Committee on Climate Change

Annual Report and Accounts

2016–17

Committee on Climate Change

Annual Report and Accounts

1 April 2016 to 31 March 2017

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Chairman's foreword

As I reflect on the UK's progress in tackling climate change over the past year, one headline story stands out: as a nation, our greenhouse gas emissions are falling, whilst annual GDP is rising.

In fact, this overall trend dates back as far as 1990. Since then, we have reduced our emissions by over 40%, whilst GDP has grown by about 65%. It's a remarkable achievement, showing that effective action to help limit global temperature rise can be delivered alongside improvements in economic prosperity.

But this progress, although encouraging will not continue without new policy. As independent advisers on reducing emissions and preparing for climate change, it's our job to provide robust evidence to Government to ensure the UK can continue to meet its climate change commitments in the most cost-effective way.

To that end, the Committee has published wide-ranging analysis and advice over the past twelve months. Last June, we delivered our annual progress report to Parliament. That assessment showed that whilst total UK emissions continue to fall, not all sectors of the economy are following suit. Further action to drive down emissions in the transport, industrial and agricultural sectors is likely to be needed in the years ahead. In September, we provided an update to Scottish Ministers detailing how Scotland is meeting – and exceeding – its climate change targets and we separately assessed Scotland's adaptation plans. In October we published advice on tackling emissions from heating UK buildings, a particular challenge which requires a new approach if longer-term targets are to be met.

Alongside our assessments of domestic climate action, the Committee continues to consider the UK's role on the global stage. Last autumn, we considered the implications of the Paris Agreement for UK carbon targets (known as carbon budgets) and concluded that the priority should be to meet legislated budgets, including the fourth and fifth budgets, before setting new ones. We also looked at the implications of the vote to leave the EU for the UK's climate change commitments.

More recently, we provided our biennial assessment of the impact of carbon budgets on household and business energy prices and bills. This showed that for the average dual tariff customer, bills are £9 a month higher because of our green policies, but £20 less as a result of the reduced need for energy largely because of improved energy efficiency – much of it a result of these policies. We have also advised on the Scottish climate change targets and the new Welsh carbon accounting framework , published a report on the quantification of greenhouse gas emissions, and made in-depth recommendations to help ensure that UK infrastructure is fit for the future.

Indeed, infrastructure is just one area of our economy which requires truly joined-up thinking when it comes to climate change. Not only do we require roads and railways that facilitate the use of low-carbon trains and cars, planned transport and communications networks must also be able to withstand increasingly extreme weather events, from higher temperatures to increased flooding.

The risks from climate change are increasingly well understood, thanks in part to the work of the CCC's Adaptation Sub-Committee (ASC). Last July, the ASC published an extensive assessment of the six key climate-related risks for the UK, both now and in the future. The report brings the need for enhanced mitigation action, both in the UK and around the world, into sharp relief.

Our work programme is no less ambitious for 2017. In June, we reported to Parliament on the latest progress in reducing UK emissions, alongside our second statutory assessment of progress in England to prepare for climate change impacts. Later in the year, we will assess the Government's much anticipated plan for meeting the UK's carbon targets out to 2030 and beyond. We will also update our previous analysis of emissions from aviation and the impact on carbon budgets; and provide further advice and assessment to the Scottish and Welsh Governments.

In delivering our duties, I'm conscious of the debt we owe a wide range of stakeholders from Government and local Government, industry, business and civil society. In 2016-17, we've held meetings, workshops, events and consultations in Edinburgh, Cardiff, London and Belfast and many locations in between.

My thanks go to our Committee members for their insight and challenge, to our dedicated Secretariat staff, and to the CCC's Chief Executive, Matthew Bell, who makes so distinguished a personal contribution to our work.

Lord Deben
Chairman,
Committee on Climate Change

4 July 2017

Section 1:
Performance Report

1.1 Overview

1.1.1 Chief Executive's message

Throughout a turbulent year, the Committee on Climate Change has continued to demonstrate its effectiveness and the strength of the UK's approach to addressing climate change.

Our mitigation committee has published widely referenced reports on low carbon heat, the links between climate policy, energy prices and competitiveness, the implications of the Paris Agreement, Brexit and shale gas. Our adaptation committee coordinated and published the widely cited UK Climate Change Risk Assessment evidence report which has broken new ground to describe the risks to UK households, businesses and wildlife from climate change.

I am extremely proud that we have also continued to advise the nations directly. That has included advice on the new Scottish Climate Change Bill and the implementation of the Welsh Environment Act. Both will have longstanding impacts. We also worked closely with Scotland, Wales and Northern Ireland to assess the risks to each of them from climate change and better understand the required action to protect households, businesses and wildlife.

In response, we have seen the UK Government, and Parliament, formally adopt the fifth carbon budget and the UK Climate Change Risk Assessment, and Scotland adopt new carbon targets. The new UK carbon budget sets a legal duty to act to reduce greenhouse gas emissions by about 57% by 2030. Adopting that 2030 target sat alongside ratification of the Paris Agreement which embeds commitments from virtually all the countries in the world to also act to reduce future climate change, and adapt where that is needed.

All of that has only been possible through the dedication of the team here at the Committee on Climate Change. As I observed last year, in common with all public bodies, we continue to fulfil our legal duties under an ever reducing budget. That is only possible due to the quality and hard work of the team here at the CCC.

I am also very pleased that we have been able to continue our broad range of engagement around the country, across sectors of the economy and with many different groups and people. The input we get – from all sources and sides in a complex debate – is vital to our role advising the UK and national parliaments.

