Committee on Climate Change

annual report & accounts 15/16

Committee on Climate Change

Annual Report and Accounts

1 April 2015 to 31 March 2016

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

Ordered by the House of Commons to be printed Thursday 14 July 2016

HC 446
SG/2016/83

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

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

Print ISBN 9781474131513
Web ISBN 9781474131520

ID SGD0010969 07/16

Printed on paper containing 75% recycled fibre content minimum

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

Contents

Chairman's foreword

Over the past twelve months, global efforts to tackle climate change have been in the spotlight as rarely before. In Paris, just days before the end of 2015, 195 nations agreed that concerted action to limit global temperature rise to below 2°C, and to pursue efforts towards 1.5°C, is urgent.

It was an unprecedented step; a success which perhaps few could have predicted this time last year. The UK played – and must now continue to play – a pivotal role in ensuring that high level of ambition is delivered, both at home and on the world stage.

The next major test is already fast approaching. At the time of writing the Government was considering our advice on the level of the fifth carbon budget which will set the UK's emissions trajectory into the 2030s. It's a critical decision and one, as a nation, we must get right. If we do, we can avoid paying over the odds to decarbonise our economy, and maintain our role as a global leader in tackling one of the defining issues of our time.

In a year of such activity, it follows that the Committee, as independent advisor to the UK Government and Devolved Nations on reducing emissions and preparing for climate impacts, has been exceptionally busy.

Last June, we delivered our assessment of the UK Government's progress to limit national emissions, and our first statutory assessment of the UK's National Adaptation Programme. In November, we set out our advice on the recommended level of the fifth carbon budget, covering the period 2028-32. That included an update on the scientific and international context underpinning our advice, and how we envisage the UK power sector – essential to reducing UK emissions – will change between now and 2030. Recently, in March, we advised the Scottish Government on annual emissions targets for the same period.

During the course of formulating our advice we have met with a wide range of stakeholders, right across Government, business, industry, and civil society. We have travelled to Scotland, Wales, and Northern Ireland to ensure our assessments take important national circumstances into account. Thank you to everyone who has shared their views by attending meetings and workshops, or responding to our calls for evidence.

We now look ahead to another important year. In June, we publish our 2016 assessment of progress to reduce UK emissions. In July, we deliver our climate change risk assessment evidence report to Government, setting out risks and opportunities to the UK from global temperature rise. Then, as Government prepares to set out its new carbon plan in the autumn, we'll consider what the 1.5°C and "net zero emission" Paris ambitions mean for the UK, and for the UK commitment to reduce national emissions by at least 80% by 2050.

As ever, the Committee is helped enormously by the dedication and professionalism of its small secretariat, ably led by Chief Executive, Matthew Bell.

To all, may I extend my sincere thanks.

Lord Deben
Chairman,
Committee on Climate Change
1 July 2016

Section 1:
Performance Report

1.1 Overview

1.1.1 Chief Executive's message

It has been an exceptional year for the Committee on Climate Change. We have delivered important analysis and recommendations that could shape the UK's action to tackle climate change for the next decade.

In June 2015 we provided to Parliament our first ever joint Progress Report covering efforts to reduce greenhouse gas emissions and to adapt to the risks that historic and ongoing emissions create. The joint report, delivered shortly after the election of a new Government, accurately set out the most important areas for this Parliament to consider: extending key initiatives in electricity generation, transport and buildings into the 2020s, the development of an action plan for low-carbon heat, the risks from flooding and the importance of infrastructure in addressing the risks and providing opportunities to reduce emissions.

The joint report was followed by our advice on the level of the fifth carbon budget. The fifth carbon budget will set the limit on UK emissions of greenhouse gases from 2028 to 2032. The advice is one of the Committee's most important activities and was the culmination of over 18 months of detailed engagement with stakeholders, research, analyses and Committee deliberations. I would recommend everyone have a look at the summary findings on our website: https://www.theccc.org.uk/publication/the-fifth-carbon-budget-the-next-step-towards-a-low-carbon-economy/

The advice about UK emissions in 2030 was immediately followed by the international gathering in Paris – COP21. COP21 produced one of the most remarkable international agreements in recent decades. The resulting Paris Agreement sets the international ambition for 2030, the mechanisms for achieving that ambition and the framework for adaptation and compensation for risks caused by actions to date.

The Committee was represented at the negotiations in order to establish links with similar bodies around the world. Post-Paris, it is organisations such as ours that will play a central role in holding governments to account for their commitments, and to develop the independent analysis and evidence about how to meet those commitments. We signed a joint agreement to work with the Chinese Expert Committee on Climate Change on the risks from climate change and established links with many other similar bodies that we will follow up in the coming year.

Paris also emphasised the changes that are already occurring to the climate. In the UK the main vehicle for helping government to properly adapt to those changes is the Climate Change Risk Assessment. 2015-16 saw huge progress in the delivery of the UK's second climate change risk assessment. The effort, overseen by the Adaptation Sub-Committee ('ASC') of the CCC, involves about 80 academics, private sector experts and public officials from around the UK. The Government's final risk assessment will be published next year and will provide the latest, scientific evidence about the risks (and some opportunities) from changes to water, temperature and the natural environment arising from climate change. Keep an eye out for the latest developments: https://www.theccc.org.uk/tackling-climate-change/preparing-for-climate-change/climate-change-risk-assessment-2017/

All of this, and much more, has been accomplished by a hugely dedicated and hard-working team and two committees with members of the highest calibre. Like all public sector organisations we have been subject to a detailed assessment of our spending as part of the overall public sector Spending Review. I owe a huge thanks to all the staff and committee members for continuing to deliver analysis and advice of such high quality under the strains caused by tight budgets and the need to compromise that inevitably comes with the important objective of reducing the cost of public sector activities to the taxpayer.

Matthew Bell
Chief Executive,
Committee on Climate Change
1 July 2016

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 Committee has four strategic priorities:

- 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; and
- Engage with a wide range of organisations 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, which includes two new members appointed on 1 April 2016. The main Committee is sponsored by the Department of Energy and Climate Change (DECC), the Northern Ireland Executive, the Scottish Government and the Welsh Government.

