

2020-21

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# Annual Report and Accounts

HC 399

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# Annual Report and Accounts

**1 April 2020 to 31 March 2021**

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 20 July 2021

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# Chairman's Foreword



I must begin by paying my respects to Professor Dame Georgina Mace, who sadly passed away in September 2020. Georgina was a much-loved and respected member of our Adaptation Committee. Baroness Brown, chair of the Adaptation Committee commented at the time that through Georgina's unrivalled knowledge of the natural environment "she consistently challenged us to think more logically, more analytically, and our advice to Government has been all the better for it." I can think of no tribute more fitting. My thanks to Professor Kate Jones who has stepped in to join the Adaptation Committee as an expert advisor on the natural environment until a permanent replacement is appointed.

The past year, amid the COVID-19 pandemic, has challenged us all and I thank my fellow Committee members and the secretariat for their tireless work to deliver a successful work programme. Despite the postponement of COP26 to November 2021, the momentum for action on climate change has continued to build and the advice of my Committee has played a significant role in driving ambition and Government policy.

Our influence is perhaps most evident in establishing a pathway to Net Zero emissions for the UK. In December, my Committee advised on the Sixth Carbon Budget, the limit for greenhouse gas emissions for the period 2033-37. This is the critical period for determining progress. Our advice provided the most detailed route map to Net Zero of any nation. I'm pleased, therefore, that the Government has accepted our recommendations in full.

The implications of the Sixth Carbon Budget are hugely significant. We are now committed to a reduction in greenhouse gas emissions of almost 80% by 2035 compared to 1990 levels, placing the UK as one of the most ambitious countries globally in tackling climate change. Delivering this will require a major investment programme across the country, coupled with action across the board; from individuals and from government, and from businesses large and small. We all have a role to play in the Net Zero – and we must get real about achieving it.

So it is to the task of delivery that my Committee must now turn its attention. The political attention over the next six months will be on COP26. This is the critical period to put ambitious and realistic policies in place to deliver against the UK's new targets. We must grab that opportunity. My Committee will be at the forefront of the call to deliver with urgency.

My final word is to thank all the individuals and organisations who have supported our work in this momentous year, and helped us develop the evidence that underpins all of our analysis and advice. Your work and insights will be even more important as we embark on our new delivery-focused programme in the year ahead.

A handwritten signature in black ink, appearing to read 'Deben', with a horizontal line underneath.

**Lord Deben**

Chairman of the Climate Change Committee  
15 July 2021



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Section 1

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# Performance Report



# 1.1 Overview



## 1.1.1 Chief Executive's message

This was the pandemic year, and I'm pleased that we responded quickly and kept the team safe. The swift transition to remote working forced us into new ways of working, but we have made a real success of it, opening new possibilities for the CCC in the future. When we return to the office later this year, we will work in a 'hybrid' model, mixing online and physical working. That permits us to work more remotely through choice and to develop a team that is more distributed around the UK and more representative of the country.

Our most prominent work this year was the Sixth Carbon Budget advice, the culmination of more than three years of analysis to determine a comprehensive path to Net Zero by 2050 for the UK. We published in December and the impact has been stunning. I'm delighted that the Government has now accepted our recommendations on the Sixth Carbon Budget, and on the 2030 NDC target. But I am particularly pleased that our long-standing recommendation to include international aviation and shipping emissions in the UK's carbon budgets has been accepted. The UK now has a comprehensive target framework for the emissions produced in the UK.

I hope we will now have a similar impact with the third climate change risk assessment for the UK, published on 16th June. It kicks-off a new five-year cycle of planning and action on adaptation under the Climate Change Act. We badly need to make more progress; we are not seeing the same momentum on adaptation in the UK as we have seen for Net Zero, despite the critical climate risks we now face. In our independent assessment, we've emphasised eight priorities for Government in the next set of national adaptation plans. A realistic response to these climate risks – and others – needs to be a more prominent part of climate policy in the UK.

As the reality of a prolonged pandemic dawned, we committed to use online channels to communicate our findings as widely as possible. It has been a revelation. In October 2020, we co-organised a successful online conference on climate risks and adaptation in the UK. Our Sixth Carbon Budget online launch attracted thousands of views and the subsequent 'Path to Net Zero' webinar series has been able to reach thousands more, far greater numbers than would be possible with traditional meetings or seminars. We intend to continue to use these online tools long after the pandemic, alongside our traditional reports and talks.

The next six months will centre on COP26 in Glasgow, a major moment for the global effort on climate change. In the Presidency, part of the UK's 'offer' is the strong legal framework for climate action. The Climate Change Act enshrines impartial, evidence-based advice from the CCC, so we have a role in sharing that experience with other countries. With the support of BEIS and FCDO, we have initiated an international programme, which has included the publication of eight 'Insights' briefings to provide a practical overview of the workings of the CCC and the UK Climate Change Act. I look forward to doing more support a successful COP26 in the coming months.

This has been a year of target-setting and raising political ambition. But setting targets is one thing, delivering them is quite another. 'Delivery' is now the challenge for Government and so it must become the challenge for the CCC too.

As we complete our work on our annual Progress Report to Parliament, we are beginning to plan and commission our new work programme, one more focused on real-world progress, public engagement and delivery. We will publish an exciting new programme for the coming years in the autumn of 2021.

My sincere thanks to the wonderful secretariat team at the CCC. I'm reminded daily of the privilege of working with them and learning from them.



**Chris Stark**  
Chief Executive  
Climate Change Committee  
15 July 2021

### 1.1.2 Committee role and structure

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

Our strategic priorities are:



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

The AC, also established under the Climate Change Act, advises the UK government and devolved administrations on their assessment of the risks and opportunities from climate change. It also reports to the UK Parliament on progress

in adaptation, particularly in relation to the UK government's National Adaptation Programme (mainly covering England only).

The Adaptation Committee comprises a Chairman, who also sits on the Committee, and five independent members. The Adaptation Committee 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 2021 shows net liabilities of £353,399 (2019-20, net liabilities of £269,662). This reflects the inclusion of liabilities falling due in future years that may be only met by future Grants-in-Aid from BEIS, Defra and devolved administrations. The conventions applying to parliamentary control over income and expenditure require that Grants-in-Aid may not be issued in advance of need.

The future financing of the CCC is to be met by Grants-of-supply from BEIS, Defra and the devolved administrations as well as the application of future income, both of which are approved on an annual basis by Parliament.

Indicative grants-of-supply for 2021-22 have already been given and there is no reason to believe that future approvals will not be forthcoming. The Government Financial Reporting Manual (FRM) 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 2020-21

#### Box 1

#### Key performance indicators for 2020 - 2021

Indicator	Actions
<p>Fulfilling our statutory duties as set out in the Climate Change Act 2008, including reporting on progress made on meeting carbon budgets, and reporting on preparedness to adapt to climate change</p>	<ul style="list-style-type: none"> <li>• Providing advice on the UK's long-term climate change targets by considering how and by when the UK can effectively eliminate carbon emissions from its economy</li> <li>• Completing the Committee's Progress Report which details the UK's progress in reducing greenhouse gas emissions and meeting carbon budgets</li> <li>• Publishing sector specific reports with policy recommendations</li> <li>• Responding to advice requests from the devolved administrations</li> </ul>
<p>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</p>	<ul style="list-style-type: none"> <li>• Ensuring adequate financial reporting and accounting arrangements are in place</li> <li>• Maintaining an appropriate internal control and governance framework</li> <li>• Implementing corporate and human resources policies which facilitate the hiring, retention and development of a skilled and motivated team</li> <li>• Maintaining a security policy, business continuity plan and risk management plan</li> </ul>

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

## 1.2.2. Analysis of our performance in 2020–21



### Progress towards reducing emissions

In June 2020 the Committee published its annual **Progress Report to Parliament** assessing progress in reducing UK emissions. The report included new advice to the UK Government on securing a green and resilient recovery following the COVID-19 pandemic and expanded on its May 2020 advice to the Prime Minister highlighting five key investment priorities:

- Low-carbon retrofits and buildings that are fit for the future
- Tree planting, peatland restoration, and green infrastructure
- Energy networks must be strengthened
- Infrastructure to make it easy for people to walk, cycle, and work remotely
- Moving towards a circular economy.