Following on from the Paris Agreement it is also clear there is growing appetite from around the world to understand how the UK has managed to grow GDP by about 65% while reducing emissions by over 40% since 1990. I have been honoured to be able to offer the Committee's view on those issues when asked by the Foreign Office and others to do so. There are opportunities for the UK in the global low carbon transition.

We have welcomed new Committee members this year and in the coming year we will advertise to replace other Committee members who reach the end of their terms and, sadly, I am sure some staff will also choose to move on. The strength and influence of the Committee rests on the reputation of its members and the quality of the analysis undertaken by its staff. I would encourage anyone with the right qualifications to apply as posts are advertised. It is an honour to work here.

Matthew Bell
Chief Executive,
Committee on Climate Change
4 July 2017

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 administration 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, with one position vacant at the time of writing. The Committee is sponsored by the Department of 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 adaption, particularly in relation to the UK Government's National Adaption 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 2017 shows net liabilities of £363,497 (2015-16, net liabilities of £273,552). This reflects the inclusion of liabilities falling due in future years that may be only met by future Grants-in-Aid from the sponsoring departments, 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. Grants-of-supply for 2017–18 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 2016–17

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 eighth Annual Progress Report which details the UK's progress in reducing greenhouse gas emissions and meeting carbon budgets;
- Publishing the UK Climate Change Risk Assessment, a 2000 page report which provides the most up-to-date and comprehensive analysis of the risks and opportunities posed by climate change to the UK;
- Completing an independent assessment on the impact of UK carbon budgets on household and business energy bills;
- Assessing the impact of international and domestic events on the UK's ability to meet its Climate Change Act by completing a range of reports, such as an assessment of the implications of Brexit and the impact of the Paris COP 21 Agreement;
- 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 Committee's website, provides more information about our achievements in 2016–17, details our business activity plan for 2017–18 and our longer term plan for the period 2018–2020.

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

1.2.2 Analysis of our performance in 2016–17

Progress towards reducing emissions

The Committee issued its Progress Report to Parliament covering the Committee's assessment of progress towards meeting carbon budgets. The report shows that UK emissions have fallen rapidly in the power sector, but that progress has stalled in other sectors. Emissions reduction in the power sector alone, or any single sector, will not be enough to meet the 2050 target. Further, current policies are not sufficient to continue the good progress made in emissions reductions to date or to broaden it to other sectors.

Our Progress Report sets out the following areas where policy should be prioritised and developed:

- Heat in buildings
- Transport policy beyond 2020
- Carbon Capture and Storage (CCS)
- Mature low carbon generation

The Committee also issued its fifth Progress Report on Scotland's progress towards meeting emission reduction targets. The Climate Change (Scotland) Act 2009 sets a long-term target to reduce emissions of greenhouse gases (GHGs) by at least 80% in 2050 relative to 1990, with an interim target to reduce emissions by 42% in 2020. The report reveals that Scotland's annual emissions reduction target for 2014 was met, with actual Scottish greenhouse gas emissions, including international aviation and shipping, falling by 8.6% in 2014.

The Energy Prices and Bills report is the fourth independent assessment of UK carbon budgets on household and business energy bills. The report found that improvements in energy efficiency have saved the typical UK household around £290 per year since 2008. Low carbon policies were identified to make up around 9% of an annual 'dual fuel' household energy bill of around £1,160 in 2016. The impact of low-carbon policies on total production costs is limited for most businesses. It is substantially higher for some energy-intensive manufacturing sectors but the report found that those most 'at risk' are largely compensated for those additional costs. The report also identified the wide range of opportunities for UK business arising from the transition to a low-carbon economy.

Additionally, the Committee also published reports on the Next Steps for Heat Policy, the implications of Brexit for UK climate policy and carbon budgets and the impact of the Paris COP 21 Agreement.

Managing and adapting to climate change risks

In July 2016 the ASC published the UK Climate Change Risk Assessment, a 2,000 page report which provides the most up-to-date and comprehensive analysis of the risks and opportunities posed by climate change to the UK. The report focuses on the following areas:

- Natural environment and natural assets
- Infrastructure
- People and the built environment
- Business and industry
- International dimensions

In September 2016 the ASC also published an interim evaluation of the progress being made to prepare for climate change in Scotland.

Finally, the report on the Adaptation Report Power published in March 2017 presented the findings of a review by the ASC of the second round of the Adaptation Reporting Power (ARP). The review recognised the value of the ARP to ensure the nation prepares for climate change and recommended the next ARP should be completed by December 2019 and should be mandatory to ensure that all relevant organisations take part.

Managing emissions from new energy sources

The Committee has a legal duty to advise the Government about the compatibility of exploiting UK onshore petroleum on meeting UK carbon budgets and the 2050 emission reduction target. The Committee advised that the implications of UK shale gas exploitation for greenhouse gas emissions are subject to considerable uncertainty – from the size of any future industry to the potential emissions footprint of shale gas production. It also found that exploitation of onshore petroleum is not compatible with UK carbon budgets, or the 2050 commitment to reduce emissions by at least 80%, unless three tests are satisfied. These tests relate to the need to tightly regulate production emissions; the need for shale gas production to substitute for imported gas and not add to overall gas consumption and the need to find additional abatement measures to compensate for the emissions attached to production. The Committee's full report and advice is available on the CCC website, alongside a separate report covering the same issue that was produced for the Scottish Government.

Financial performance

Analysis of the Committee's financial performance can be found in section 2:1:1(b) of the Accountability Report.