The Adaptation Sub-Committee (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 main 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 2016 shows net liabilities of £273,552 (2014-15, net liabilities of £261,907). 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, DECC, 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 Committee (including the ASC) is to be met by Grants-of-supply from DECC, 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 2016-17 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 2015-16

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.

We have achieved this by:

- Completing a significant and comprehensive work program to deliver the fifth carbon budget advice. This included engagement with a wide range of stakeholders and the completion of detailed research and analysis stretching over an 18 month period.
- Delivering our first ever joint Progress Report which set out our assessment of progress which has been made towards meeting carbon budgets and adaptation to climate change. The report set out the most important areas for the Government to consider.
- Delivered the first report under our new legal duty to advise the Secretary of State on the links between the exploitation of onshore petroleum, including shale gas, and the need to meet carbon budgets.
- Bringing together and synthesising evidence for the Climate Change Risk Assessment. The ASC has continued to make significant progress in bringing together the work of about 80 academics, private sector experts and public officials.
- Responding to requests for advice from the national authorities.

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.

We have achieved this by:

- 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 2015-16, details our business activity plan for 2016-17 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 2015-16

Progress towards reducing emissions and adapting to climate change

The Committee issued its first joint report to Parliament covering the Committee's assessment of progress towards meeting carbon budgets and progress on adaption to climate change in June 2015. Our report included five key recommendations to the Government on actions to maintain progress towards reducing emissions. These were:

1. *Electricity:* Ensure the power sector can invest with a 10-year lead time. As soon as possible, set the Government's carbon objective for the power sector in the 2020s and extend funding under the Levy Control Framework to match project timelines (e.g. to 2025 with rolling annual updates).

2. *Buildings:* Develop plans and policies that deliver low carbon heat and energy efficiency, whilst also addressing the increasing risks of heat stress and flooding.

3. *Transport:* Maintain support for the up-front costs of electric vehicles while they remain more expensive than conventional alternatives and push for stretching 2030 EU CO_2 targets for new cars and vans.

4. *Infrastructure:* Make decisions that help reduce emissions and improve the resilience of infrastructure networks and services during periods of extreme weather. A range of infrastructure decisions which will be made this Parliament could have significant impacts. Foremost amongst these is the need for carbon capture and storage (CCS). Others include requirements for infrastructure support for heat networks and electric vehicles. Decisions taken now need to avoid 'lock-in' to high carbon pathways and vulnerability to climate change risks.

5. *Land and water management:* Preserve and enhance the country's natural capital, in order to sustain agriculture productivity in a changing climate, maximise carbon sequestration, and safeguard the economic and amenity benefits the natural environment provides.

Fifth carbon budget advice

The Committee recommended that the fifth carbon budget is set at 1,765 $MtCO_2e$, including emissions from international shipping, over the period 2028-32. This would limit annual emissions to an average 57% below 1990 levels. The recommendation balances the range of factors the Committee must consider, keeps the UK on its cost effective path to 2050 and continues the UK's historical rate of emissions reduction.

The technical report which sets out the full analysis that supports the advice "Sectoral scenarios for the fifth carbon budget" is available on our website, at this address https://www.theccc.org.uk/publication/sectoral-scenarios-for-the-fifth-carbon-budget-technical-report/.

In the run-up to the provision of the fifth carbon budget advice report, the Committee published two reports on the Scientific and International Context and Scenarios for the Power Sector. These reports set out the Committee's assessment of the state of climate science and international circumstances and scenarios for the development of the power sector through the 2020s. These assessments fed into the development of the Committee's fifth carbon budget advice.

The Committee has provided advice to Scottish Ministers on setting Scottish climate change targets, recommending annual emissions targets for 2028-2032. The Committee has also advised the Welsh Government on lessons learned and technical issues relating to the Carbon Budgeting and Climate Change provisions within the Environment (Wales) Act 2016, and the Northern Ireland Executive on the potential for it to develop its bespoke climate change legislation. The Committee members have also appeared in front of numerous select committee hearings and other parliamentary meetings as Parliament's independent advisors on climate change issues.

Managing climate change risks – providing an assessment of the Climate Change Risk Assessment

Every five years the Government must carry out an assessment of the current and future risks to the country from climate change; the next assessment is due in January 2017.

To inform the 2017 risk assessment, the ASC has worked with a wide range of experts to review published data and publish an independent evidence report about the risks and opportunities to the UK from Climate Change. The report will be delivered to Defra in July 2016.

The Adaptation Sub-Committee published four new research projects to inform the next UK Climate Change risk Assessment. The research projects were funded in partnership with the Natural Environment Research Council and the Environment Agency. Findings were presented to Defra. The projects are as follows and are available on our website:

- Project A – Projections of future flood risk in the UK
- Project B – Updated projections for water availability for the UK
- Project C – Aggregate assessment of climate change impacts on the goods and services provided by the UK's natural assets
- Project D – Developing plausible high-end climate change scenarios (H++)

Managing emissions from new energy sources

The Committee has a legal duty to advise the Government on the compatibility of exploiting domestic onshore petroleum, which includes shale gas, with UK carbon budgets and the 2050 emissions target.

The Committee completed its report and delivered it to the Secretary of State by the statutory deadline of 1 April 2016. At the time of writing the Secretary of State was considering the Government reply and when to publish both the advice and the reply to Parliament.

1.2.3 Sustainability report

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

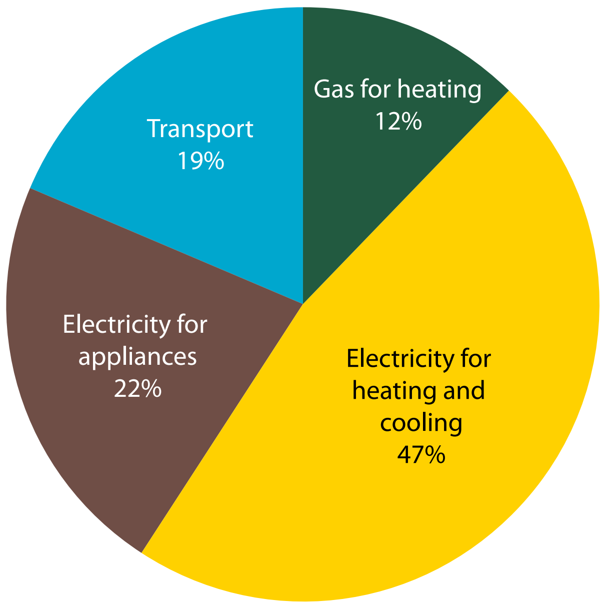
- Measuring, reducing and off-setting our carbon emissions;
- Reducing waste and increasing recycling; and
- Procuring our resources from sustainable resources.