The Committee also identified opportunities to support the transition and the recovery by investing in the UK's workforce, and in lower-carbon behaviours and innovation:

- Reskilling and retraining programmes
- Leading a move towards positive behaviours
- Targeted science and innovation funding



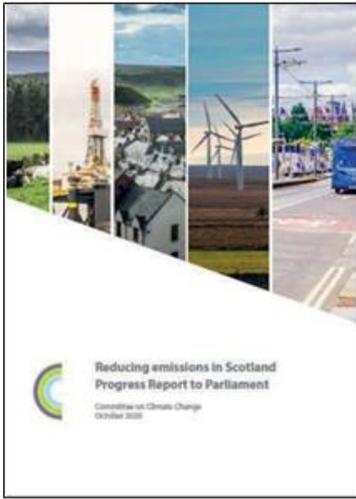
### The Sixth Carbon Budget

The Sixth Carbon Budget report, published in December 2020, was based on an extensive programme of analysis, consultation and consideration by the Committee and its staff and builds on the evidence published in the 2019 Net Zero advice. The CCC also provided advice to the devolved administrations in respect of their contribution to the UK Net Zero target.

The Committee recommended a pathway which requires a 78% reduction in UK territorial emissions between 1990 and 2035. In effect, bringing forward the UK's previous 80% target by nearly 15 years.

The Sixth Carbon Budget can be met through four key steps:

- The phasing out of high carbon options and take up of low-carbon solutions. For example, by the early 2030s all new cars and vans and all boiler replacements in homes and other buildings are low-carbon – largely electric.
- The expansion of low-carbon energy supplies. For example, UK electricity production to be zero carbon by 2035 with offshore wind becoming the backbone of the whole UK energy system.
- Reducing demand for carbon-intensive activities by reducing reliance on high-carbon goods. For example, improving insulation in buildings across the UK.
- By transforming agriculture and the use of farmland and developing greenhouse gas removals.



In October 2020 the Committee published the ninth **annual Progress Report to the Scottish Parliament**, required under the Climate Change (Scotland) Act 2009. The report showed that Scotland's greenhouse gas emissions fell by 31% from 2008 to 2018. This was primarily due to action to reduce emissions in the power sector, where Scottish renewable electricity generation

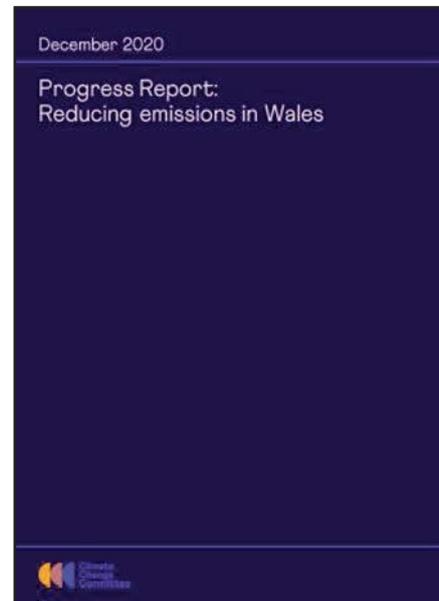
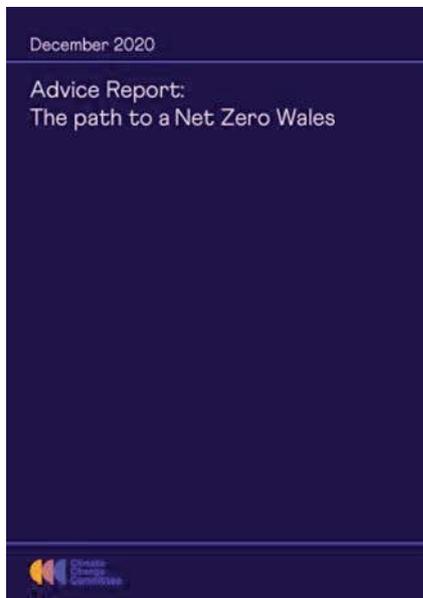
has tripled and fossil-fuelled generation has fallen by more than 70% in the last decade. However, greenhouse gas emissions increased by 2% in 2018, compared to a reduction of 3% in 2017

The report set out a number priority areas to put Scotland on course to become a Net Zero economy by 2045.

In December 2020 the Committee published two joint reports, required under the Environment (Wales) Act 2016 to the Welsh Government.

The **Advice Report** provided recommendations on the actions that are needed in Wales, including the legislation of a Net Zero target and a package of policies to deliver a Net Zero target.

The **Progress Report** looked back at progress made in Wales since the 2016 Environment (Wales) Act was passed and made an assessment of whether Wales is on track to meet its currently legislated emissions reductions targets.



During 2021 the CCC has held a series of online events looking at how the UK can get to Net Zero and the opportunities and challenges ahead. The topics covers have included:

**The UK's international contribution – the Sixth Carbon Budget and Net Zero**

This session explored the CCC's advice on the Sixth Carbon Budget as a fair and ambitious contribution to tackling climate change, considering how and why the Sixth Carbon Budget and the UK's 2050 Net Zero target represent genuine global ambition to keep warming to the 1.5°C – well below 2°C limit as set out in the Paris Agreement.

### **The Economics of Net Zero**

This event considered the CCC's advice on the Sixth Carbon Budget and explored potential implications for UK jobs and the wider economy.

### **Financing Net Zero**

The CCC's Sixth Carbon Budget identified a need for a programme of low-carbon investment reaching £50 billion/year by 2030. This event considered our advice on how to finance the Net Zero transition as part of the Sixth Carbon Budget.

### **Policies to meet Net Zero**

This event considered our advice on policy as part of the Sixth Carbon Budget and considered how to deliver the Net Zero transition in practice.

### **Net Zero: The role of individual action**

This event considered how behaviour change, including in delivering emissions reductions from housing, agriculture and transport, will play a key role in delivering Net Zero.

### **Net Zero: The role of business**

This event considers the Climate Change Committee's advice on the Sixth Carbon Budget, and how businesses can help deliver the UK's national Net Zero ambition.

### **Net Zero: The role of local action**

This included discussion of a new supplementary report, published alongside the Sixth Carbon Budget, looking at the role of the UK's local authorities in delivering the Net Zero transition.

### **Net Zero: The need for joint action on adaptation**

This event focussed on areas where action on adaptation can and should complement steps to reduce UK emissions, resulting in multiple benefits.

The **Infrastructure Act 2015** requires the Committee to provide advice to the UK Government on **compatibility of onshore petroleum with UK carbon budgets** every five years. At present there is a moratorium on hydraulic fracturing ('fracking') for onshore oil and gas but in March 2021, to fulfil its statutory duty, the Committee provided advice to address the potential case in which concerns over seismicity are overcome at a future date.

The Committee recommended that policies must be put in place to reduce direct emissions from fossil fuel consumption across the UK energy system, consistent with the path to Net Zero set out in our Sixth Carbon Budget advice.

The Committee also recommended that the UK should adopt a policy to limit the greenhouse gas emissions from the production/supply of fossil fuels consumed in the UK, irrespective of where the emissions occur.

Further, the Committee stated that the moratorium on UK shale production should not be lifted without an in-depth independent review of the evidence on the climate impact of UK shale production.

### **Managing and adapting to climate change risks**

The Committee continued preparations for the publication of two statutory reports published in June 2021; the independent assessment of UK climate risks (comprising 40 separate reports including the Committee's Advice Report), and the latest adaptation progress report for England.

As part of this continuing work, the Committee published a set of supporting analytical reports for the Climate Change Risk Assessment on a dedicated new 'UK Climate Risk' website:

- Projections of future flood risk
- Projections of future water availability
- Understanding how behaviours can influence climate change risks
- Climate-driven threshold effects in the natural environment
- Interacting risks in infrastructure, the built and natural environments
- A consistent set of socioeconomic dimensions
- Advice on improving the accessibility of the Climate Change Risk Assessment

The Committee also held an invite-only national conference on adapting to higher levels of warming in October 2020, jointly organised with the National Centre for Atmospheric Science and the Climate Resilience Programme at the University of Leeds.