1.2.3 Sustainability report

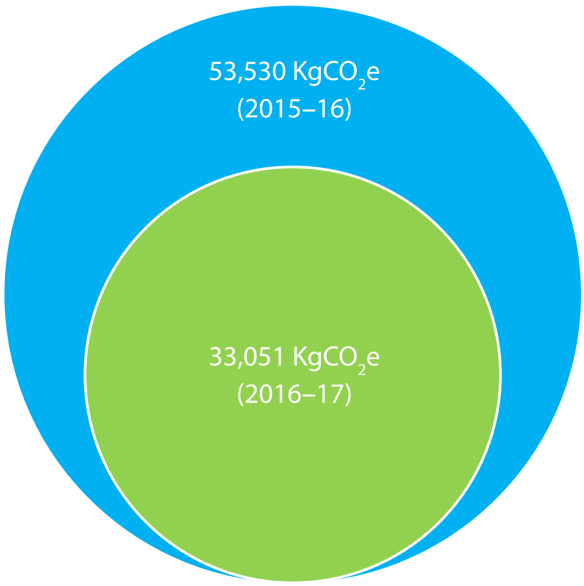
The Committee follows sustainable business practices to achieve our aim of being a low-carbon, resource efficient organization including:

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

The Committee offsets its carbon emissions through a scheme covered by the independent Quality Assurance Scheme for Carbon Offsetting. The Committee achieved re-accreditation with the Carbon Trust Standard during 2016–17 which reflects the continuing work and effort to reduce our carbon emissions.

Measuring, reducing and off-setting our carbon emissions

The Committee has decreased its carbon emissions by almost 40% compared to the previous year.



This is primarily due to the reconfiguration of our office which reduced our floor space, driving a significant decrease in electricity usage, which comprises 70% of our total emissions.

Travel emissions have also reduced significantly during 2016–17, reducing from 10,270 CO_2e to 5,349 CO_2e. The majority is due to a reduction in aviation emissions of 3,693 CO_2e together with a reduction in rail emissions of 769 CO_2e.

Most of our travel is by rail, with UK domestic and international flights used only in exceptional circumstances. We are also committed to minimising the need for travel through the use of video and teleconferencing facilities, particularly for international conferences. The majority of our staff travel to work by public transport and many of our staff use the cycle to work scheme.

Sustainable development

The Committee considers sustainability as part of all its procurement decisions, including when the Committee 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 Committee 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 ensure staff reduce waste wherever possible and seek to achieve an annual increase the amount of recycled waste.

Matthew Bell
Accounting Officer
4 July 2017

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 and other Committee Members whose details can be found in section 2:2:2, Remuneration Report.

b) Financial summary

i) Results

The CCC received a resource allocation of £3,575,026 (2015–16: £3,793,537) and a capital allocation of £15,000 (2015-16: £5,500), which was wholly funded by BEIS, Defra and the devolved administrations. The Grant-in-Aid funding drawn down during the year was £3,382,291 (2015–16: £3,748,055). The CCC's net operating cost for the year was £3,472,236 (2015–16: £3,759,700) and the capital expenditure was £9,035 (2015–16: £4,452).

The CCC has achieved a significant reduction in operating expenses of almost 10 percent. This has been achieved by reducing our office accommodation space and reducing printing and publication costs by completing more design work in-house and reducing the number of printed reports produced.

The accounts show a Statement of Comprehensive Net Expenditure of £3,472,236 for the year ended 31 March 2017 and net liabilities of £363,497 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) Non-current assets

The CCC has non-current assets of £114,323 at 31 March 2017 which all comprise of property, plant and equipment.

iii) Events since the end of the financial year

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

iv) Going concern

Our funding for 2017–18 has been agreed with BEIS and set out in the Main Supply Estimate 2017–18. On this basis we consider it appropriate to prepare these financial statements on a going concern basis.

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 2017 (2015–16, nil).

e) Health and safety incidents

There were no health and safety incidents for the year ended 31 March 2017 (2015–16, 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 that have been provided by SSCL, between 1 April 2016 and 31 March 2017, 84.31% of valid invoices received by the CCC were paid within the 5-day target (98.15% in 2015–16). The reduction in the percentage of invoices paid within the target primarily results from invoices where processing was delayed during the implementation of a new operating platform.

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' policy. No reports under the whistleblowing policy have been made by employees during the year ended 31 March 2017.

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

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

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 Secretary of State, 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 2017 and its financial position as at 31 March 2017.

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

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 2016 to 31 March 2017 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 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 carbon 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 CCC's Financial Statements.

The Audit Committee met three times during 2016–17 with representatives from the National Audit Office (NAO), Internal Audit (Government Internal Audit Agency) and the departmental Sponsor Group also attending.

I lead 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 2016–17. 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	9 of 11		
Baroness Brown of Cambridge	9 of 11	3 of 3	3 of 3
Professor Nick Chater	10 of 11		
Professor Samuel Fankhauser	8 of 8		2 of 3
Sir Brian Hoskins	10 of 11		
Dr Rebecca Heaton	1 of 1		
Paul Johnson	5 of 11		
Professor Corinne Le Quéré	8 of 11		
Professor Jim Skea	10 of 11		
Lord Krebs	6 of 9	9 of 10	
Professor Jim Hall		9 of 12	
Professor Dame Anne Johnson		10 of 12	
Ece Ozdemiroglu		12 of 12	
Rosalyn Schofield		12 of 12	1 of 1
Sir Graham Wynne		12 of 12	2 of 3

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 CCC as necessary. This review process supports informed decision making within the CCC 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.