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 2015-16 which reflects the continuing work and effort to reduce our carbon emissions.

Measuring, reducing and off-setting our carbon emissions

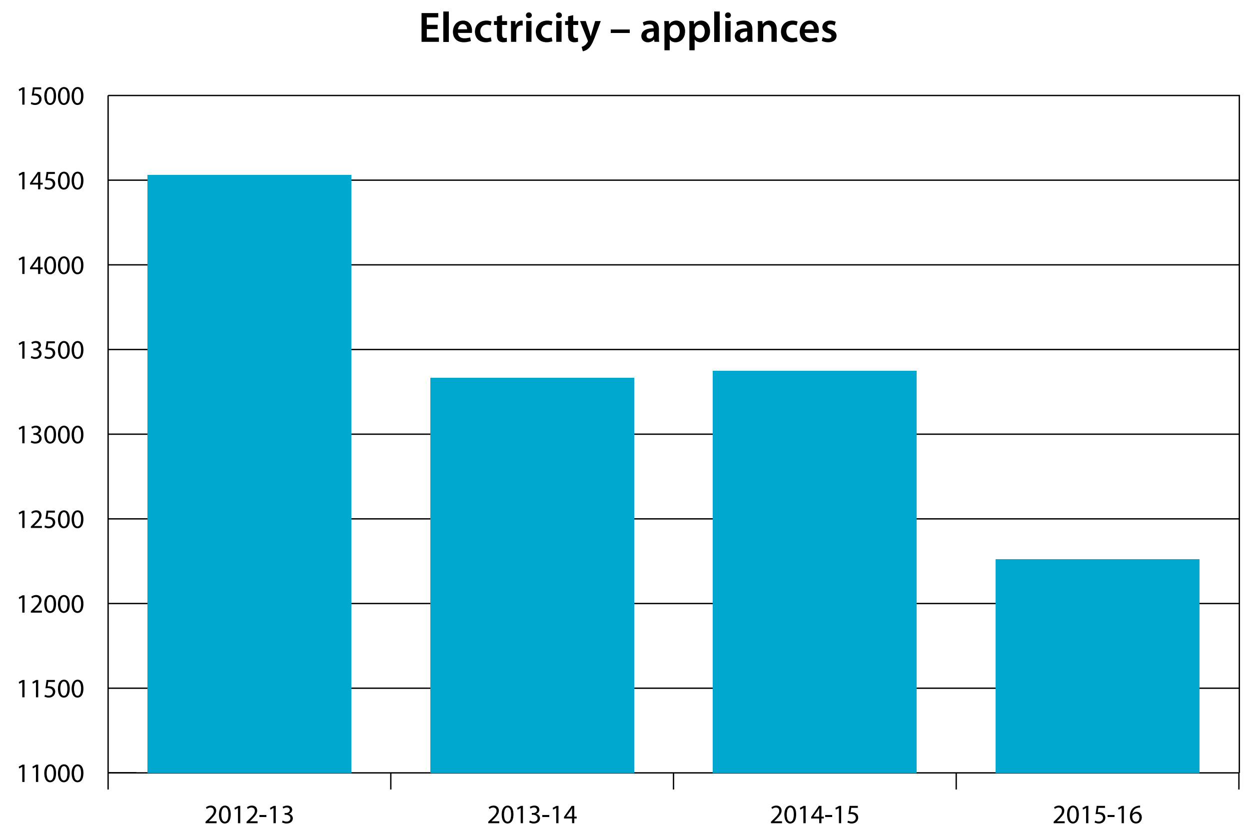
We estimate that the Committee's activities resulted in emissions of **55,386 kg CO_2e** in 2015-16, a decrease of 7 kg CO_2e compared to 2014-15.

The Committee's emissions comprised of four categories as shown in the chart below:



Gas and electricity emissions from heating and cooling: These account for the majority of emissions produced – 32,856 kg CO_2e (64%). This comprises gas for heating (6,893 kg CO_2e), which has increased slightly this year, and electricity for the heating and air-conditioning systems (25,964 kg CO_2e) which has decreased by 12% compared to last year.

Emissions from electricity for equipment and appliances: This covers electricity consumption for equipment and appliances and accounts for 22% of our emissions (12,260 kg CO_2e), a decrease of 8% compared to the previous year. The chart below demonstrates the positive, downwards trend in emissions achieved over the last four years.



Emissions from transport: Around 19% of emissions are from transport for business travel (10,269 kg CO_2e, an increase of 55% from last year). This is attributable to an increase in travel particularly to the devolved administrations to complete our statutory work program. Most of our travel is by rail, with UK domestic and international flights used only in exceptional circumstances. The organisation is also committed to minimising the need for travel through the use of digital communication wherever possible.

Sustainable procurement

The Committee integrates sustainability into its procurement practices by:

- Considering sustainability as part of all procurement decisions, including when the Committee enters into contracts with new suppliers or tenders for services from external contractors.
- Limiting the number of reports printed in hard copy.
- Where hardcopy reports are produced we only work with sustainable publishing and printing agencies to ensure publications are 100% carbon neutral.

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.

Key initiatives include:

- Reducing waste by purchasing recycled stationery products where possible and minimising the amount of stationery purchased.

- Minimising our impact by only using tap water in the office and at external events.
- Bin-less office with units for recycling office consumables (e.g. paper, card, cans, plastic bottles, toner cartridges) and food waste.

Work is ongoing to ensure staff reduce waste wherever possible and to increase the amount of recycled waste. The Committee has recycled 5.1 tonnes (2014-15, 3.6 tonnes) of waste through Viridor London, including paper, packaging and food waste. We also sent around 1 tonne of waste to landfill during the year.

