value of consideration received or receivable. Operating income is recognised when the CCC has performed its contractual obligations, the income can be measured reliably and it is probable that the economic benefits will flow to the CCC.

Income received in 2016–17 to fund research and administrative costs from the Foreign and Commonwealth Office for the Development of Global Emissions and Climate Change Indicators Project has been restated from 'Recoveries for research' under expenditure to 'Other income' (Note 5).

1.9 Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Other Pension Scheme (CSOPS), or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 provide benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one provides benefits on a whole career basis (nuvos) with a normal pension age of 65.

PCSPS disclosures are set out in full in the Remuneration report.

1.10 Employee Benefits

Short term benefits such as salaries and ways or post-employment benefits resulting from employment and long-term benefits such as long service awards and pension benefits are recognised at the cost of providing the benefit in the period in which it is earned by the employee, rather than when it is paid or becomes payable.

IAS 19 ('Employee Benefits') requires the CCC to recognise the expected cost of the annual leave entitlement of its employees that is accrued at the end of each financial year. The CCC estimates this accrual by calculating using average employee salary cost based on a working year of 260 days.

1.11 Value added tax (VAT)

The CCC is not registered for VAT purposes and therefore all expenditure is shown including the irrecoverable VAT.

1.12 Leases

Leases are classified as either finance leases or operating leases based on the substance of the arrangement. The lease of land and buildings is split at inception of the lease into a separate lease of land and a lease of buildings.

Finance Leases

Leases of property and equipment, where the CCC has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property or equipment and the present value of the minimum lease payments. Up-front payments for a leasehold interest classified as a finance lease are capitalised as part of the asset.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in either short term or long-term payables, depending on the dates the CCC is contractually obliged to make rental payments. The interest element is charged to the SoCNE over the lease period at a constant periodic rate of interest on the remaining balance of the liability for each period.

The property and equipment acquired under the finance lease is depreciated over the shorter of the useful life of the asset and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments are made under operating leases (net of any incentives received from the lessor) are charged to the SoCNE expenditure on a straight-line basis over the period of the lease. Any up-front payments for a leasehold interest classified as an operating lease are recognised as a lease prepayment in the SoFP and amortised over the lease term.

1.13 Service concessions

The CCC procures information technology support through the Defra's E-nabling Agreement with IBM. The CCC has a rolling twelve month contract with Defra, Defra's contract with IBM runs until July 2019.

From March 2017, the Defra IBM contract no longer falls within the scope of IFRIC 12 as Defra has purchased the assets used in providing the IT service. These IT infrastructure assets, which consist of laptops, servers and hardware, are classed as one tangible asset under property, plant and equipment and recorded within the Defra's accounts as property, plant and equipment (Note 6).

The CCC's IT provision from Defra is now a contract for services.

2. Analysis of net expenditure by segment

	Committee on Climate Change 2017–18 £	Adaptation Sub-Committee 2017–18 £	Total 2017–18 £
Staff Costs			
Committee members	134,328	69,577	203,905
Staff	1,589,694	331,081	1,920,775
Total Staff Costs	**1,724,022**	**400,658**	**2,124,680**
Other Costs			
Research	522,030	286,186	808,216
Rentals under operating leases	61,604	15,401	77,005
Occupancy	65,570	16,392	81,962
Shared services	53,858	12,417	66,275
IT service costs	97,877	24,463	122,340
Printing and publications	61,217	16,322	77,539
Travel and subsistence	12,693	2,335	15,028
Corporate services	97,470	9,086	106,556
Learning and development	25,116	11,686	36,802
Telephony	724	181	905
Web development and hosting	12,813	3,160	15,973
Conferences and events	2,669	2,236	4,905
Consultancy	7,800	1,200	9,000
Auditor's remuneration	14,000	3,500	17,500
Other	254	64	318
Total	**1,035,695**	**404,629**	**1,440,324**
Non-Cash Items			
Depreciation	14,302	–	14,302
Amortisation	1,031	–	1,031
Loss on disposal of property, plant and equipment	10,434	–	10,434
Total Other Costs	**1,061,462**	**404,629**	**1,466,091**
Income			
Other income	(147,919)	–	(147,919)
Total income	**(147,919)**	**–**	**(147,919)**
Total Net Operating Costs	**2,637,565**	**805,287**	**3,442,852**

The split between the Committee and Adaptation Sub-Committee is based on actual figures, where available. For elements where the cost is shared it has been apportioned on the basis of headcount. All assets and liabilities are held centrally by the CCC and therefore not appropriate to apportion.