Key risks

The key risks facing the organisation through the period under consideration were:

1) **CCC member recruitment:** the capability of the CCC rests in part on the skills of its members. The ability to attract outstanding new members is central to enabling the CCC to fulfil its statutory duties. During 2016–17 three new members were appointed to the Committee and a new Chair was appointed to the ASC. Previous recruitment processes, necessary to comply with the Governance Code issued by the Commissioner for Public Appointments, were protracted leading to potential delays in appointment and risked deterring high quality candidates from both applying and completing the recruitment process.

2) **Staff:** that the loss of staff due to lack of promotion opportunities, work overload from an ambitious work programme and the completion of significant reports could result in knowledge gaps.

3) **Funding:** the CCC's indicative budget allocation for the Spending Review period (2017–2021) requires significant budget reductions to be made across a range of cost categories. There is a risk that planned savings are not fully achieved. The Efficiency Review, announced in the Spring Budget, commits the government further savings by 2019–20 with a risk that the CCC may be asked to submit proposals to achieve further efficiency savings ranging from 3% to 6%.

4) **Carbon budget advice:** the analysis and advice contained in the 5th Carbon Budget is not given the proper weighting when considered by Government with a risk that the new plan (due to be published in 2017) does not deliver the changes needed to implement the necessary carbon emission reductions. There is a risk that the full requirements of the Climate Change Act 2008 are not met which in turn affects the operation of the CCC.

These risks have been successfully mitigated throughout the period under consideration.

Contractual relationships with service partners

Transactional processing

The majority of the CCC's financial systems, procurement and human resource processes are provided by SSCL and are therefore not directly governed or controlled by the CCC.

SSCL are required to engage auditors to complete Assurance Engagements to assess the adequacy of the internal controls operated within the organisation. SSCL have appointed PricewaterhouseCoopers LLP to complete this work in line with International Standards on Engagement ('ISAE') 3402. No significant risks have been identified which would require disclosure in the statement following the interim assurance work completed by Pricewaterhouse Coopers LLP.

We have also taken note of the assurances provided in the annual assurance letter issued by the Cabinet Office who are required annually to provide Customer's Accounting Officer with a letter of assurance on the Shared Services Contractor's performance.

We maintain regular contact with SSCL to review their performance against the agreed contractual obligations.

However, the CCC has no direct input to or oversight of these processes. There continues to be a risk that our small size means that a process dealing with much larger organisations fails to properly comply with our requirements. We will continue to seek reassurance from SSCL, BEIS and Defra that our data are being appropriately handled.

Information technology

Our IT support is provided through Defra's E-nabling Agreement with IBM. There have been no issues with this contract during the year.

Information risk

An information risk management framework designed to ensure the confidentiality and integrity of information held and compliance with UK and EU legislation is in place. The CCC holds very little sensitive personal data and access rights to this are limited. Staff are required to complete training in information security when they join the CCC.

I am not aware of any breaches of security or any loss of personal protected information during the year.

Reputational risk

To deliver our objectives it is critical that the Secretariat'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 CCC.

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.

Our quality assurance processes have been reviewed by internal audit to assess their adequacy. Internal audit have concluded the quality assurance arrangements are operating effectively. The CCC has implemented a number of recommendations to improve the assurance arrangements particularly research received from OGDs.

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

Opinion on the effectiveness of governance arrangements

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 that the CCC has not had any significant control issues during 2016–17 and no significant weaknesses to address.

Matthew Bell
Accounting Officer
4 July 2017

2.2 Remuneration and staff report

2.2.1 Service Contracts

Staff

Appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which require appointments to be on merit following fair and open competition.

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 work about the work of the Civil Service Compensation Scheme 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.

CCC Members

All appointments to the Committee are made on behalf of the Secretary of State for Business, Energy and Industrial Strategy in agreement with Ministers in the Devolved Administrations. Appointments to the Adaptation Sub-Committee are made on behalf of the Secretary of State for Environment, Food and Rural Affairs in agreement with 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 by BEIS. In 2016–17, 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 determined by Defra. In 2016–17, 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 between £550–£800 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 3.6% of the Chief Executive's remuneration is subject to meeting agreed performance criteria measured against delivery of objectives set by the CCC 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 CCC Members.

Table 1: 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.

Table 2: Remuneration payments to CCC members during 2015–16

	Salary (£'000)	Bonus payments (£'000)	Benefit in kind (to nearest £100)	Pension Benefits (to nearest £1000)	Total
Chief Executive					
Matthew Bell	135 – 140	0 – 5	–	53,000	190 – 195
Committee on Climate Change					
Committee Chair					
Lord Deben	30 – 35	–	400	–	30 – 35
Committee Members					
Professor Samuel Fankhauser	10 – 15	–	–	–	10 – 15
Sir Brian Hoskins	10 – 15	–	–	–	10 – 15
Baroness Brown of Cambridge	5 – 10	–	4,200	–	10 – 15
Lord Krebs	5 – 10	–	1,600	–	5 – 10
Lord May (stepped down 29 June 2015)	0 – 5	–	300	–	0 – 5
Professor Jim Skea	20 – 25	–	–	–	20 – 25
Paul Johnson	10 – 15	–	–	–	10 – 15
Adaptation Sub-Committee				–	
Committee Chair					
Lord Krebs	25 – 30	–	5,300	–	30 – 35
Committee Members					
Professor Samuel Fankauser (resigned 31 December 2015)	5 – 10 (full year equivalent 5 – 10)	–	–	–	5 – 10 (full year equivalent 5 – 10)
Professor Jim Hall	10 – 15	–	1,500	–	10 – 15
Professor Dame Anne Johnson	5 – 10	–	100	–	5 – 10
Professor Martin Parry (resigned 31 December 2015)	5 – 10 (full year equivalent 5 – 10)	–	2,500	–	5 – 10 (full year equivalent 10 – 15)
Sir Graham Wynne	10 – 15	–	1,200	–	10 – 15
Ece Ozdemiroglu (appointed 1 January 2016)	0 – 5 (full year equivalent 15 – 20)	–	100	–	0 – 5 (full year equivalent 15 – 20)
Rosalyn Schofield (appointed 1 January 2016)	0 – 5 (full year equivalent 5 – 10)	–	–	–	0 – 5 (full year equivalent 5 – 10)

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 2016–17 relate to performance in 2016–17 and the comparative bonuses reported for 2015–16 related to performance in 2015–16.