Matthew Bell
Accounting Officer
1 July 2016

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 2:2:3, Remuneration Report.

b) Financial summary

i) Results

The Committee received a resource allocation of £3,793,537 (2014-15: £4,109,617) and a capital allocation of £5,500 (2014-15: £0), which was wholly funded by DECC, Defra and the devolved administrations. The Grant-in-Aid funding drawn down during the year was £3,748,055 (2014-15: £4,042,588). The Committee's net operating cost for the year was £3,759,700 (2014-15: £4,071,382) and the capital expenditure was £4,452 (2014-15: £0).

The accounts show a deficit on the Statement of Comprehensive Net Expenditure of £3,759,700 for the year ended 31 March 2016 and net liabilities of £273,552 on the Statement of Financial Position principally driven by our trade and other payables, which include liabilities falling due in future years that may only be met by future grants-in-aid.

ii) Non-current assets

The Committee has non-current assets of £126,388 at 31 March 2016 which comprise property, plant and equipment with a value of £122,046 and intangible assets (a software licence) of £4,342.

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.

The Annual Report and Accounts were authorised for issue by the Accounting Officer on 1 July 2016.

iv) Going concern

Our funding for 2016-17 has been agreed with DECC and set out in the Main Supply Estimate 2016-17. 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 Committee Members and the Chief Executive is maintained and is available on the Committee's website at https://www.theccc.org.uk/about/transparency/.

d) Personal data related incidents

There were no personal data related incidents for the period ended 31 March 2016 (2014-15, nil).

e) Health and safety incidents

There were no health and safety incidents for the period ended 31 March 2016 (2014-15, nil).

f) Service arrangements

The Committee 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 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 Committee 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 five days of receipt.

According to the statistics that have been provided by SSCL, between 1 April 2015 and 31 March 2016, 98.15% of valid invoices received by the Committee were paid within the five-day target (97.56% in 2014-15).

h) Whistleblowing

The Committee 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 period ended 31 March 2016.

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 Energy and Climate Change has directed the Committee 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 Committee 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 DECC has designated the Chief Executive as Accounting Officer of the Committee. 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 Committee's assets, are set out in *Managing Public Money* published by the HM Treasury.

2.1.3 Governance statement

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 Committee:

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

I am supported in my role as Accounting Officer by the Committee, Audit Committee and Senior Management team.

Committee

The Committee, led by the Chair, sets the vision and strategic direction for the organisation and 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.

Audit Committee

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

The Audit Committee meets three times a year with representatives from the National Audit Office (NAO), Internal Audit (Government Internal Audit Agency) and the departmental Sponsor Group also attending.

Senior Management Team

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

Board performance

The annual evaluation of Board effectiveness provides an opportunity to identify greater efficiencies, maximise strengths and areas for further development. The Committee, ASC and Audit Committee each undertake an annual self-assessment of their effectiveness.

The Assessment concluded that the committees were operating effectively.

Compliance with the Government's 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 bodies, such as the Committee, 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.

Attendance

The table below shows attendance at meetings held by the Committee, Adaptation Sub-Committee and the Audit Committee during 2015-16.

	Committee	ASC	Audit Committee
Number of meetings held throughout 2015-16	11	11	3
Lord Deben	8		
Professor Samuel Fankhauser (resigned from the ASC on 31st December 2015)	10	8	3
Sir Brian Hoskins	10		
Paul Johnson	9		
Baroness Brown of Cambridge	8		1
Lord May (stepped down 29 June 2015)	3		
Professor Jim Skea	11		
Lord Krebs	7	11	
Professor Jim Hall		11	
Professor Dame Anne Johnson		10	
Ece Ozdemiroglu (appointed 1 January 2016)		3	
Professor Martin Parry (resigned 31 December 2015)		5	
Rosalyn Schofield (appointed 1 January 2016)		3	
Sir Graham Wynne		10	3

Risk management

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

Key risks

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

1) **Funding:** that the Spending Review ('SR') results in an insufficient allocation for the CCC, leaving it unable to fulfil its statutory duties. The CCC has engaged proactively with its sponsor departments throughout the business planning process to agree a funding allocation for the 2015 Spending Review period which we believe will be sufficient to enable the Committee to deliver its statutory duties. The CCC will continue to work with DECC, Defra and the devolved administrations to maximise potential savings and to highlight the risks involved if the indicative funding requirement for the remaining period of the Spending Review period is not met.

2) **Reputation:** that research analysis is incomplete, not sufficiently timely or robust leading to incorrect advice being given. The Committee relies on three sources of research analysis, being: 1) internal work completed by the CCC; 2) external work commissioned by the CCC; and 3) work and analysis provided to the CCC by OGDs. To mitigate this risk we have implemented internal assurance processes to quality assure analysis used in our work. Bespoke Quality Assurance ('QA') plans were developed and implemented for each sector reported on in the 5th Carbon Budget.

A review of the framework of governance, risk management and controls relating to Research Evaluation has been completed by Internal Audit during the year. The review concluded there were effective quality assurance review procedures in place for all sources of sources of research data used by the CCC. Internal Audit noted that pressures within Other Government Departments (OGDs) meant OGDs were not always able to meet agreed timelines for delivery with a consequential adverse impact on the ability of CCC to satisfactorily implement our agreed quality assurance procedures. The CCC has agreed to implement a number of actions to address the risks identified over the accuracy of and timeliness of research analysis provided by OGDs.

3) **Staff:** that the loss of a small number of staff due to a lack of promotion opportunities, work overload from an ambitious work programme and the completion of significant reports, such as the 5th Carbon Budget Advice report, could result in significant knowledge gaps. Individual development plans have been agreed for all staff to increase capability and build resilience within the team should key members of staff leave. Agreed processes are in place to ensure work and knowledge is adequately transferred when staff members leave the CCC.

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

Contractual relationships with service partners

Transactional processing

The majority of the Committee's financial systems and 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 Deloitte 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 Deloitte LLP.

The CCC also relies on the NAO's audit of SSCL for assurance that the overall control framework within SSCL is sufficient. 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 processes designed for dealing with much larger organisations fail to properly comply with our requirements. We will continue to seek reassurance from SSCL, DECC and Defra that our data is being appropriately handled

SSCL are in the process of completing a significant transformation programme. A key component of the programme is the transfer of its clients to a Single Operating Platform ('SOP'). The CCC transferred to SOP in May 2016, along with DECC and the Defra family.