	Committee on Climate Change 2016–17 Restated* £	Adaptation Sub-Committee 2016–17 £	Total 2016–17 £
Staff Costs			
Committee members	111,454	81,503	192,957
Staff	1,638,544	406,726	2,045,270
Total Staff Costs	**1,749,998**	**488,229**	**2,238,227**
Other Costs			
Research	477,373	194,960	672,333
Rentals under operating leases	81,610	20,402	102,012
Occupancy	108,690	27,154	135,844
Shared services	28,940	7,234	36,174
PFI service payments	106,454	26,516	132,970
Finance charges on PFI	313	78	391
Printing and publications	31,909	34,957	66,866
Travel and subsistence	11,520	6,629	18,149
Corporate services	36,002	9,834	45,836
Learning and development	27,893	9,502	37,395
Telephony	1,372	344	1,716
Web development and hosting	19,885	4,971	24,856
Conferences and events	3,290	6,621	9,911
Auditor's remuneration	14,800	3,700	18,500
Other	1,335	335	1,670
Total	**951,386**	**353,237**	**1,304,623**
Non-Cash Items			
Depreciation	15,933	–	15,933
Amortisation	4,342	–	4,342
Provision provided in year	(62,700)	–	(62,700)
Total Other Costs	**908,961**	**353,237**	**1,262,198**
Income			
Other income*	(28,189)	–	(28,189)
Total income	**(28,189)**	**–**	**(28,189)**
Total Net Operating Costs	**2,630,770**	**841,466**	**3,472,236**

* Other income represent contributions from other government bodies to the CCC's work programme. This comprises of £(28,189)) from the Foreign and Commonwealth Office. The 2016–17 'Recoveries for research' (expenditure) has been restated as 'Other income'.

3. Staff numbers and related costs

Information on staff numbers and related costs are disclosed in section 2:2:4 of the Remuneration Report.

Information on the pension costs of staff is disclosed in section 2:2:3 of the Remuneration Report.

4. Other expenditure

		2017–18		2016–17 Restated*
	£	£	£	£
Administration costs				
Research	808,216		672,333	
Rentals under operating leases	77,005		102,012	
Occupancy	81,962		135,844	
Shared services	66,275		36,174	
IT service costs	122,340		–	
PFI service payments	–		132,970	
Finance charges on PFI	–		391	
Printing and publications	77,539		66,866	
Travel and subsistence	15,028		18,149	
Corporate services	106,556		45,836	
Learning and development	36,802		37,395	
Telephony	905		1,716	
Web development and hosting	15,973		24,856	
Conferences and events	4,905		9,911	
Consultancy	9,000		–	
Auditor's remuneration	17,500		18,500	
Other	318		1,670	
		1,440,324		**1,304,623**
Non-Cash Items				
Depreciation		14,302		15,933
Amortisation		1,031		4,342
Loss on disposal of property, plant and equipment		10,434		–
Provision written back		–		(62,700)
Total Expenditure		**1,466,091**		**1,262,198**

* 'Recoveries for research' from 2016–17 has been restated as 'Other income'.

5. Income

		2017–18		2016–17 Restated*
	£	£	£	£
Income				
Other income	(147,919)		(28,189)	
Total Income		**(147,919)**		**(28,189)**

* 'Recoveries for research' from 2016–17 amounting to £(28,189) has been restated as 'Other income'.

Income was received to fund research and administrative costs from the Foreign and Commonwealth Office for the Development of Global Emissions and Climate Change Indicators Project. This project is a collaboration between Chinese and UK teams on developing methodologies for assessing climate risks and will define a systematic and reliable set of climate risk indicators.

6. Property, plant and equipment

	Furniture & Fittings £	Total £
Cost		
At 1 April 2017	**196,090**	**196,090**
Disposals	(18,536)	(18,536)
At 31 March 2018	**177,554**	**177,554**
Depreciation		
At 1 April 2017	**(81,767)**	**(81,767)**
Charged in year	(14,302)	(14,302)
Disposals	8,102	8,102
At 31 March 2018	**(87,967)**	**(87,967)**
Net Book Value at 31 March 2018	**89,587**	**89,587**
Net Book Value at 31 March 2017	**114,323**	**114,323**
Asset financing		
Owned	89,587	89,587
Net Book Value at 31 March 2018	**89,587**	**89,587**

Property, plant and equipment (continued)