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 CCC 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.

	2016–17 £	2015–16 £
Highest paid Director's Total Remuneration	140k – 145k	140k – 145k
Median Total Remuneration	52,514	51,475
Ratio	2.7	2.8

The banded salary of the most-highest paid director in the CCC in the financial year 2016–17 was £140k–£145k (2015–16, £140k–£145k). This was 2.7 times (2015–16, 2.8) the median salary of the workforce, which was £52,514 (2015–16, £51,475).

In 2016–17 no employees (2015–16, 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 31/3/17 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/17 £'000	CETV 31/3/16 £'000	Real increase in CETV £'000
Chief Executive					
Matthew Bell	5 – 10 plus lump sum of £0	2.5 – 5 plus a lump sum of £0	69	40	18

CCC 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 2014. 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 April 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 3% and 8.05% of pensionable earning for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrued 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 pus, 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 PCSPS and the CSOPS - known as "alpha" are unfunded multi-employer defined benefit scheme but the Committee on Climate Change is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at www.civilservicepensionscheme.org.uk/about-us/resource-accounts/.

For 2016–17, employers' contributions of £299,008 (2015–16, £324,376) were payable to the PCSPS at one of four rates in the range 20.0% to 24.5% (2015–16: 20.0% to 24.5%) of pensionable pay, based on salary bands. The Scheme's 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 2016–17 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 £21,146 (2015–16, £18,533) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £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 and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £2,002 (2015–16, £1,061). Contributions prepaid at that date were £0 (2015–16, £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)

	2016–17 Total £	2016–17 Permanent Staff* £	2016–17 Other* £	2016–17 Committee Members £	Year to 31 March 2016 Total £
CCC Members' remuneration**	192,957	–	–	192,957	197,708
Wages and salaries***	1,551,430	1,290,592	260,838	–	1,639,130
Social security costs	200,172	152,029	28,683	19,460	183,556
Other pension costs	319,493	271,580	47,913	–	340,816
Sub total	**2,264,052**	**1,714,201**	**337,434**	**212,417**	**2,361,210**
Less recoveries for secondments	(25,825)	(25,825)	–	–	(25,148)
Total net costs	**2,238,227**	**1,688,376**	**337,434**	**212,417**	**2,336,062**

* '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 Committee. 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 2016 to 31 March 2017.

*** Wages and salaries include an accrual of £47,094 for total performance bonuses related to the 2016–17 financial year (2015–16, £47,350). Further it also includes a movement of (£2,097) in staff leave accrual (2015–16, £2,436).

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

No severance payments were made in the financial year (2015–16, £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 (2015–16, £nil).

e) Expenditure on consultancy

The CCC did not incur any expenditure on consultancy work during the financial year (2015–16, £nil).

f) Sickness absence

During the period ended 31 March 2017 the average number of working days lost due to sickness absence was 1.63 days per full time equivalent (2015–16, 2.58 days).

g) Staff disability policies

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.

h) Staff numbers

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

	2016–17 Total	2016–17 Permanent staff	2016–17 Others	2015–16 Total	2015–16 Permanent staff	2015–16 Others
Chief Executive Office	2.3	1.7	0.6	2.0	1.0	1.0
ASC	5.4	4.4	1.0	6.0	4.3	1.7
Committee	15.3	12.2	3.1	16.5	12.5	4.0
Corporate Team	5.2	2.7	2.5	5.6	3.0	2.6
Total	**28.2**	**21.0**	**7.2**	**30.1**	**20.8**	**9.3**

i) Staff composition

The composition of staff as at 31 March 2017 is shown below:

	Female	Male
Directors – Chief Executive and Committee Members	6	8
Senior Civil Servants (pay band 1)	1	3
Secretariat	8	9
Corporate Team	3	2
Total	**18**	**22**

Matthew Bell
Accounting Officer
4 July 2017

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

I certify that I have audited the financial statements of the Committee on Climate Change for the year ended 31 March 2017 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Corporate Governance Report that is described in that report as having been audited.

Respective responsibilities of the Committee, Accounting Officer and auditor

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. My responsibility is to audit, certify and report on the financial statements in accordance with the Climate Change Act 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Committee on Climate Change's affairs as at 31 March 2017 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 other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Corporate Governance Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Climate Change Act 2008; and
- the information given in the 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 Remuneration and Staff Report and the Corporate Governance 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
6 July 2017

Section 3:
Financial Statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2017

	Note	**2016–17** **£**	2015–16 £
Expenditure			
Staff costs	3	2,238,227	2,336,062
Depreciation and amortisation	5, 6	20,275	16,186
Provisions	11	(62,700)	–
Other Expenditure	4	1,276,434	1,407,452
		3,472,236	**3,759,700**
Income		–	–
Net expenditure		**3,472,236**	**3,759,700**
Interest payable/receivable		–	–
Net expenditure after interest		**3,472,236**	**3,759,700**

Other Comprehensive Expenditure

	Note	**2016–17** **£**	2015–16 £
Other Comprehensive Expenditure		**–**	**–**
Total Comprehensive Expenditure		**3,472,236**	**3,759,700**

All income and expenditure is derived from continuing operations.