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 Committee 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 Committee. The Senior Information Risk Owner (SIRO) attends the DECC SIRO Board where the latest developments in standards and information security are discussed.

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

Consultants contracted to provide work for the Committee 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 Committee has agreed to implement a number of recommendations to improve the assurance arrangements particularly research received from OGDs.

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 Committee. On this basis, I consider the Committee's governance arrangements to be effective.

I can confirm that the Committee has not had any significant control issues during 2015-16 and no significant weaknesses to address.

Matthew Bell
Accounting Officer
1 July 2016

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 Committee or the Chief Executive by giving three months' notice, unless agreed otherwise by both parties.

Committee Members

All appointments to the Committee on Climate Change are made on behalf of the Secretary of State for Energy and Climate Change. Appointments to the Adaptation Sub-Committee are made on behalf of the Secretary of State for Environment, Food and Rural Affairs. 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 (DECC 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 the DECC. In 2015-16, 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 the Defra. In 2015-16, 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 Committee at the beginning of the year and is only triggered if all the main performance targets are exceeded.

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

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

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

Table 1: Remuneration payments to Committee members during 2015-16

	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	–	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)

Table 2: Remuneration payments to Committee members during 2014-15

	Salary (£'000)	Bonus payments (£'000)	Benefit in kind (to nearest £100)	Pension Benefits (to nearest £1000)	Total (£'000)
Chief Executive					
Matthew Bell	55 – 60 (full year equivalent 130 – 135)	0 - 5	–	21,000	75 – 80 (full year equivalent 155 – 160)
Adrian Gault (from 16 June 2014 to 31 October 2014)	35 – 40 (full year equivalent 100 – 105)	0 – 5	–	93,000	130 – 135 (full year equivalent 195 – 200)
David Kennedy (to 15 June 2014)	20 – 25 (full year equivalent 115 – 120)	0 – 5	–	5,000	30 – 35 (full year equivalent 120 – 125)
Committee on Climate Change					
Committee Chair					
Lord Deben	30 – 35	–	300	–	30 – 35
Committee Members					
Professor Samuel Fankhauser	10 – 15	–	–	–	10 – 15
Sir Brian Hoskins	5 – 10	–	–	–	5 – 10
Baroness Brown of Cambridge	5 – 10	–	2,200	–	10 – 15
Lord Krebs	0 – 5	–	600	–	0 – 5
Lord May	5 – 10	–	1,300	–	5 – 10
Professor Jim Skea	10 – 15	–	–	–	10 – 15
Paul Johnson	5 – 10	–	–	–	5 – 10
Adaptation Sub-Committee					
Committee Chair					
Lord Krebs	25 – 30	–	4,600	–	30 – 35
Committee Members					
Professor Samuel Fankauser	5 – 10	–	–	–	5 – 10
Professor Jim Hall	10 – 15	–	2,400	–	15 – 20
Professor Dame Anne Johnson	10 – 15	–	–	–	10 – 15
Professor Martin Parry	10 – 15	–	2,100	–	15 – 20
Sir Graham Wynne	10 – 15	–	1,200	–	10 – 15

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 he individual. The bonuses reported in 2015-16 relate to performance in 2015-16 and the comparative bonuses reported for 2014-15 related to performance in 2014-15.

Benefits in kind

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

Pay multiples

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

	2015-16 £	2014-15 £
Highest paid Director's Total Remuneration	140k – 145k	135k – 140k
Median Total Remuneration	51,475	49,705
Ratio	2.8	2.8

The banded salary of the most-highest paid director in the CCC in the financial year 2015-16 was £140k-£145k (2014-15, £135k-£140k). This was 2.8 times (2014-15, 2.8) the median salary of the workforce, which was £51,475 (2014-15, £49,705).

In 2015-16 no employees (2014-15, 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

	Accrued pension at pension age as at 31/3/16 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/16 £'000	CETV 31/3/15 £'000	Real increase in CETV £'000
Chief Executive					
Matthew Bell	0 – 5 plus lump sum of £0	2.5 – 5.0 plus a lump sum of £0	40	11	17

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: three 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. 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 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (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 0.8% of pensionable salary up to 30 September 2014 and 0.5% of pensionable salary from 1 October 2015 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 schemes 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 2015-16, employers' contributions of £324,376 (2014-15, £306,817) were payable to the PCSPS at one of four rates in the range 20.0% to 24.5% (2014-15: 16.7% to 24.3%) 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 2015-16 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 £18,533 (2014-15, £16,346) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pension earnings from 1 October 2015. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £757, 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015 (2014-15, £1,205), 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 £1,061 (2014-15, £1,525). Contributions prepaid at that date were £0 (2014-15, £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 Committee 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)

	2015-16 Total £	2015-16 Permanent Staff* £	2015-16 Other * £	2015-16 Committee Members £	Year to 31 March 2015 Total £
Committee Members' remuneration**	197,708	–	–	197,708	192,480
Wages and salaries***	1,639,130	1,187,353	451,777	–	1,627,586
Social security costs	183,556	121,115	41,002	21,439	178,097
Other pension costs	340,816	249,614	91,202	–	323,639
Sub total	**2,361,210**	**1,558,082**	**583,981**	**219,147**	**2,321,802**
Less recoveries for secondments	(25,148)	(25,148)	–	–	(55,255)
Total net costs	**2,336,062**	**1,532,934**	**583,981**	**219,147**	**2,266,547**

* '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 2015 to 31 March 2016.

*** Wages and salaries include an accrual of £47,350 for total performance bonuses related to the 2015-16 financial year (2014-15, £50,800). Further it also includes a movement of £2,436 in staff leave accrual (2014-15, £15,646).