### **Financial performance and governance arrangements**

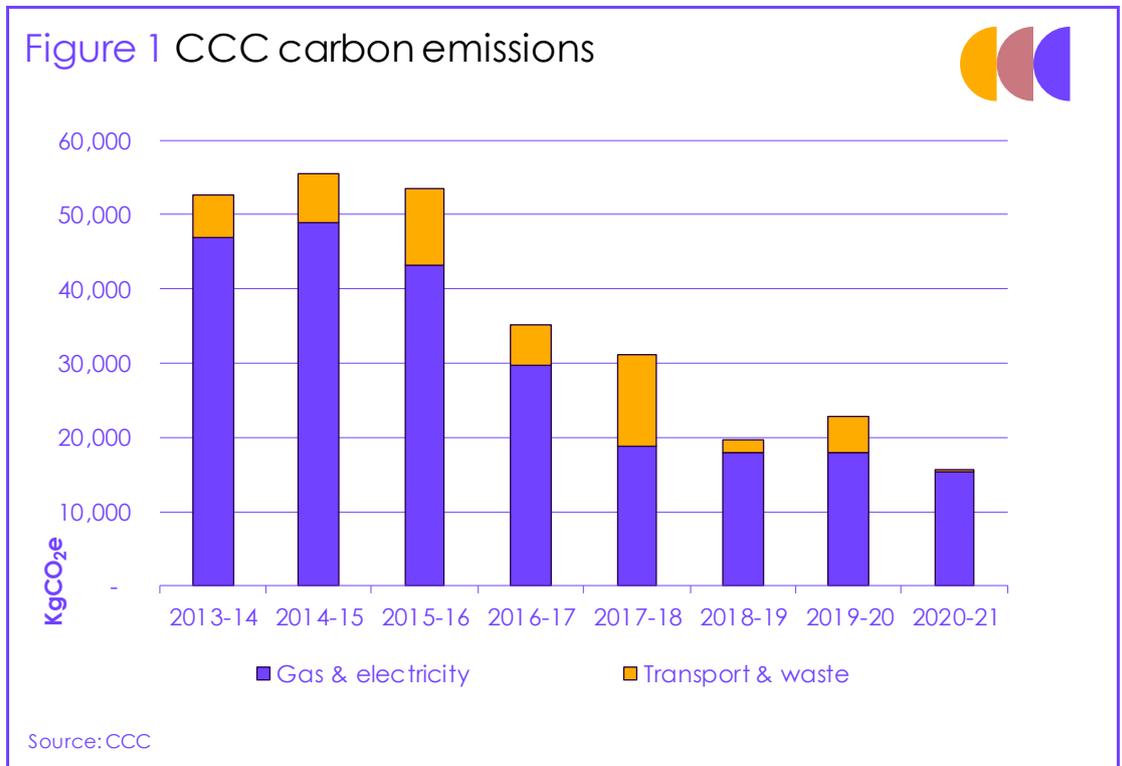
Analysis of the CCC's financial performance can be found in section 2:2 of the Accountability Report. This together with information provided in the Governance Statement, section 2:3 of the Accountability Report, provides information on our performance against our second Key Performance Indicator, which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

## 1.2.2 Sustainability report

### Our emissions

As a small organisation with less than 40 staff, our emissions principally derive from the gas and electricity used to run our IT and to regulate the temperature of our office. Business travel, water-use and waste comprise the other main sources of emissions.

Our scope 1 and 2 carbon emissions have reduced significantly over time, as shown in the chart below. Reducing emissions, building in resilience and prioritising sustainability is a key objective for all our operational decisions and we are proud to be able to demonstrate a significant, sustained reduction in emissions.



During 2020-21, following Covid guidance, our stakeholder engagement and report launches have been held on-line. These events have enabled us to reach a much wider audience whilst also reducing our emissions. We anticipate that we will move towards greater virtual and on-line engagement going forward.

The CCC uses the Defra IT service which in 2020-21 has accelerated their carbon reduction strategy and delivered a 10% reduction by moving to renewable energy sources and 8% carbon emissions reduction. No items were sent to landfill and in 52% of redundant hardware was remarketed and redeployed and recycled 48% recovering precious minerals such as Ferrous (12,000 kg), Gold (0.41 kg), Copper (2100 kg), Aluminium (599kg), and Plastic (22 kg).

### Our strategy

We recognise the opportunity for us to do more and our strategy document sets out our commitments and priorities to help us ensure we deliver against our recommendations and advice wherever possible.

During 2021-22 we plan to complete an assessment of our scope 3 emissions. These principally include emissions from purchased goods and services and employee commuting. Once we have assessed our scope 3 emissions we will commit to and implement a plan to reduce those emissions.

We have commenced a Carbon Neutral certification process and will work with our landlord, the Government Property Agency (GPA), to implement a carbon reduction strategy to achieve Carbon Neutral certification.

We will also focus on improving our organisation's resilience by maintaining a business continuity plan for extreme weather which accounts for projected climate impacts for both 2 and 4°C of global temperature rise and takes into account the latest information on present-day and future risk from expert sources such as the Met Office and Environment Agency.

A handwritten signature in black ink, appearing to read 'Chris Stark', written in a cursive style.

Chris Stark,  
Accounting Officer  
15 July 2021

# Accountability Report



# 2.1 Corporate Governance Report

## 2.1.1 Statement of Accounting Officer's responsibilities

Under schedule 1, Section 24 (2) of the Climate Change Act 2008, the Secretary of State for Business, Energy and Industrial Strategy has directed the CCC to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the CCC and its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

Observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosures requirements, and apply suitable accounting policies on a consistent basis;

- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the government Financial Reporting manual have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going concern basis.

The Sponsoring Accounting Officer of BEIS has designated the Chief Executive as Accounting Officer of the CCC. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the CCC's assets, are set out in Managing Public Money published by the HM Treasury.

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

I confirm that the Annual Report and Accounts as a whole gives a fair, balanced and understandable view of the CCC's activities for the year ended 31 March 2021 and its financial position as at 31 March 2021.

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

## 2.2 Chief Executive's Report

### 2.2.1 Financial position

#### **An overview of our expenditure**

The CCC received a resource allocation of £4,785,013 (2019-20: £5,086,146) and a capital allocation of £nil in 2020-21 (2019-20: £300,000), which was wholly funded by our Sponsor Organisations, BEIS, Defra and the devolved administrations. The Corporate and Business Plan, which is published on the CCC website, provides a split of the resource allocation provided by our Sponsor Organisations. The Grant-in-Aid funding drawn down during the year was £4,595,073 (2019-20: £5,354,002).

The CCC's net operating cost for the year were £4,678,810 (2019-20: £5,119,694).

#### **Financial position**

The accounts show a Statement of Comprehensive Net Expenditure of £4,678,810 for the year ended 31 March 2021 and net liabilities of £353,399 on the Statement of Financial Position (principally driven by our trade and other payables, which include liabilities falling due in futures years that may only be met by future grants-in-aid).

The CCC has non-current assets of £103,635 at 31 March 2021 (£225,270 at 31 March 2020).

#### **Going concern**

Our indicative allocation for 2021-22 is assessed to be sufficient to enable the CCC to meet its statutory duties and contractual obligations. On this basis we consider it appropriate to prepare these financial statements on a going concern basis. The funding for 2021-22 covers the reported liabilities as at 31 March 2021 of £353,399.

#### **Events since the end of the financial year**

On 1 April 2021 the CCC entered into an agreement with the GPA to occupy office accommodation at 1 Victoria Street, London, SW1W 0ET. The commitments relating to this agreement are disclosed in note 13 to the Financial Statements.

No other 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 15 July 2021.

#### **Service arrangements**

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

- Payroll, procurement, accounting and human resources through Shared Services Connected Limited (SSCL)
- IT infrastructure and services through the Defra IT contract

- Accommodation on the first floor of 151 Buckingham Palace Road leased from the Government Property Agency. This arrangement ceased on 31 March 2021 and a new agreement for space at 1 Victoria Street London was entered into with effect from 1 April 2021.

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

#### **Prompt payment**

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

According to the statistics provided by SSCL 82.14% of valid invoices received between 1 April 2020 and 31 March 2021 by the CCC were paid within the 5-day target (88.83% in 2019-20).

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

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

#### **Remote contingent liabilities (This section has been subject to audit)**

The Committee on Climate Change does not have any Remote Contingent Liabilities in 2020-21 (2019-20, none).

#### **Register of Interests**

The CCC publishes a register of interests listing interests held by Committee Members and our Chief Executive. It is available on the CCC website at this address: <https://www.theccc.org.uk/about/transparency/>

## 2.3 Governance Statement

### Introduction

This governance statement sets out how the CCC is governed and considers the risk management of the CCC and its internal controls. It applies to the financial year 1 April 2020 to 31 March 2021 and up to the date of the approval of the Annual Report and Accounts.

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

Specifically, I am tasked with ensuring that the CCC:

- Operates within the requirements of the Climate Change Act (2008) and the Concordat and Framework Agreements agreed jointly by the UK government and devolved administrations.
- 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.