There was no income or gains and losses other than the reported expenditure and there was no comprehensive expenditure other than that shown above.

The notes on pages 37 to 53 form part of these accounts.

Statement of Financial Position

As at 31 March 2017

		31 March 2017		31 March 2016	
	Note	**£**	**£**	£	£
Non-current assets					
Property, plant & equipment	5	114,323		122,046	
Intangible assets	6	–		4,342	
Total non-current assets			**114,323**		**126,388**
Current assets					
Trade and other receivables	8	64,028		43,181	
Cash and cash equivalents	9	222,514		218,812	
Total current assets			286,542		261,993
Total assets			**400,865**		**388,381**
Current liabilities					
Trade and other payables	10	(693,262)		(524,290)	
Total current liabilities			(693,262)		(524,290)
Net current (liabilities)			**(292,397)**		**(135,909)**
Non-current liabilities					
Provisions	11	(71,100)		(133,800)	
Other payables	10	–		(3,843)	
			(71,100)		**(137,643)**
Assets less liabilities			**(363,497)**		**(273,552)**
Taxpayers' equity					
General reserve			(363,497)		(273,552)
			(363,497)		**(273,552)**

The financial statements on pages 33 to 36 were approved by the Committee on 4 July 2017 and signed on its behalf by:

Matthew Bell
Accounting Officer
4 July 2017

The notes on pages 37 to 53 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2017

	Note	**2016–17** **£**	2015–16 £
Cash flows from operating activities			
Net deficit after interest		(3,472,236)	(3,759,700)
Adjustments for depreciation and amortisation	5, 6	20,275	16,186
Decrease in provisions	11	(62,700)	–
Adjustment to the service concession arrangement	5	825	1,288
(Increase) in trade and other receivables	8	(20,847)	(5,442)
Increase/(decrease) in trade and other payables	10	173,775	(261,638)
(Decrease) in payables not passing through the Net Expenditure Account	10	(3,843)	(4,740)
Net cash outflow from operating activities		**(3,364,751)**	**(4,014,046)**
Cash flows from investing activities			
Purchase of property, plant and machinery	5	(9,035)	–
Purchase of intangibles	6	–	(4,452)
		(9,035)	(4,452)
Cash flows from financing activities			
Grant from sponsoring department		3,382,291	3,748,055
Capital element of payments in respect of finance leases and on-balance sheet PFI and Service Concession Agreements	10	(4,803)	(4,951)
		3,377,488	**3,743,104**
Net Financing			
Net increase/(decrease) in cash and cash equivalents in the period		**3,702**	**(275,394)**
Cash and cash equivalents at the beginning of the period	9	218,812	494,206
Cash and cash equivalents at the end of the period	9	222,514	218,812

The notes on pages 37 to 53 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2017

	General Reserve £
Balance at 31 March 2015	(261,907)
Changes in Taxpayers' Equity 2015–16	
Grants from sponsoring department	3,748,055
Comprehensive Expenditure for the year	(3,759,700)
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)**

The notes on pages 37 to 53 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2016–17 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 Committee for the purposes of giving a true and fair view has been selected. The particular policies adopted by the Committee 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 2016–17.

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2017

With the exception of IFRS 16 Leases, new standards which are not yet effective are not expected to have a material impact on the Committee's future accounts.

IFRS 9 Financial Instruments is not expected to have a material impact on the CCC's accounts.

No material changes have been proposed to the FReM for 2017–18.

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 Committee 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 Committee 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 Committee is regarded as a contribution from a controlling party, treated as financing and credited directly to the General Reserve.

1.8 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.

1.9 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.

1.10 Value added tax (VAT)

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

1.11 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 Committee 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.

Lease revenue from operating leases where the CCC is the lessor is recognised as revenue on a straight-line basis over the lease term.

1.12 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 Committee's accounts as property, plant and equipment (Note 5). The Committee accounts for these as it carries the risks and rewards of the assets.

1.13 Machinery of government transfer

On 14 July 2016 the Department of Energy and Climate Change (DECC) merged with the Department for Business, Innovation and Skills (BIS) to create the Department for Business, Energy and Industrial Strategy (BEIS). Consequently, the CCC's Sponsoring Accounting Officer's responsibilities were transferred from DECC to BEIS.

2. Analysis of net expenditure by segment

	Committee on Climate Change 2016–17 £	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
Recoveries for research*	(28,189)	–	(28,189)
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	**923,197**	**353,237**	**1,276,434**
Non-Cash Items			
Depreciation	15,933	–	15,933
Amortisation	4,342	–	4,342
Provision written back	(62,700)	–	(62,700)
Total Other Costs	**880,772**	**353,237**	**1,234,009**
Total Operating Costs	**2,630,770**	**841,466**	**3,472,236**

* Recoveries for research represent contributions from other government bodies to the Committee's work programme. This comprises of £28,189 from the Foreign and Commonwealth Office.

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 Committee and therefore not appropriate to apportion.