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

No severance payments were made in the financial year (2014-15, £nil).

c) Off-payroll engagements

The Committee did not have any off-payroll engagements in the financial year (2014-15, £nil).

d) Expenditure on consultancy

The Committee did not incur any expenditure on consultancy work during the financial year (2014-15, £nil).

e) Sickness absence

During the period ended 31 March 2016 the average number of working days lost due to sickness absence was 2.58 days per full time equivalent (2014-15, 3.16 days).

f) Staff disability policies

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

g) Staff numbers

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

	2015-16 Total	2015-16 Permanent staff	2015-16 Others	2014-15 Total	2014-15 Permanent staff	2014-15 Others
Chief Executive Office	2.0	1.0	1.0	1.8	1.4	0.4
ASC	6.0	4.3	1.7	6.3	5.0	1.3
CCC	16.5	12.5	4.0	17.4	14.0	3.4
Corporate Team	5.6	3.0	2.6	5.2	3.9	1.3
Total	**30.1**	**20.8**	**9.3**	**30.7**	**24.3**	**6.4**

h) Staff composition

The composition of staff is shown below:

	Female	Male
Directors – Chief Executive and Committee Members	4	9
Senior Civil Servants (pay band 1)	1	3
Secretariat	10	11
Corporate Team	3	2
Total	**18**	**25**

Matthew Bell
Accounting Officer
1 July 2016

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 2016 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 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 2016 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 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 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 2016

Section 3:
Financial Statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2016

	Note	**2015-16** **£**	2014-15 £
Expenditure			
Staff costs	3	2,336,062	2,266,547
Depreciation and amortisation	4	16,186	17,293
Provisions	11	–	24,600
Other Expenditure	4	1,407,452	1,762,942
		3,759,700	**4,071,382**
Income		–	–
Net expenditure		**3,759,700**	**4,071,382**
Interest payable / receivable		–	–
Net expenditure after interest		**3,759,700**	**4,071,382**

Other Comprehensive Expenditure

	Note	**2015-16** **£**	2014-15 £
Other Comprehensive Expenditure		**–**	**–**
Total Comprehensive Expenditure		**3,759,700**	**4,071,382**

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 52 form part of these accounts.

Statement of Financial Position

As at 31 March 2016

		31 March 2016		31 March 2015	
	Note	£	£	£	£
Non-current assets					
Property, plant & equipment	5	122,046		139,410	
Intangible assets	6	4,342		–	
Total non-current assets			**126,388**		**139,410**
Current assets					
Trade and other receivables	8	43,181		37,739	
Cash and cash equivalents	9	218,812		494,206	
Total current assets			261,993		531,945
Total assets			**388,381**		**671,355**
Current liabilities					
Trade and other payables	10	(524,290)		(790,879)	
Total current liabilities			(524,290)		(790,879)
Non current assets less net current (liabilities)			**(135,909)**		**(119,524)**
Non-current liabilities					
Provisions	11	(133,800)		(133,800)	
Other payables	10	(3,843)		(8,583)	
			(137,643)		(142,383)
Assets less liabilities			**(273,552)**		**(261,907)**
Taxpayers' equity					
General reserve			(273,552)		(261,907)
			(273,552)		**(261,907)**

The financial statements on pages 33 to 36 were approved by the Committee on 1 July 2016 and signed on its behalf by:

Matthew Bell
Accounting Officer
1 July 2016

The notes on pages 37 to 52 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2016

	Note	**2015-16** £	2014-15 £
Cash flows from operating activities			
Net deficit after interest		(3,759,700)	(4,071,382)
Adjustments for depreciation and amortisation	4	16,186	17,293
Increase in provisions	11	–	24,600
Adjustment to the service concession arrangement	5	1,288	185
(Increase) / Decrease in trade and other receivables	8	(5,442)	75,420
(Decrease) / Increase in trade payables	10	(261,638)	259,265
(Decrease) in payables not passing through the Net Expenditure Account	10	(4,740)	(1,344)
Net cash outflow from operating activities		**(4,014,046)**	**(3,695,963)**
Cash flows from investing activities			
Purchase of intangibles	6	(4,452)	–
		(4,452)	–
Cash flows from financing activities			
Grant from sponsoring department		3,748,055	4,042,588
Capital element of payments in respect of finance leases and on-balance sheet PFI and Service Concession Agreements	10	(4,951)	(3,774)
		3,743,104	**4,038,814**
Net Financing			
Net (decrease) / increase in cash and cash equivalents in the period		**(275,394)**	**342,851**
Cash and cash equivalents at the beginning of the period	9	494,206	151,355
Cash and cash equivalents at the end of the period	9	218,812	494,206

The notes on pages 37 to 52 form part of these accounts.

Statement of Changes in Equity

For the year ended 31 March 2016

	General Reserve £
Balance at 31 March 2014	(233,113)
Changes in Taxpayers' Equity 2014-15	
Grants from sponsoring department	4,042,588
Comprehensive Expenditure for the year	(4,071,382)
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)**

The notes on pages 37 to 52 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2015-16 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

The Committee did not have any changes in accounting policies during the year.

b) New and amended standards adopted

Fair Value –Adoption of IFRS 13 and adaptation of IAS 16

The IASB issued IFRS 13 Fair Value Measurement in May 2011. This Standard applied to the private sector for accounting periods beginning on or after 1 January 2013. It has now been considered from a public sector perspective and will apply to central government entities following the FReM from 2015-16. The Standard has not been adapted and will apply in full.

Following consideration of IFRS 13, HM Treasury have adapted IAS 16 Property, Plant and Equipment. This adaptation means that assets which are held for their service potential (i.e. operational assets used to deliver either front line services or back office functions) should be measured at their current value in existing use. For non-specialised assets current value in existing use should be interpreted as market value in existing use which is defined in the RICS Red Book as Existing Use Value (EUV). For specialised assets current value in existing use should be interpreted as the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

The above new and amended standards are not relevant to the Committee for the year ended 31 March 2016.