	Furniture & Fittings £	Information Technology Restated* £	Total Restated* £
Cost			
At 1 April 2016	**187,055**	**87,154**	**274,209**
Additions	9,035	–	9,035
Adjustment to the service concession arrangement	–	(825)	(825)
Transfer*		(86,329)	(86,329)
At 31 March 2017	**196,090**	**–**	**196,090**
Depreciation			
At 1 April 2016	**(66,982)**	**(85,181)**	**(152,163)**
Charged in year	(14,785)	(1,148)	(15,933)
Transfer*		86,329	86,329
At 31 March 2017	**(81,767)**	**–**	**(81,767)**
Net Book Value at 31 March 2017	**114,323**	**–**	**114,323**
Net Book Value at 31 March 2016	**120,073**	**1,973**	**122,046**
Asset financing			
Owned	114,323	–	114,323
Finance leased	–	–	–
Net Book Value at 31 March 2017	**114,323**	**–**	**114,323**

* From March 2017 the IBM contract for the provision of IT services and infrastructure assets no longer falls within the scope of the FReM interpretation of IFRIC12. The assets used in providing the service have been recorded as property, plant and equipment in the Defra's Annual Report and Accounts. The Note has been restated to reflect the transfer of the assets amounting to £nil Net Book Value from the CCC to Defra.

Information technology' relates to assets raised to reflect the benefit the CCC derives from having access to IBM's IT infrastructure assets as part of the Defra E-nabling agreement.

7. Intangible assets

	Software Licences £	Total £
Cost		
At 1 April 2017	**–**	**–**
Additions	12,368	12,368
At 31 March 2018	**12,368**	**12,368**
Amortisation		
At 1 April 2017	**–**	**–**
Charged in year	(1,031)	(1,031)
At 31 March 2018	**(1,031)**	**(1,031)**
Net Book Value at 31 March 2018	**11,337**	**11,337**
Net Book Value at 31 March 2017	**–**	**–**
Asset financing		
Owned	11,337	11,337
Finance leased	–	–
Net Book Value at 31 March 2018	**11,337**	**11,337**

Intangible assets (continued)

	Software Licences £	Total £
Cost		
At 1 April 2016	**4,452**	**4,452**
Additions	–	–
Disposals	(4,452)	(4,452)
At 31 March 2017	**–**	**–**
Amortisation		
At 1 April 2016	**(110)**	**(110)**
Charged in year	(4,342)	(4,342)
Disposals	4,452	4,452
At 31 March 2017	**–**	**–**
Net Book Value at 31 March 2017	**–**	**–**
Net Book Value at 31 March 2016	**4,342**	**4,342**
Asset financing		
Owned	–	–
Finance leased	–	–
Net Book Value at 31 March 2017	**–**	**–**

The software licence was disposed at the end of its useful economic life of one year.

8. Financial Instruments

As the cash requirements of CCC are met through Grant-in-Aid provided by BEIS, Defra and devolved administrations, financial instruments play a more limited role in creating and managing risks than would apply to a non-public sector body.

The majority of financial instruments relate to contracts to buy non-financial items in line with the CCC's expected purchase and usage requirements and the CCC is therefore exposed to little credit, liquidity or market risk.

In general, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the CCC in undertaking its activities.

9. Trade receivables and other current assets

	31 March 2018 £	31 March 2017 £
Amounts falling due within one year:		
Trade receivables	3,250	–
Deposits and advances	9,807	9,037
Other receivables	24,796	–
Prepayments and accrued income	84,750	54,991
Balance at 31 March	**122,603**	**64,028**

10. Cash and cash equivalents

	31 March 2018 £	31 March 2017 £
Balance at 1 April	222,514	218,812
Net change in cash and cash equivalent balances	98,407	3,702
Balance at 31 March	**320,921**	**222,514**
The following balances at 31 March were held at:		
Government banking service accounts	320,921	222,514
Balance at 31 March	**320,921**	**222,514**

11. Trade payables and other current liabilities

	31 March 2018 £	31 March 2017 £
Amounts falling due within one year		
Other taxation and social security	54,258	53,693
Trade payables	39,660	2,854
Other payables	35	1,403
Current part of finance leases	–	–
Accruals and deferred income	644,530	548,669
Pension contributions	34,252	31,462
Staff unpaid leave accrual	59,869	55,181
	832,604	**693,262**
Amounts falling due in more than 1 year		
Finance leases	–	–
	–	**–**
	832,604	**693,262**

12. Provision for liabilities and charges

	31 March 2018 £	31 March 2017 £
Dilapidations balance:	**71,100**	**133,800**
Provision utilised	–	–
Provision written back	–	(62,700)
Provided in the year	–	–
	71,100	**71,100**

The dilapidation provision relates to the CCC's current premises at Holbein Place. The provision was re-valued following a reduction in the office space at 31 March 2017. This estimate is based on the initial re-valuation of the provision provided by DTZ at the first break clause in the lease at 31 March 2015 and represents the obligation to make good the condition of the premises at the next break clause in September 2019.