### Our governance structure

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

The roles and responsibilities of our key Committees are set out below:

The Committee	
Chair	Lord Deben
Frequency	Monthly
<p><b>Role</b></p> <p>The Committee is responsible for the delivery of independent, evidence-based advice on reducing carbon emissions. An annual work programme is agreed with the Secretariat and the Committee meets regularly to assess progress against the work programme. Members of the secretariat attend committee meetings to hear relevant discussions, present evidence and answer questions.</p> <p><b>Key activities during the year under review</b></p> <ul style="list-style-type: none"> <li>• The publication of the 6th Carbon Budget Advice in December 2020 represented the culmination of a significant work programme of analysis and consultation to recommend a pathway to Net Zero and consequently was a key area of focus for the Committee throughout this year.</li> </ul>	

- The Committee has published a range of statutory reports as described in the Performance Section of this report. Additionally, the Committee has provided written advice to Ministers on key events, such as Covid 19 and the proposed new Cumbrian coal mine.
- The Committee has also heard evidence from a range of external stakeholders.

## The Adaptation Committee

### Chair

Baroness Brown of Cambridge

### Frequency

Monthly

### Role

The Adaptation Committee (AC) is responsible for the delivery of advice on climate risk and the UK's preparedness for climate change. The Committee agrees an annual work programme which includes the delivery of a range of statutory and non-statutory reports, letters and consultation responses. The Committee also run adaptation-related events and speak at stakeholder events on its work programme and adaptation, as well as to the media.

Members of the Secretariat attend Committee meetings to present their progress and recommendations.

### Key activities during the year under review

- In preparation for the publication of the AC's independent assessment of climate risk evidence report, published in summer 2021, the Committee coordinated the work programme to produce the 2,000 page CCRA Technical Report and supporting analysis (39 reports in total), and reviewed the evidence to inform its own Advice Report to government.
- The AC also prepared the biennial Progress Report, published in June 2021, alongside a work programme to review and update its assessment indicators, in collaboration with Defra and the Office for National Statistics.
- In preparation for COP26, the AC has also appointed a dedicated staff member to lead on international engagement activities in the run up to the conference, who is working closely with Defra and Foreign, Commonwealth & Development Office (FCDO).

## Audit & Risk Assurance Committee

### Chair

Rosalyn Schofield

### Frequency

Quarterly

### Role

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

Representatives from External Audit (the National Audit Office), Internal Audit (the Government Internal Audit Agency) and our Sponsor Group attend each meeting.

### Key activities during the year under review

Focus was given to the following key areas:

- Challenging and gaining assurance around the CCC's management of key areas of reputation risk
- Reviewing and updating the terms of reference
- Reviewing the Annual Report and Accounts and providing independent oversight and challenge on its content
- Considering the work of Internal and External Audit
- Approving a range of corporate policies for implementation

## Senior Management Team

<b>Chair</b>	<b>Chief Executive</b>
Frequency	Monthly
<p><b>Role</b></p> <p>Our Senior Management Team has responsibility of the overall management of the CCC. It is responsible for making any necessary and appropriate decisions relating to the day-to-day performance of the CCC's business, and for the effective management of our staff.</p> <p><b>Key activities during the year under review</b></p> <p>In response to the rapid transition to remote working triggered by Covid-19 management team meetings were increased to a frequency of twice a month. This helped the team to monitor staff well-being and to assess any potential impacts on the delivery of our agreed work programmes.</p> <p>The management team review the Corporate Risk Register on a monthly basis to identify emerging risks which have not been captured, to update the assessment of the likelihood and impact of risks and to agree mitigating actions. The team have actioned a number of new work-streams including:</p> <ul style="list-style-type: none"> <li>• A review of the CCC's Sustainability and Carbon Emissions Strategy</li> <li>• The development of a Diversity &amp; Inclusion Strategy</li> <li>• The introduction of an annual staff survey</li> </ul>	

The table below shows attendance at meetings held by the Committee, Adaptation Committee and the AC during 2020-21.

	Committee Meetings attended out of those eligible	AC Meetings attended out of those eligible	ARAC Meetings attended out of those eligible
Lord Deben	13 out of 13		
Baroness Brown of Cambridge	12 out of 12	11 out of 11	
Professor Keith Bell	13 out of 13		
Professor Nick Chater	13 out of 13		3 out of 3
Professor Piers Forster	13 out of 13		1 out of 1
Dr Rebecca Heaton	12 out of 13		1 out of 1
Paul Johnson	13 out of 13		
Professor Corinne Le Quéré	12 out of 13		0 out of 2
Professor Richard Dawson		11 out of 11	

Professor Michael Davies	1 out of 1	11 out of 11	
Professor Dame Georgina Mace		4 out of 4	
Ece Ozdemiroglu		11 out of 11	
Rosalyn Schofield		10 out of 11	3 out of 3

### Compliance with the Corporate Governance Code

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

### Risk management

Risk management is an essential part of our governance and fundamental to how our organisation is managed. Principal risks are considered and discussed by the Senior Management Team monthly and reported to the ARAC.

The Senior Management Team is supported by a Professional Standards Council which provides challenge around our ongoing activities with an objective of identifying emerging areas of reputation risk and to monitor developments on current areas of reputation risk as identified in the corporate risk register.

### Significant challenges and issues in 2020-21

Risks affects the ability of our organisation to fulfil its objectives. The table below sets out further detail on key in-year challenges which have been actively managed and monitored during 2020-21.

Topic	Detail	Key mitigations
Covid-19	<p>Following government guidance, the CCC implemented remote working for all staff in March 2020. It is expected staff will continue to work remotely until our new office is ready for occupation in early summer 2021.</p> <p>This sustained period of remote working could adversely impact the well-being and effectiveness of our team.</p> <p>Illness and additional caring responsibilities resulting from lockdown measures have also reduced capacity within our team.</p>	<p>Practical arrangements to enable and support remote working were implemented quickly, helping us to achieve a smooth transition to remote working.</p> <p>The planned work programme was reviewed and adjusted to manage the reduction in capacity. A staff survey was introduced to gain a better understanding of the impacts on our staff. Additional capacity with our Employee Assistance Programme has been procured.</p> <p>A flexible working policy has been developed, and will be introduced when lock down restrictions allow, to give staff the option to work more flexibly on a longer-term basis.</p>

<b>Reputation risk</b>	<p>The CCC's creditability as an independent advisor is negatively impacted by a perceived or actual failure to operate within environmental or other standards expected of our organisation or by real or perceived conflicts of interest.</p>	<p>Following a deep-dive session by the ARAC in October 2020 a series of actions have been agreed. Key actions include:</p> <ul style="list-style-type: none"> <li>• Developing a policy to reduce CCC emissions and demonstrating best practice in assessing and preparing for climate risks</li> <li>• Creating a Professional Standards Council to monitor developments on current and emerging risks and to report their findings on a quarterly basis to the Senior Management team. The Senior Management Team will be responsible for identifying and implementing mitigating actions. The ARAC will review an annual report to bring independent challenge and to assess the adequacy of our response.</li> </ul>
<b>Resourcing</b>	<p>That we have sufficient resources to delivery our statutory duties and to effectively manage the increased scrutiny and interaction with the media and public resulting from the high profile of climate change issues.</p>	<p>We are undertaking a comprehensive review of our future work programme and the resources need to deliver the programme. We will continue to work with our Sponsor Organisations to ensure the CCC is adequately resourced.</p>
<b>Security</b>	<p>That IT or physical security policies in place are not sufficient to withstand attacks.</p>	<p>A review of our IT security will be commissioned in 2021 with an independent assessment of the adequacy of the arrangements to be completed.</p> <p>The CCC has a suite of policies in place designed to maintain a secure environment for our staff these will be reviewed in preparation for the move to our new office.</p>

### **Other governance activity Information Security**

The CCC procures its information technology services through Defra's Information Technology (IT) contracts.

As part of the COVID-19 response work has been completed by our IT suppliers to significantly increase the network capacity and to provide additional mobile devices to help staff work remotely more effectively.

Work to improve the resilience and security of the Defra IT network continues and will be reviewed by the CCC as part of the planned assessment of the adequacy of our Information Security.

No reportable data loss incidents occurred during 2020-21 and the CCC continues to take a proportionate approach to the management of security risks in line with the low volume of sensitive and personal information handled.

### **Shared Services**

The CCC procures its Shared Service provision through a contract with Shared Services Connect Ltd (SSCL), a joint venture between Sopra Steria (a private sector company) and the Cabinet Office. The service provides the majority of the CCC's financial, procurement and human resource processes.