	Committee on Climate Change 2015–16 £	Adaptation Sub-Committee 2015–16 £	Total 2015–16 £
Staff Costs			
Committee members	110,905	86,803	197,708
Staff	1,716,403	421,951	2,138,354
Total Staff Costs	**1,827,308**	**508,754**	**2,336,062**
Other Costs			
Research	450,663	184,249	634,912
Rentals under operating leases	121,577	30,394	151,971
Occupancy	139,192	34,798	173,990
Shared services	56,692	8,428	65,120
PFI service payments	106,320	27,480	133,800
Finance charges on PFI	644	161	805
Printing and publications	65,407	57,167	122,574
Travel and subsistence	14,102	6,973	21,075
Corporate services	27,785	5,362	33,147
Learning and development	18,590	6,802	25,392
Telephony	1,368	348	1,716
Web development and hosting	5,258	5,634	10,892
Conferences and events	7,365	5,302	12,667
Auditor's remuneration	14,800	3,700	18,500
Other	713	178	891
Total	**1,030,476**	**376,976**	**1,407,452**
Non-Cash Items			
Depreciation	16,076	–	16,076
Amortisation	110	–	110
Total Other Costs	**1,046,662**	**376,976**	**1,423,638**
Total Operating Costs	**2,873,970**	**885,730**	**3,759,700**

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

		2016–17		2015–16
	£	£	£	£
Administration costs				
Research	672,333		634,912	
Recoveries for research*	(28,189)		–	
Rentals under operating leases	102,012		151,971	
Occupancy	135,844		173,990	
Shared services	36,174		65,120	
PFI service payments	132,970		133,800	
Finance charges on PFI	391		805	
Printing and publications	66,866		122,574	
Travel and subsistence	18,149		21,075	
Corporate services	45,836		33,147	
Learning and development	37,395		25,392	
Telephony	1,716		1,716	
Web development and hosting	24,856		10,892	
Conferences and events	9,911		12,667	
Auditor's remuneration	18,500		18,500	
Other	1,670		891	
		1,276,434		**1,407,452**
Non-Cash Items				
Depreciation		15,933		16,076
Amortisation		4,342		110
Provision written back		(62,700)		–
Total Expenditure		**1,234,009**		**1,423,638**

* Recoveries for research represent contributions from other government bodies to the Committee's work programme. This comprises of £28,189 from the Foreign and Commonwealth Office.

5. Property, plant and equipment

	Furniture & Fittings £	Information Technology £	Total £
Cost			
At 1 April 2016	**187,055**	**87,154**	**274,209**
Additions	9,035	–	9,035
Disposals	–	–	–
Transfers	–	–	–
Adjustment to the service concession arrangement	–	(825)	(825)
At 31 March 2017	**196,090**	**86,329**	**282,419**
Depreciation			
At 1 April 2016	**(66,982)**	**(85,181)**	**(152,163)**
Charged in year	(14,785)	(1,148)	(15,933)
Disposals	–	–	–
At 31 March 2017	**(81,767)**	**(86,329)**	**(168,096)**
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**

'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, as covered in Note 14.

Property, plant and equipment (continued)

	Furniture & Fittings £	Information Technology £	Total £
Cost			
At 1 April 2015	191,719	88,442	280,161
Additions	–	–	–
Disposals	(4,664)	–	(4,664)
Adjustment to the service concession arrangement	–	(1,288)	(1,288)
At 31 March 2016	**187,055**	**87,154**	**274,209**
Depreciation			
At 1 April 2015	(57,421)	(83,330)	(140,751)
Charged in year	(14,225)	(1,851)	(16,076)
Disposals	4,664	–	4,664
At 31 March 2016	**(66,982)**	**(85,181)**	**(152,163)**
Net Book Value at 31 March 2016	**120,073**	**1,973**	**122,046**
Net Book Value at 31 March 2015	**134,298**	**5,112**	**139,410**
Asset financing			
Owned	120,073	–	120,073
Finance leased	–	1,973	1,973
Net Book Value at 31 March 2016	**120,073**	**1,973**	**122,046**

6. Intangible assets

	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.

Intangible assets (continued)

	Software Licences £	Total £
Cost		
At 1 April 2015	**–**	**–**
Additions	4,452	4,452
Disposals	–	–
At 31 March 2016	**4,452**	**4,452**
Amortisation		
At 1 April 2015	**–**	**–**
Charged in year	(110)	(110)
Disposals	–	–
At 31 March 2016	**(110)**	**(110)**
Net Book Value at 31 March 2016	**4,342**	**4,342**
Net Book Value at 31 March 2015	**–**	**–**
Asset financing		
Owned	4,342	4,342
Finance leased	–	–
Net Book Value at 31 March 2016	**4,342**	**4,342**

7. 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 Committee 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.

8. Trade receivables and other current assets

	31 March 2017 £	31 March 2016 £
Amounts falling due within one year:		
Trade receivables	–	28,523
Deposits and advances	9,037	7,330
Prepayments and accrued income	54,991	7,328
Balance at 31 March	**64,028**	**43,181**

9. Cash and cash equivalents

	31 March 2017 £	31 March 2016 £
Balance at 1 April	218,812	494,206
Net change in cash and cash equivalent balances	3,702	(275,394)
Balance at 31 March	**222,514**	**218,812**
The following balances at 31 March were held at:		
Government banking service accounts	222,514	218,812
Balance at 31 March	**222,514**	**218,812**

10. Trade payables and other current liabilities

	31 March 2017 £	31 March 2016 £
Amounts falling due within one year		
Other taxation and social security	53,693	57,902
Trade payables	2,854	21,197
Other payables	1,403	13,004
Current part of finance leases	–	4,803
Accruals and deferred income	548,669	332,789
Pension contributions	31,462	37,318
Staff unpaid leave accrual	55,181	57,277
	693,262	**524,290**
Amounts falling due in more than 1 year		
Finance leases	–	3,843
	–	**3,843**
	693,262	**528,133**

The finance lease comprises the future liability to pay for the capital element of the service concession assets to IBM as part of the Defra E-nabling agreement.