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2015

The following new standards, amendments and interpretations to existing standards which are not yet effective are not expected to have a material impact on the Committee's future accounts:

IFRS 5	Non-current Assets Held for Sale and Discounted Operations: Change in methods of Disposal (amendment)
IFRS 7	Financial Instruments: Disclosures: Servicing Contracts (amendment)
IFRS 7	Financial Instruments: Disclosures: Applicability of the amendments to IFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements (amendment)
IAS 19	Employee Benefits – Discount rate: regional market issue (amendment)
IAS 34	Interim Financial Reporting: Disclosure of information "elsewhere in the interim financial report" (amendment)
IAS 1	Disclosure Initiative (amendment)
IAS 27	Equity Method in Separate Financial Statements (amendment)
IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation (amendment)
IAS 16 and IAS 41	Bearer Plants (amendment)
IFRS 11	Accounting for acquisitions of interests in joint operations (amendments)

IFRS 10, IFRS 12, IAS 28	Investment entities: applying the Consolidation Exception (amendment)
IFRS 15	Revenue from Contracts with Customers (IAS 18 Revenue replacement) (new)
IFRS 9	Financial instruments (IAS 39 Financial instruments: Recognitions and Measurement Replacement) (New)
IFRS 16	Leases (IAS 17 replacement) (new)
IAS 12	Recognition of Deferred Tax assets for unrealised losses (issued on 19 January 2016 (amendment)
IAS 7	Disclosure Initiative (issued in January 2016) (amendment 1)
IFRS 15	Revenue from contracts with Customer (issued in April 2016) (clarifications)

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

The FReM states that all non-current assets should be valued using the revaluation model as prescribed in IAS 16. The PFI asset has been revalued based on the present value of the minimum lease payments in accordance with IAS 17.

In accordance with the FReM, the Committee 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 Committee has no borrowings and relies primarily on Grant-in-Aid from DECC, 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 so 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: three 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 Committee to recognise the expected cost of the annual leave entitlement of its employees that is accrued at the end of each financial year. The Committee 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 Committee 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 Committee 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 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 Committee is the lessor is recognised as revenue on a straight-line basis over the lease term.

1.12 Service concessions

The Committee procures information technology support through the Defra's E-nabling Agreement with IBM. Although, the Committee has a rolling twelve month contract with Defra, Defra's contract with IBM is for a term of eight years from February 2010. The Defra contract falls within the scope of IFRIC 12 and is disclosed within the accounts as a service concession arrangement. A lease liability has been included to reflect the capital value payments to IBM to lease IT infrastructure assets throughout the duration of the eight year contract. A matching asset has been raised to reflect the benefit that the Committee will derive from having access to IBM's IT infrastructure assets. Depreciation has been applied on a straight line basis consistent with the Committee's depreciation policy. These IT infrastructure assets, which consist of laptops, servers and hardware, are classed as one tangible service concession asset under property, plant and equipment.

In the early stages of the contract as the asset depreciates quicker than the liability there will be a net expenditure impact. In the later stages of the contract the impact of unwinding the finance charge at an increasing rate will result in a negative expenditure impact. Overall however, the impact over the duration of the contract will be zero.

2. Analysis of net expenditure by segment

	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**

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 2014-15 £	Adaptation Sub-Committee 2014-15 £	Total 2014-15 £
Staff Costs			
Committee members	93,453	99,027	192,480
Staff	1,656,759	417,308	2,074,067
Total Staff Costs	**1,750,212**	**516,335**	**2,266,547**
Other Costs			
Research	473,161	619,567	1,092,728
Rentals under operating leases	112,835	27,897	140,732
Occupancy	125,888	31,523	157,411
Shared services	44,727	10,962	55,689
PFI service payments	84,841	21,205	106,046
Finance charges on PFI	720	180	900
Printing and publications	48,591	19,343	67,934
Travel and subsistence	16,423	6,497	22,920
Corporate services	58,619	13,251	71,870
Learning and development	12,817	5,007	17,824
Telephony	665	142	807
Web development and hosting	2,592	648	3,240
Conferences and events	–	5,807	5,807
Auditor's remuneration	14,800	3,700	18,500
Other	473	61	534
Total	**997,152**	**765,790**	**1,762,942**
Non-Cash Items			
Depreciation	17,293	–	17,293
Provision provided for in year	24,600	–	24,600
Total Other Costs	**1,039,045**	**765,790**	**1,804,835**
Total Operating Costs	**2,789,257**	**1,282,125**	**4,071,382**

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

		2015-16		2014-15
	£	£	£	£
Administration costs				
Research	634,912		1,092,728	
Rentals under operating leases	151,971		140,732	
Occupancy	173,990		157,411	
Shared services	65,120		55,689	
PFI service payments	133,800		106,046	
Finance charges on PFI	805		900	
Printing and publications	122,574		67,934	
Travel and subsistence	21,075		22,920	
Corporate services	33,147		71,870	
Learning and development	25,392		17,824	
Telephony	1,716		807	
Web development and hosting	10,892		3,240	
Conferences and events	12,667		5,807	
Auditor’s remuneration	18,500		18,500	
Other	891		534	
		1,407,452		**1,762,942**
Non-Cash Items				
Depreciation		16,076		17,293
Amortisation		110		–
Provision provided for in year		–		24,600
Total Expenditure		**1,423,638**		**1,804,835**

5. Property, plant and equipment

	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**

'Information technology' relates to assets raised to reflect the benefit the Committee 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 2014	191,719	88,627	280,346
Additions	–	–	–
Disposals	–	–	–
Adjustment to the service concession arrangement	–	(185)	(185)
At 31 March 2015	**191,719**	**88,442**	**280,161**
Depreciation			
At 1 April 2014	(42,104)	(81,354)	(123,458)
Charged in year	(15,317)	(1,976)	(17,293)
Disposals	–	–	–
At 31 March 2015	**(57,421)**	**(83,330)**	**(140,751)**
Net Book Value at 31 March 2015	**134,298**	**5,112**	**139,410**
Net Book Value at 31 March 2014	**149,615**	**7,273**	**156,888**
Asset financing			
Owned	134,298	–	134,298
Finance leased	–	5,112	5,112
Net Book Value at 31 March 2015	**134,298**	**5,112**	**139,410**

6. Intangible assets

	Software Licences £	Total £
Cost		
At 1 April 2015	**–**	**–**
Additions	4,452	4,452
Disposals	–	–
At 31 March 2016	**4,452**	**4,452**
Depreciation		
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 Committee are met through Grant-in-Aid provided by DECC, 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 Committee'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 Committee in undertaking its activities.