The CCC receives assurance from the Cabinet Office over the processes and controls operated by SSCL, including the results of the annual ISAE3402 report. No significant risks have been identified which would require disclosure in the statement following the assurance work completed by PricewaterhouseCoopers LLP.

### **Quality assurance modelling**

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

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

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

The CCC has reviewed the recommendations arising from the MacPherson Review of Quality Assurance and is compliant with the recommendations made. The CCC reports that it is compliant with the Aqua Book which provides guidance on producing quality analysis for government.

## **Independent oversight of assurance arrangements**

The CCC is subject to independent oversight in a number of areas including:

- National Audit Office reports and the audit report for the Annual Report and Accounts
- Internal Audit reviews but the Government Internal Audit Agency (GIAA)
- Review and challenge by our Sponsor Group which includes representatives from BEIS, Defra and the devolved administrations

The internal audit programme is closely linked to the key risks of the CCC and the service complies with the Public Sector Internal Audit Standards. The internal audit function provides the Chief Executive and the ARAC with a clearer view on themes emerging from their work and ensures they are made aware of any significant issues which indicate that key risks are not being effectively managed.

The GIAA 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 ARAC. The audit opinion was that the framework of governance, risk management and control provides moderate assurance.

## **Managing conflicts of interest**

The CCC has a policy for the declaration and management of interests in place for all staff and Committee Members which adheres to the requirements of the Civil Service Management Code. Our policy for Managing Conflicts of Interest can be found at <https://www.theccc.org.uk/about/transparency/>.

At the beginning of every Committee meeting, all members are asked to declare any new potential conflicts of interest. These are noted in the minutes along with the appropriate action taken to manage them. All Committee Members and employees are asked to review and update their conflict of interest record at least annually. The list of Committee Members interests can be found at <https://www.theccc.org.uk/about/transparency/>

Any significant interest held by Committee Members or management, where there is a link with the CCC, is included in Note 14 on Related Party Transactions.

## **Fraud awareness**

Our Fraud Policy and Response Plan was revised and updated during 2019-20 to ensure our approach to managing fraud risk remains in line with best practice recommended across central government. Our employees have been required to complete fraud training to raise their awareness of fraud risks and the updated policy during the year. No fraudulent activity was identified during the year.

## **Whistle blowing**

The CCC operates a whistleblowing policy which complies with the key elements of the Civil Service Employee Policy Whistleblowing and Raising a Concern. No reports under the whistleblowing policy have been made by employees during the year ended 31 March 2021.



Chris Stark,  
Accounting Officer  
15 July 2021

## 2.4 Remuneration and staff report

### 2.4.1 Service contracts

#### **Staff**

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

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

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

#### **Chief Executive**

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

#### **Committee members**

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

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

The remuneration for the Committee on Climate Change is determined jointly by all funders. In 2020-21, 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 Committee is made jointly by all funders. In 2020-21, the Chairman of the Adaptation Sub-Committee was paid £650 per day with an average time commitment of three and half days per month. Committee members were paid £550 per day, with an estimated time commitment of two or three days per month.

## 2.4.2 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 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.

## 2.4.3 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 2020-21

	£'000 2020-21	£'000 2019-20	£'000 2020-21	£'000 2019-20	£ 2020-21	£ 2019-20	£'000 2020-21	£'000 2019-20	£'000 2020-21	£'000 2019-20
<b>Chief Executive</b>										
Chris Stark	135 - 140	135 - 140	5 - 10	5 - 10	-	-	56	56	200 - 205	200 - 205
<b>Committee on Climate Change Committee Chair</b>										
Lord Deben	35 - 40	30 - 35	-	-	-	-	-	-	35 - 40	30 - 35
<b>Committee Members</b>										
Baroness Brown of Cambridge	15 - 20	20 - 25	-	-	500	300	-	-	15 - 20	20 - 25
Professor Nick Chater	20 - 25	15 - 20	-	-	400	1,500	-	-	20 - 25	15 - 25
Dr Rebecca Heaton****	15 - 20	15 - 20	-	-	300	100	-	-	15 - 20	15 - 20
Paul Johnson	10 - 15	0 - 5	-	-	-	-	-	-	10 - 15	0 - 5
Professor Corinne Le Quéré	10 - 15	10 - 15	-	-	-	2,400	-	-	10 - 15	10 - 15
Professor Piers Forster	20 - 25	15 - 20	-	-	600	6,400	-	-	20 - 25	20 - 25
Professor Keith Bell	15 - 20	10 - 15	-	-	2,400	2,400	-	-	20 - 25	15 - 20
Professor Michael Davies*	0 - 5	-	-	-	-	-	-	-	0 - 5	-
<b>Adaptation Sub- Committee Committee Chair</b>										
Baroness Brown of Cambridge**	10 - 15	15 - 20	-	-	-	-	-	-	10 - 15	15 - 20
<b>Committee Members</b>										
Professor Michael Davies	15 - 20	10 - 15	-	-	400	400	-	-	15 - 20	10 - 15
Professor Georgina Mace***	5 - 10	15 - 20	-	-	-	-	-	-	5 - 10	15 - 20
Ece Ozdemiroglu	20 - 25	10 - 15	-	-	-	-	-	-	20 - 25	10 - 15
Rosalyn Schofield	5 - 10	5 - 10	-	-	-	-	-	-	5 - 10	5 - 10
Professor Richard Dawson	15 - 20	15 - 20	-	-	-	3,600	-	-	15 - 20	15 - 20

\* Professor Michael Davies is a member of the Committee on Climate Change from March 2021 and the Adaptation Sub-Committee. He received separate remuneration for both committees.

\*\* Baroness Brown ceased being a member of the Committee on Climate Change in February 2021 and the Adaptation Sub-Committee. She received separate remuneration for both committees.

\*\*\* Deceased in September 2020

\*\*\*\* Dr Heaton resigned as a Member of the Mitigation Committee and ARAC from 30 June 2021

## Salary

'Salary' includes gross salary; overtime, reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Committee and thus recorded in these accounts.

## Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2020-21 relate to performance in 2020-21 and the comparative bonuses reported for 2019-20 related to performance in 2019-20.

## Benefits in kind

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

The accounting of the CCC's benefits in kind reimbursed during the year is done on a cash basis.

## Pay multiples (this section has been subject to audit)

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

	£ 2020-21	£ 2019-20
<b>Highest paid Director's Total Remuneration</b>	140k - 145k	140k - 145k
Median Total Remuneration	53,652	52,075
Ratio	2.7	2.7

The banded salary of the highest paid director in the CCC in the financial year 2020-21 was £140k - £145k (2019-20, £140k-£145k). This was 2.7 times (2019-20, 2.7) the median salary of the workforce, which was £53,652 (2019-20, £52,075). Remuneration in 2020-21 ranged from the following bands £20,000 - £25,000 to £140,000 - to £145,000 (2019-20: £20,000-£25,000 to £140,000-£145,000). In 2020-21 no employees (2019-20, 0) received remuneration in excess of the highest-paid director.

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

## Pension benefits (this section has been subject to audit)

	Accrued pension at 31/3/21 and related lump sum £'000	Real increase in pension and related lump sum at pension £'000	CETV at 31/3/21 £'000	CETV 31/3/20 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
<b>Chief Executive</b>						
Chris Stark	35 – 40 plus a lump sum of 60 – 65	2.5 – 5 plus a lump sum of 0 – 2.5	498	452	22	–

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

### Civil Service Pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annual in line with Pension Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. The pension figures quoted show pension earned in PCSPS or alpha as appropriate.

Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

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

In all cases members may opt to give up pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basis contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement). Employers' contributions to all pension schemes in 2021-22 is expected to be in the region of £473,240.

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

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

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

For 2020-21, employers' contributions of £473,240 were payable to the PCSPS (2019-20, £453,277) at one of four rates in the range 26.6% to 30.3% (2019-20 26.6% to 30.3%) of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £8,950 (2019-20, £11,048) were paid to the appointed stakeholder pension provider. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £1,175 (2019-20, £401), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £330 (2019-20, £2,821). Contributions prepaid at that date were £0 (2019-20, £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.