	31 March 2018 £	31 March 2017 £
Expected timing of cash flows:		
Not later than one year	–	–
Later than one year and not later than five years	71,100	71,100
Later than five years	–	–
	71,100	**71,100**

13. Capital and Other Financial commitments

	31 March 2018 £	31 March 2017 £
Other financial commitments comprise:		
Not later than one year	33,263	27,313
Later than one year and not later than five years	54,854	59,375
Later than five years	–	–
	88,117	**86,688**

The CCC did not commit to any capital commitments in the financial year (2016–17, Nil).

The CCC has entered into a non-cancellable contract (which is not a lease or PFI contract) with Shared Services Connected Limited (SSCL) to cover the provision of HR, finance and procurement transactional services. The contract was signed on 1 November 2013 and will cover a period of seven years.

The CCC has entered into a non-cancellable contract with SSCL to cover the charge for Oracle licences and services. The contract was signed on 20 February 2018 to cover a period of three years.

Contracts were also signed by the CCC with Data Solutions 2016 Limited and British Telecommunications plc during the year for office services to September 2020 and March 2019 respectively.

The figures provided are the total payments to which the CCC is committed at 31 March 2018, analysed by the period during which the payments are made.

14. Commitments under operating leases

Total future minimum lease payments under operating leases are given in the table below:

	31 March 2018		31 March 2017	
	Land & buildings £	Other £	Land & buildings £	Other £
Obligations under operating leases comprise:				
Not later than one year	112,013	–	112,013	1,089
Later than one year and not later than five years	55,384	–	167,396	–
Later than five years	–	–	–	–
	167,397	**–**	**279,409**	**1,089**

The lease payments represent the future lease commitments for Holbein Place through to the second break clause in the lease on 28 September 2019.

15. Contingent liabilities disclosed under IAS 37

The CCC has one contingent liability which is presently unquantifiable. The CCC has been named as an Interested Party in a renewed application for Judicial Review. The application will be considered at hearing, currently scheduled for 4th July 2018. Should the Judicial Review application be granted and should the Judicial Review find in favour of the Claimants the CCC may be liable for a portion of the Claimants' legal costs.

16. Related-party transactions

The Committee on Climate Change is a non-departmental public body of BEIS and receives its Grant-in-Aid funding from BEIS, on behalf of BEIS, Defra and the devolved administrations comprising the Scottish government, the Welsh government and the Northern Ireland Executive.

These bodies are regarded as related parties with which the NDPB has had various material transactions during the year. In addition, the NDPB has had a small number of transactions with other government departments and other central government bodies.

The quantum of the transactions between the CCC and these bodies was as follows:

	Grant-in-aid		Project Funding		Purchased Services	
	2017–18 £	2016–17 £	2017–18 £	2016–17 £	2017–18 £	2016–17 £
Related parties:						
Department of Business, Energy and Industrial Strategy/ Department of Energy and Climate Change	3,447,093*	3,382,291*	–	–	513	208
Department for Environment, Food and Rural Affairs	–	–	–	–	121,052**	133,360**
Foreign and Common Wealth Office	–	–	147,919**	28,189**	–	–
Heritage Lottery Fund	–	–	–	–	123,812**	155,956
JBA Group (JBA Consulting)	–	–	–	–	101,758**	23,716**
Shared Services Connected Limited	–	–	–	–	66,275**	36,174**

* Grant-in-Aid includes contributions from the devolved administrations, and contributions for specific projects from BEIS of £28,434, Scottish government of £18,160 and Welsh government of £14,000.

** Amounts outstanding at the year-end.

Project funding includes income for research and administrative costs. The £147,919 (2016–17, £28,189) received from the Foreign and Commonwealth Office contributed towards the Development of Global Emissions and Climate Change Indicators Project.

No Committee member, key manager or other related parties not already disclosed above or in the Remuneration Report has undertaken any material transactions with the NDPB during the year.

The following Committee members have an interest in the bodies noted above:

- Professor Jim Hall: JBA Group

BEIS has provided a consolidated Annual Report and Accounts for the reporting period 2017–18 incorporating its NDPBs within the consolidation boundary. The Committee does not form part of this consolidation due to materiality.

17. Events after the reporting period

There are no reportable events after the reporting period. The Accounting Officer authorised these financial statements on the date of the Comptroller and Auditor General's signature.