8. Trade receivables and other current assets

	31 March 2016 £	31 March 2015 £
Amounts falling due within one year:		
Trade receivables	28,523	4,007
Deposits and advances	7,330	9,384
Other receivables	–	678
Prepayments and accrued income	7,328	23,670
	43,181	**37,739**

9. Cash and cash equivalents

	31 March 2016 £	31 March 2015 £
Balance at 1 April	494,206	151,355
Net change in cash and cash equivalent balances	(275,394)	342,851
	218,812	**494,206**
The following balances at 31 March were held at:		
Government banking service accounts	218,812	494,206
	218,812	**494,206**

10. Trade payables and other current liabilities

	31 March 2016 £	31 March 2015 £
Amounts falling due within one year		
Other taxation and social security	57,902	58,758
Trade payables	21,197	199,748
Other payables	13,004	6,543
Current part of finance leases	4,803	4,951
Accruals and deferred income	332,789	428,326
Pension contributions	37,318	37,711
Staff unpaid leave accrual	57,277	54,842
	524,290	**790,879**
Amounts falling due in more than 1 year		–
Finance leases	3,843	8,583
	3,843	**8,583**
	528,133	**799,462**

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 2016 £	31 March 2015 £
Dilapidations balance:	**133,800**	**109,200**
Provision utilised	–	–
Provision written back	–	–
Provided in the year	–	24,600
	133,800	**133,800**

The dilapidation provision relates to the Committee's current premises at Holbein Place. The provision was re-valued at the first break clause in the lease at 31 March 2015. This estimate has been provided by DTZ and represents the obligation to make good the condition of the premises at the next break clause in September 2019.

	31 March 2016 £	31 March 2015 £
Expected timing of cash flows:		
Not later than one year	–	–
Later than one year and not later than five years	133,800	133,800
Later than five years	–	–
	133,800	**133,800**

12. Capital and Other Financial commitments

	31 March 2016 SSCL £	31 March 2015 SSCL £
Other financial commitments comprise:		
Not later than one year	25,423	50,078
Later than one year and not later than five years	79,542	191,434
Later than five years	–	26,758
	104,965	**268,270**

The Committee did not commit to any capital commitments in the financial year (2014-15, Nil).

The Committee 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.

The Committee 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 figures provided are the total payments to which the Committee is committed at 31 March 2016, 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 2016		31 March 2015	
	Land & buildings £	Other £	Land & buildings £	Other £
Obligations under operating leases comprise:				
Not later than one year	224,025	1,649	219,025	1,649
Later than one year and not later than five years	558,818	1,085	765,371	2,734
Later than five years	–	–	–	–
	782,843	**2,734**	**984,396**	**4,383**

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 2016 £	31 March 2015 £
Total obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprises:		
Not later than one year	5,057	5,238
Later than one year and not later than five years	9,372	10,002
Later than five years	–	–
	14,429	15,240
Less interest elements	(5,813)	(1,736)
	8,616	**13,504**

	31 March 2016 £	31 March 2015 £
Present value of obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprises:		
Not later than one year	4,773	4,921
Later than one year and not later than five years	3,843	8,583
Later than five years	–	–
	8,616	**13,504**

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 Committee 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 which was reframed on 1 February 2010. During the life of the contract, Defra has the right to use assets owned by IBM and IBM are obliged to provide a consistent level of performance as set out in the contract.

The contract prices are subject to an annual incremental increase, applied from 1 April. This increase is based on the Consumer Price Index (CPI) as at the end of January in the previous financial year.

There is flexibility in terms of termination providing the option to end the service or key aspects thereof. The financial penalty for termination is on a sliding scale depending on several factors, including time left on the contract. There are no beneficial entitlements at the end of the contract, although the Department has the option to purchase specified assets at net book value on exiting the contract. This gives the Department control of the assets during the life of the contract. The IBM contract for the provision of IT services and infrastructure assets falls within the scope of the FReM interpretation of IFRIC12. Accordingly, the assets created or acquired under the contract have been treated as assets of Defra and the other organisations that utilise the contract and recorded as non-current assets in the accounts.

The valuation of the asset has been informed by data provided by the supplier. Defra obtained information regarding movements of assets either additions or disposals directly from IBM its outsourced provider.

The payments required by the arrangement are allocated into those for the service concession asset and those for other components of the service concession arrangement (e.g. maintenance and operation services) on the basis the information obtained from the supplier.

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 £133,800 (2014-15, £106,046) and the payments to which the Committee is committed is as follows:

	31 March 2016 £	31 March 2015 £
Not later than one year	83,990	72,692
Later than one year and not later than five years	69,221	130,643
Later than five years	–	–
	153,211	**203,335**

16. Contingent liabilities disclosed under IAS 37

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

17. Related-party transactions

The Committee on Climate Change is a non-departmental public body of DECC and receives its Grant-in-Aid funding from DECC, on behalf of DECC, 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	
	2015-16 £	2014-15 £	2015-16 £	2014-15 £	2015-16 £	2014-15 £
Related parties:						
Department of Energy and Climate Change	3,748,055*	4,042,588	–	–	–	–
Department for Environment, Food and Rural Affairs	–	–	–	–	131,387*	108,150
Heritage Lottery Fund	–	–	–	–	230,064**	206,473
Imperial College, London (IC Consultants Ltd)	–	–	–	–	34,316**	86,367**
Shared Services Connected Limited	–	–	–	–	67,239**	54,466**
The Royal Society for the Protection of Birds (RSPB)	–	–	–	–	157**	–
University of Reading	–	–	–	–	37,400**	7,200***

* Grant-in-Aid includes additional contributions from Department of Energy and Climate Change of £72,387, Defra of £54,361, Scottish Government of £91,500 and Welsh Government of £3,500 .

** Amounts outstanding at the year-end.

*** The amount outstanding as at 31 March 2015 with the University of Reading was excluded from the 2014-15 Accounts.

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:

- Sir Brian Hoskins: Imperial College London and University of Reading
- Professor Jim Skea: Imperial College London
- Sir Graham Wynne: The Royal Society for the Protection of Birds (RSPB).

DECC has provided a consolidated Annual Report and Accounts for the reporting period 2015-16 incorporating its NDPB's within the consolidation boundary. The Committee forms part of this consolidation.

18. Events after the reporting period

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

ISBN 978-1-4741-3151-3
9 781474 131513