## 2.4.4 Staff report

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

### Staff Costs (this section has been subject to audit)

	2020-21 Total	2020-21 Permanent staff	2020-21 Other*	2020-21 Committee members	Year to 31 March 2020 Total £
	£	£	£	£	£
Committee Members' remuneration**	244,518	–	–	244,518	231,116
Wages and salaries***	1,932,362	1,631,403	300,959	–	1,762,615
Social security costs	234,241	187,707	17,898	28,636	221,837
Other pension costs	483,031	446,404	36,627	–	465,714
<b>Sub total</b>	<b>2,894,152</b>	<b>2,265,514</b>	<b>355,484</b>	<b>273,154</b>	<b>2,681,282</b>
Less recoveries for secondments	–	–	–	–	–
<b>Total net costs</b>	<b>2,894,152</b>	<b>2,265,514</b>	<b>355,484</b>	<b>273,154</b>	<b>2,681,282</b>

### Exit packages (this section has been subject to audit)

No severance payments were made in the financial year (2019-20, £nil).

### Compensation for loss of office (this section has been subject to audit)

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

### Off-payroll engagements

The CCC did not have any off-payroll engagements in the financial year (2019-20, £nil).

### Expenditure on consultancy

The CCC's spend on consultancy during the financial year 2020-21 is £nil (2019-20, £nil).

### Health, safety and wellbeing

During the period ended 31 March 2021 the average number of working days lost due to sickness absence was 0.54 days per full time equivalent (2019-20, 0.56 days). The CCC has a good record in providing a safe and supportive work environment, and there are no accidents to report in accordance with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

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

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

\*\* Remuneration for Committee members are fees paid for attending meetings and other work performed on behalf of the Committee during the period 1 April 2020 to 31 March 2021.

\*\*\* Wages and salaries include an accrual of £40,000 (2019-20 £41,045) for total performance payments relating to 2020-21 and a movement of (£7,009) in staff leave accrual (2019-20, £4,626).

**Diversity and inclusion**

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

The CCC has also agreed to implement a Diversity and Inclusion Strategy during 2020-21.

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

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

**Personal data related incidents**

There were no personal data related incidents for the year ended 31 March 2021 (2019-20, nil).

**Health and safety incidents**

There were no health and safety incidents for the year ended 31 March 2021 (2019-20, nil).

### Staff numbers (this section has been subject to audit)

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

	2020-21 Total	2020-21 Permanent staff	2020-21 Others	2019-20 Total	2019-20 Permanent staff	2019-20 Others
Chief Executive Office	1.0	1.0	–	1.8	1.8	–
Adaptation Committee	5.0	4.3	0.7	4.9	3.7	1.2
Committee	20.3	16.5	3.8	19.1	14.3	4.8
Corporate Team	7.4	5.9	1.5	5.3	4.6	0.7
<b>Total</b>	<b>33.7</b>	<b>27.7</b>	<b>6.0</b>	<b>31.1</b>	<b>24.4</b>	<b>6.7</b>

### Staff composition

The composition of staff as at 31 March 2021 is shown below:

	Female	Male
Directors - Chief Executive and Committee Members	6	8
Senior Civil Servants (pay bands 1 & 2)	2	2
Secretariat	13	13
Corporate Team	2	4
<b>Total</b>	<b>23</b>	<b>27</b>

### Staff turnover

The staff turnover rate for 2020-21 was 29% (2019-20, 21%).



Chris Stark,  
Accounting Officer  
15 July 2021

## 2.5 The Certificate And Report of the Comptroller and Auditor General to the Houses of Parliament

### **Opinion on financial statements**

I certify that I have audited the financial statements of the Committee on Climate Change for the year ended 31 March 2021 under the Climate Change Act 2008. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Committee on Climate Change's affairs as at 31 March 2021 and of its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Climate Change Act 2008 and Secretary of State directions issued thereunder.

### **Opinion on regularity**

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

### **Basis for opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to public interest entities. I am independent of the Committee on Climate Change in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the Committee on Climate Change's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Committee on Climate Change's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Committee and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate. The going concern basis of accounting for the Committee on Climate Change is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

### **Other Information**

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

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Climate Change Act 2008; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Committee on Climate Change and its environment obtained in the course of the audit, I have not identified material misstatements in the performance and Accountability report, I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; 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.

### **Responsibilities of the Committee and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Committee and the Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Committee and the Accounting Officer determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Committee on Climate Change's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee and the Accounting Officer anticipates that the services provided by the Committee on Climate Change will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Climate Change Act 2008. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

### **My procedures included the following:**

- Inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Committee on Climate Change's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or
  - non-compliance with laws and regulations including the Committee on Climate Change's controls relating to the Climate Change Act 2008 and Managing Public Money;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of

fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals;

- obtaining an understanding of the Committee on Climate Change's framework of authority as well as other legal and regulatory frameworks that the Committee on Climate Change operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Committee on Climate Change. The key laws and regulations I considered in this context included Climate Change Act 2008, Managing Public Money, Employment Law.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate. In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Report**

I have no observations to make on these financial statements.

Gareth Davies  
16 July 2021  
Comptroller and Auditor General

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

## Section 3

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# Financial Statements

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2021

	Note	£ 2020-21	£ 2019-20
<b>Expenditure</b>			
Staff costs	2,3	2,894,152	2,681,282
Depreciation, amortisation and loss on disposal	5,6	114,071	55,816
Non cash expenditure	4	–	(32,000)
Other expenditure	4	1,670,587	2,414,596
<b>Total operating expenditure</b>		<b>4,678,810</b>	<b>5,119,694</b>
<b>Net operating expenditure</b>		<b>4,678,810</b>	<b>5,119,694</b>
Interest payable/receivable		–	–
<b>Net expenditure for the year</b>		<b>4,678,810</b>	<b>5,119,694</b>

## Other Comprehensive Expenditure

	Note	£ 2020-21	£ 2019-20
Other Comprehensive Expenditure		–	–
<b>Total Comprehensive Expenditure</b>		<b>4,678,810</b>	<b>5,119,694</b>

All income and expenditure is derived from continuing operations.

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

The notes on pages 51 – 63 form part of these accounts.

## Statement of Financial Position

As at 31 March 2021

	Note	£	£	£	£
		2020-21		2019-20	
<b>Non-current assets</b>					
Property, plant & equipment	5	99,720		217,024	
Intangible assets	6	3,915		8,246	
<b>Total non-current assets</b>			<b>103,635</b>		<b>225,270</b>
<b>Current assets</b>					
Trade and other receivables	8	23,159		40,494	
Cash and cash equivalents	9	630,679		500,561	
<b>Total current assets</b>			<b>653,838</b>		<b>541,055</b>
<b>Total assets</b>			<b>757,473</b>		<b>766,325</b>
<b>Current liabilities</b>					
Trade and other payables	10	(1,071,772)		(996,887)	
<b>Total current liabilities</b>			<b>(1,071,772)</b>		<b>(996,887)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>			<b>(314,299)</b>		<b>(230,562)</b>
<b>Non-current liabilities</b>					
Provisions	11	(39,100)		(39,100)	
Other payables	10	–		–	
<b>Total non-current liabilities</b>			<b>(39,100)</b>		<b>(39,100)</b>
<b>Total assets less total liabilities</b>			<b>(353,399)</b>		<b>(269,662)</b>
<b>Taxpayers' equity</b>					
General reserve			(353,399)		(269,662)
<b>Total Equity</b>			<b>(353,399)</b>		<b>(269,662)</b>

The financial statements on pages 47 – 50 were approved by the Committee on 15 July 2021 and signed on its behalf by:



Chris Stark,  
Accounting Officer  
15 July 2021

The notes on pages 51 – 63 form part of these accounts.

## Statement of Cash Flows

For the year ended 31 March 2021

	Note	£ 2020-21	£ 2019-20
<b>Cash flows from operating activities</b>			
Net operating expenditure after interest		(4,678,810)	(5,119,694)
Adjustments for depreciation and amortisation	5,6	114,071	55,816
Release of provision	11	-	(32,000)
(Increase)/Decrease in trade and other receivables	8	17,335	(32,091)
Increase/(Decrease) in trade payables	10	74,885	(73,052)
<b>Net cash outflow from operating activities</b>		<b>(4,472,519)</b>	<b>(5,201,021)</b>
<b>Cash flows from Investing activities</b>			
Purchase of property plant and machinery	5	5,707	(270,366)
Purchase of Intangibles	6	1,857	(1,857)
<b>Net cash inflow/ (outflow) from investing activities</b>		<b>7,564</b>	<b>(272,223)</b>
<b>Cash flows from financing activities</b>			
Grant from sponsoring department		4,595,073	5,354,002
<b>Net Financing</b>		<b>4,595,073</b>	<b>5,354,002</b>
Net increase/(decrease) in cash and cash equivalents in the period		130,118	(119,242)
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>500,561</b>	<b>619,803</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>630,679</b>	<b>500,561</b>

The notes on pages 51 – 63 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2021

	£
<b>Balance at 31 March 2019</b>	<b>(503,970)</b>
<b>Changes in Taxpayers' Equity 2019-20</b>	
Grants from sponsoring department	5,354,002
Comprehensive Expenditure for the year	(5,119,694)
<b>Balance at 31 March 2020</b>	<b>(269,662)</b>
<b>Changes in Taxpayers' Equity 2020-21</b>	
Grants from sponsoring department	4,595,073
Comprehensive Expenditure for the year	(4,678,810)
<b>Balance at 31 March 2021</b>	<b>(353,399)</b>

The notes on pages 51 – 63 form part of these accounts.