11. Provision for liabilities and charges

	31 March 2017 £	31 March 2016 £
Dilapidations balance:	**133,800**	**133,800**
Provision utilised	–	–
Provision written back	(62,700)	–
Provided in the year	–	–
	71,100	**133,800**

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 2017 £	31 March 2016 £
Expected timing of cash flows:		
Not later than one year	–	–
Later than one year and not later than five years	71,100	133,800
Later than five years	–	–
	71,100	**133,800**

12. Capital and Other Financial commitments

	31 March 2017 SSCL £	31 March 2016 SSCL £
Other financial commitments comprise:		
Not later than one year	27,313	25,423
Later than one year and not later than five years	59,375	79,542
Later than five years	–	–
	86,688	**104,965**

The CCC did not commit to any capital commitments in the financial year (2015–16, 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. The contract was signed on 20 February 2015 to cover a period of three years, with the option to extend the contract for a further three years thereafter. An amendment to the contract was made in August 2016 to include scanning adapter licences.

The figures provided are the total payments to which the CCC is committed at 31 March 2017, analysed by the period during which the payments are made.

13. Commitments under operating leases

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

	31 March 2017		31 March 2016	
	Land & buildings £	Other £	Land & buildings £	Other £
Obligations under operating leases comprise:				
Not later than one year	112,013	1,089	224,025	1,649
Later than one year and not later than five years	167,396	–	558,818	1,085
Later than five years	–	–	–	–
	279,409	**1,089**	**782,843**	**2,734**

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

14. Commitments under PFI and other service concession arrangements contracts

	31 March 2017 £	31 March 2016 £
Total obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprises:		
Not later than one year	–	5,057
Later than one year and not later than five years	–	9,372
Later than five years	–	–
	–	14,429
Less interest elements	–	(5,813)
	–	**8,616**

	31 March 2017 £	31 March 2016 £
Present value of obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprises:		
Not later than one year	–	4,773
Later than one year and not later than five years	–	3,843
Later than five years	–	–
	–	**8,616**

Service Concession Arrangements are accounted for in accordance with IFRIC 12 'Service Concession Arrangements', as adapted for the public sector context by the FReM.

The CCC has a rolling 12 month contract to procure information technology support through Defra. In turn, Defra has a contract with IBM for the provision of IT services and infrastructure assets until July 2019.

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 CCC's Annual Report and Accounts. The Committee accounts for these as it carries the risks and rewards of the assets.

The information technology assets are included in the Consolidated Statement of Financial Position under Property, Plant and Equipment, together with those detailed in Note 5. Movements in the asset value, for instance changes in the actual number of assets (e.g. reduction in the number of laptops), is dealt with as an adjustment to the service concession arrangement. These adjustments are recognised in Note 4 – Other Expenditure in the PFI Service Payments line.

15. Charges to the income and expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of off-balance sheet (SoFP) PFI and other service concession arrangements transactions and the service element of on-balance sheet (SoFP) PFI and other service concession arrangements transactions was £132,970 (2015–16, £133,800) and the payments to which the Committee is committed is as follows:

	31 March 2017 £	31 March 2016 £
Not later than one year	81,185	83,990
Later than one year and not later than five years	78,407	69,221
Later than five years	–	–
	159,592	**153,211**

16. Contingent liabilities disclosed under IAS 37

There are no legal claims against the CCC or other contingent liabilities.

17. 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 Committee and these bodies was as follows:

	Grant-in-aid		Project Funding		Purchased Services	
	2016–17 £	2015–16 £	2016–17 £	2015–16 £	2016–17 £	2015–16 £
Related parties:						
Department of Business, Energy and Industrial Strategy/ Department of Energy and Climate Change	3,382,291*	3,748,055	–	–	208	–
Department for Environment, Food and Rural Affairs	–	–	–	–	133,360**	131,387**
Foreign and Common Wealth Office	–	–	28,189**	–	–	–
Heritage Lottery Fund	–	–	–	–	155,956	230,064**
Imperial College, London (IC Consultants Ltd)	–	–	–	–	6,720	34,316**
JBA Group (JBA Consulting)	–	–	–	–	23,716**	10,005***
London School of Hygiene and Tropical Medicine	–	–	–	–	2,500	–
Shared Services Connected Limited	–	–	–	–	36,174**	67,239**
The Royal Society	–	–	–	–	4,950	–
The Royal Society for the Protection of Birds (RSPB)	–	–	–	–	–	157**
University College, London (UCL Consultants Ltd)	–	–	–	–	11,000**	5,800***
University of Reading	–	–	–	–	3,400	37,400**
University of Oxford	–	–	–	–	19,953	–

* Grant-in-Aid includes additional contributions from Department of Business, Energy and Industrial Strategy of £24,202, Scottish Government of £97,320 and Welsh Government of £10,000.

** Amounts outstanding at the year-end.

*** The amount outstanding as at 31 March 2016 was not disclosed in the related parties note in the 2015–16 Accounts.

Project funding includes recoveries for research and administrative costs. The £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 has undertaken any material transactions with the NDPB during the year.

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

- Professor Corinne Le Quéré: BEIS and The Royal Society
- Sir Brian Hoskins: Imperial College London, The Royal Society and University of Reading
- Professor Jim Skea: Imperial College London

- Professor Jim Hall: JBA Group and University of Oxford
- Professor Anne Johnson: London School of Hygiene and Tropical Medicine and University College London
- Sir Graham Wynne: The Royal Society for the Protection of Birds (RSPB).

BEIS has provided a consolidated Annual Report and Accounts for the reporting period 2016–17 incorporating its NDPB's within the consolidation boundary. The CCC does not form part of this consolidation due to materiality.

18. 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.

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