# 1. Notes to the Accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2020-21 government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

### 1.1 Accounting convention

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

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

### 1.2 Changes in accounting policy and disclosures

- a) Changes in accounting policies

There were no changes in accounting policies during the year.

- b) Applicable accounting standards issued but not yet adopted and FRoM changes for 2020-21

#### IFRS 16 Leases

In preparation for the initially planned 1 April 2020 implementation date for IFRS 16, the CCC carried out an impact assessment of this standard to its financial statements. Due to the outbreak of Covid-19 on 11th March 2020, the Financial Reporting Advisory Body (FRAB) deferred the implementation of IFRS 16 for government departments to 1 April 2021. The CCC will review and revise impact assessment prior to that new implementation date. The CCC does not intend to early adopt IFRS 16.

When implemented eventually, IFRS 16 will impact the recognition of leases in the CCC's financial statements. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

On transition, the CCC will recognise, measure, present and disclose the right-of-use asset under leases previously classified as operating leases, at an amount

equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease, recognised in the statement of financial position immediately before the date of initial application. As at the end of the financial year, the CCC's operating lease obligations were £2.742m for accommodation, which will give rise to right-of-use assets.

#### IFRS 17 Insurance Contracts

IFRS 17 requires a discounted cash flow approach to accounting for insurance contracts. Subject to EU adoption, it may come into effect for accounting periods commencing on, or after, 1 January 2021 and should be included in the 2021-22 FReM at the earliest.

This standard is not expected to have a material impact on the OBR's financial statements because the CCC does not have, or plan sign to sign any insurance contracts in the foreseeable future.

There are no other IFRS or IFRIC interpretations not yet effective that would be expected to have a material impact on the CCC.

### **1.3 Significant judgements and estimates**

The CCC has had no significant accounting judgements during financial year 2020-21. The provision for the dilapidations remained at £39,100 pending future decisions.

### **1.4 Property, plant and equipment**

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

The CCC does not hold any financial interest in land or buildings. During the period covered by these financial statements, the CCC rented premises from the Government Property Agency (GPA).

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

In accordance with the FReM, the CCC has opted to value the remaining non-property assets on a depreciated historical cost (DHC) basis, as a proxy for fair value as these assets have short useful lives or are of low value or both. Internally developed property, plant and equipment are recognised as assets under construction (AUC) and treated as capital expenditure but not depreciated until the completed asset is brought into service. AUC are not revalued.

### **1.5 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: 18 months – 5 years
- Information technology: 3–5 years

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.

### **1.6 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.

### **1.7 Financial Instruments**

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

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

### **1.8 Grant-in-aid**

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

### **1.9 Income**

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

### **1.10 Pensions**

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

The PCSPS has four sections: 3 provide benefits on a final salary basis (Classic, Premium or Classic Plus) with a normal pension age of 60; and one provides benefits on a whole career basis (Nuvos) with a normal pension age of 65.

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

### **1.11 Employee Benefits**

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

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

### **1.12 Value added tax (VAT)**

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

### **1.13 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.

#### **Operating Leases**

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

## 2. Analysis of net expenditure by segment

	Committee on			Committee on		
	Climate Change	Adaptation Committee	Total	Climate Change	Adaptation Committee	Total
	£ 2020-21	£ 2020-21	£ 2020-21	£ 2019-20	£ 2019-20	£ 2019-20
<b>Staff Costs</b>						
Committee members	157,860	86,658	244,518	140,694	90,422	231,116
Staff	2,107,321	542,313	2,649,634	1,930,122	520,044	2,450,166
<b>Total Staff Costs</b>	<b>2,265,181</b>	<b>628,971</b>	<b>2,894,152</b>	<b>2,070,816</b>	<b>610,466</b>	<b>2,681,282</b>
<b>Other Costs</b>						
Research	242,899	412,157	655,056	654,610	960,804	1,615,414
Rentals under operating leases	400,049	83,703	483,752	327,925	48,873	376,798
Occupancy	20,084	36,174	56,258	60,040	15,006	75,046
Shared services	(4,878)	1,007	(3,871)	49,546	13,211	62,757
IT service costs	101,489	25,664	127,153	69,881	17,499	87,380
Communications	65,729	11,422	77,151	36,064	12,546	48,610
Travel and subsistence	137	91	228	11,018	4,966	15,984
Corporate services	134,191	98,336	232,527	62,253	13,115	75,368
Learning and development	20,620	929	21,549	20,697	1,452	22,149
Telephony	637	339	976	4,584	792	5,376
Web development and hosting	–	–	–	4,032	1,008	5,040
Conferences and events	–	–	–	930	400	1,330
Auditor's remuneration	14,800	3,700	18,500	14,800	3,700	18,500
Other	1,046	262	1,308	–	4,844	4,844
<b>Total</b>	<b>996,803</b>	<b>673,784</b>	<b>1,670,587</b>	<b>1,316,380</b>	<b>1,098,216</b>	<b>2,414,596</b>
<b>Non-Cash Items</b>						
Depreciation / amortisation	103,667	–	103,667	55,816	–	55,816
Loss on disposal	10,404	–	10,404	–	–	–
Increase/(decrease) in provision	–	–	–	(32,000)	–	(32,000)
<b>Total Other Costs</b>	<b>1,110,874</b>	<b>673,784</b>	<b>1,784,658</b>	<b>1,340,196</b>	<b>1,098,216</b>	<b>2,438,412</b>
<b>Total Net Operating Costs</b>	<b>3,376,055</b>	<b>1,302,755</b>	<b>4,678,810</b>	<b>3,411,012</b>	<b>1,708,682</b>	<b>5,119,694</b>

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

### 3. Staff numbers and related costs

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

Information on the pension costs of staff is disclosed in section 2:4:3 of the Remuneration Report.

### 4. Other expenditure

	£	£	£	£
	2020-21		2019-20	
<b>Administration costs</b>				
Research	655,056		1,615,414	
Rentals under operating leases	483,752		376,798	
Occupancy	56,258		75,046	
Shared services	(3,871)		62,757	
IT service costs	127,153		87,380	
Communications	77,151		48,610	
Travel and subsistence	228		15,984	
Corporate services	232,527		75,368	
Learning and development	21,549		22,149	
Telephony	976		5,376	
Web development and hosting	–		5,040	
Conferences and events	–		1,330	
Auditor's remuneration	18,500		18,500	
Other	1,308		4,844	
		<b>1,670,587</b>		<b>2,414,596</b>
<b>Non-Cash Items</b>				
Depreciation / amortisation		103,667		55,816
Loss on disposal		10,404		–
Provision written back		–		(32,000)
<b>Total Expenditure</b>		<b>1,784,658</b>		<b>2,438,412</b>

## 5. Property, plant and equipment

2020-21	Furniture and Fittings £	Technology £	Total £
<b>Cost</b>			
<b>At 1 April 2020</b>	<b>258,949</b>	<b>11,417</b>	<b>270,366</b>
Additions / transfers	(7,547)	1,840	(5,707)
Disposals	(123,605)	–	(123,605)
<b>At 31 March 2021</b>	<b>127,797</b>	<b>13,257</b>	<b>141,054</b>
<b>Depreciation</b>			
<b>At 1 April 2020</b>	<b>(52,448)</b>	<b>(894)</b>	<b>(53,342)</b>
Charged in year	(98,542)	(2,651)	(101,193)
Disposals	113,201	–	113,201
<b>At 31 March 2021</b>	<b>(37,789)</b>	<b>(3,545)</b>	<b>(41,334)</b>
<b>Net Book Value at 31 March 2021</b>	<b>90,008</b>	<b>9,712</b>	<b>99,720</b>
<b>Net Book Value at 31 March 2020</b>	<b>206,501</b>	<b>10,523</b>	<b>217,024</b>
<b>Asset financing</b>			
Owned	90,008	9,712	99,720
Finance leased	–	–	–
<b>Net Book Value at 31 March 2021</b>	<b>90,008</b>	<b>9,712</b>	<b>99,720</b>

2019-20	Furniture and £	Technology £	Total £
<b>Cost</b>			
<b>At 1 April 2019</b>	<b>177,554</b>	<b>–</b>	<b>177,554</b>
Additions	258,949	11,417	270,366
Disposals	(177,554)	–	(177,554)
<b>At 31 March 2020</b>	<b>258,949</b>	<b>11,417</b>	<b>270,366</b>
<b>Depreciation</b>			
<b>At 1 April 2019</b>	<b>(177,554)</b>	<b>–</b>	<b>(177,554)</b>
Charged in year	(52,448)	(894)	(53,342)
Disposals	177,554	–	177,554
<b>At 31 March 2020</b>	<b>(52,448)</b>	<b>(894)</b>	<b>(53,342)</b>
<b>Net Book Value at 31 March 2020</b>	<b>206,501</b>	<b>10,523</b>	<b>217,024</b>
<b>Net Book Value at 31 March 2019</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Asset financing</b>			
Owned	206,501	10,523	217,024
Finance leased	–	–	–
<b>Net Book Value at 31 March 2020</b>	<b>206,501</b>	<b>10,523</b>	<b>217,024</b>

## 6. Intangible assets

2020-21	Software Licences £	Total £
<b>Cost</b>		
<b>At 1 April 2020</b>	<b>14,225</b>	<b>14,225</b>
Additions / transfers	(1,857)	(1,857)
Disposals	–	–
<b>At 31 March 2021</b>	<b>12,368</b>	<b>12,368</b>
<b>Amortisation</b>		
<b>At 1 April 2020</b>	<b>(5,979)</b>	<b>(5,979)</b>
Charged in year	(2,474)	(2,474)
Disposals	–	–
<b>At 31 March 2021</b>	<b>(8,453)</b>	<b>(8,453)</b>
<b>Net Book Value at 31 March 2021</b>	<b>3,915</b>	<b>3,915</b>
<b>Net Book Value at 31 March 2020</b>	<b>8,246</b>	<b>8,246</b>
<b>Asset financing</b>		
Owned	3,915	3,915
Finance leased	–	–
<b>Net Book Value at 31 March 2021</b>	<b>3,915</b>	<b>3,915</b>

2019-20	Software Licences £	Total £
<b>Cost</b>		
<b>At 1 April 2019</b>	<b>12,368</b>	<b>12,368</b>
Additions	1,857	1,857
Disposals	–	–
<b>At 31 March 2020</b>	<b>14,225</b>	<b>14,225</b>
<b>Amortisation At 1 April 2019</b>	<b>(3,505)</b>	<b>(3,505)</b>
Charged in year	(2,474)	(2,474)
Disposals	–	–
<b>At 31 March 2020</b>	<b>(5,979)</b>	<b>(5,979)</b>
<b>Net Book Value at 31 March 2020</b>	<b>8,246</b>	<b>8,246</b>
<b>Net Book Value at 31 March 2019</b>	<b>8,863</b>	<b>8,863</b>
<b>Asset financing</b>		
Owned	8,246	8,246
Finance leased	–	–
<b>Net Book Value at 31 March 2020</b>	<b>8,246</b>	<b>8,246</b>

## 7. Financial Instruments

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

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

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

## 8. Trade receivables and other current assets

	£ 31 March 2021	£ 31 March 2020
<b>Amounts falling due within one year:</b>		
Trade receivables and other receivables	5,589	13,429
Deposits and advances	3,360	13,590
Other receivables	90	–
Prepayments and accrued income	14,120	13,475
<b>Balance at 31 March</b>	<b>23,159</b>	<b>40,494</b>

## 9. Cash and cash equivalents

	£ 31 March 2021	£ 31 March 2020
Balance at 1 April	500,561	619,803
Net change in cash and cash equivalent balances	130,118	(119,242)
<b>Balance at 31 March</b>	<b>630,679</b>	<b>500,561</b>
The following balances at 31 March were held at:		
Government banking service accounts	630,679	500,561
<b>Balance at 31 March</b>	<b>630,679</b>	<b>500,561</b>

## 10. Trade payables and other current liabilities

	£ 31 March 2021	£ 31 March 2020
<b>Amounts falling due within one year:</b>		
Other taxation and social security	67,180	70,971
Trade payables	160,001	53,741
Capital creditors and accruals	12,927	15,312
Accruals and deferred income	684,871	719,723
Pension contributions	55,612	52,968
Staff unpaid leave accrual	91,181	84,172
<b>Balance at 31 March</b>	<b>1,071,772</b>	<b>996,887</b>

## 11. Provision for liabilities and charges

	£ 31 March 2021	£ 31 March 2020
<b>Dilapidations balance:</b>	<b>39,100</b>	<b>71,100</b>
Provision utilised	–	–
Provisions written back	–	(32,000)
Provided for in year	–	–
<b>Balance at 31 March</b>	<b>39,100</b>	<b>39,100</b>

The dilapidation provision relates to the CCC's previous premises at Holbein Place. The provision was re-assessed during 2019-20 following the vacation of the premises by building consultants CBRE Ltd and represents the obligation to make good the condition of the premises. The balance for 2022-21 remains unchanged from the previous year and it is expected that the provision will be utilised in 2021-22.

	£ 31 March 2021	£ 31 March 2020
<b>Expected timing of cash flows:</b>		
No later than one year	39,100	39,100
Later than one year and not later than five years	–	–
Later than 5 years	–	–
<b>Total</b>	<b>39,100</b>	<b>39,100</b>

## 12. Capital and other financial commitments

	£ 31 March 2021	£ 31 March 2020
<b>Other financial commitments comprise:</b>		
Not later than one year	100,000	42,385
Later than one year and not later than 5 years	–	22,097
Later than five years	–	–
<b>Total</b>	<b>100,000</b>	<b>64,482</b>

The CCC did not commit to any capital commitments in the financial year (2019-20, Nil).

The figures provided are the total payments to which the CCC is committed at 31 March 2021, 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:

	Land & Buildings £ 2020-21	Other £	Land & Buildings £ 2019-20	Other £
<b>Obligations under operating leases comprise:</b>				
Not later than one year	263,483	–	589,140	–
Later than one year and not later than 5 years	1,053,932	–	–	–
Later than five years	–	–	–	–
<b>Total</b>	<b>1,317,415</b>	<b>–</b>	<b>589,140</b>	<b>–</b>

The lease payments represent the future lease commitments for 1 Victoria Street, through to 31 March 2026. The lease expires on 30 January 2031, with the first break clause at 31 January 2024.

## 14. Related-party transactions

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

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

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

	Grant in Aid		Project Funding		Purchased services	
	£ 2020-21	£ 2019-20	£ 2020-21	£ 2019-20	£ 2020-21	£ 2019-20
<b>Related parties:</b>						
Department of Business, Energy and Industrial Strategy/ Department of Energy and Climate Change	4,595,073	5,354,002	–	–	–	–
Department for Environment, Food and Rural Affairs	–	–	–	–	127,153	87,380
Foreign and Commonwealth Office	–	–	–	–	–	–
Heritage Lottery Fund	–	–	–	–	–	53,090
Government Property Agency	–	–	–	–	405,085	378,502
Carbon Trust Limited	–	–	–	–	–	3,600
University College London	–	–	–	–	–	37,620
University of Leeds	–	–	–	–	–	(7,500)
Shared Services Connected Limited	–	1,030	–	–	(3,871)	62,757

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

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

- Baroness Brown of Cambridge: Carbon Trust Limited
- Prof Georgina Mace: University College London
- Prof Michael Davies: University College London
- Piers Forster: University of Leeds

BEIS has provided a consolidated Annual Report and Accounts for the reporting period 2020-21 incorporating its NDPBs within the consolidation boundary. The Committee does not form part of this consolidation due to materiality.

## 15. Events after reporting period

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The CCC entered into an agreement with the Government Property Agency to secure office accommodation at 1 Victoria Street, London, from 1 April 2021. There are no other reportable events after the reporting period.

The Accounting Officer authorised these financial statements on the date of the Comptroller and Auditor General's signature.







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# Annual Report and Accounts 2020-21