December 2024

Annual Report and Accounts 2023-24

HC 301 SG/2024/287

Climate Change Committee

Committee on Climate Change

Annual Report and Accounts

1 April 2023 to 31 March 2024

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

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The Committee

The Climate Change Committee (CCC) is an independent, statutory body established under the Climate Change Act 2008. Our purpose is to advise the UK and devolved governments on emissions targets and to report to Parliament on progress made in reducing greenhouse gas emissions and preparing for and adapting to the impacts of climate change.

Members of the Committee include:

Professor Piers Forster, Interim Chair
Piers Forster is Director of the Priestley Centre for Climate Futures and Professor of Physical Climate Change at the University of Leeds. He has played a significant role authoring Intergovernmental Panel on Climate Change (IPCC) reports, and is a coordinating lead author for the IPCC's sixth assessment report.

Professor Keith Bell
Keith Bell is a co-Director of the UK Energy Research Centre (UKERC), a Chartered Engineer and a Fellow of the Royal Society of Edinburgh. He has been at the University of Strathclyde since 2005, was appointed to the Scottish Power Chair in Smart Grids in 2013, and has been involved in energy system research in collaboration with many academic and industrial partners.

Professor Michael Davies
Michael Davies is Professor of Building Physics and Environment at the UCL Institute for Environmental Design and Engineering (IEDE). At UCL his research interests relate to the complex relationship between the built environment and human wellbeing. He is also Director of the Complex Built Environment Systems Group at UCL and a member of the Scientific Advisory Committee of 'Healthy Polis'.

Dr Steven Fries
Steven Fries is a Senior Associate Fellow at the Institute for New Economic Thinking at the Oxford Martin School, University of Oxford, and Non-resident Senior Fellow at the Peterson Institute for International Economics. Steven has previously held roles as group Chief Economist at Shell and Chief Economist at the Department of Energy and Climate Change.

Professor Corrine Le Quéré FRS
Corinne Le Quéré is a Royal Society Research Professor at the University of East Anglia (UEA), specialising in the interactions between climate change and the carbon cycle. She was lead author of several assessment reports for the UN's Intergovernmental Panel on Climate Change (IPCC) and previously Chaired the French Haut Conseil pour le Climat.

Nigel Topping CMG
Nigel Topping was appointed by the UK Prime Minister as UN Climate Change High Level Champion for COP26. In this role Nigel mobilised global private sector and local government to take bold action on climate change, launching the Race To Zero and Race To Resilience campaigns and, with Mark Carney, the Glasgow Financial Alliance for Net Zero.

The Adaptation Committee

The Climate Change Committee (CCC) is an independent, statutory body established under the Climate Change Act 2008. Our purpose is to advise the UK and devolved governments on emissions targets and to report to Parliament on progress made in reducing greenhouse gas emissions and preparing for and adapting to the impacts of climate change.

Members of the Adaptation Committee include:

Baroness Brown of Cambridge, Chair

Baroness Brown of Cambridge DBE FREng FRS (Julia King) is an engineer, with a career spanning senior engineering and leadership roles in industry and academia. She currently serves as Chair of the CCC's Adaptation Committee; non-executive director of Ceres Power, Ørsted and Frontier IP; Chair of the Carbon Trust; and Chair of the House of Lords Science and Technology Select Committee.

Dr Ben Caldecott

Ben Caldecott is the founding Director of the Oxford Sustainable Finance Group and the inaugural Lombard Odier Associate Professor of Sustainable Finance at the University of Oxford. Ben is also the founding Director and Principal Investigator of the UK Centre for Greening Finance & Investment (CGFI), established by UK Research and Innovation in 2021 as the national centre to accelerate the adoption and use of climate and environmental data and analytics by financial institutions internationally.

Professor Michael Davies

Michael Davies is Professor of Building Physics and Environment at the UCL Institute for Environmental Design and Engineering (IEDE). At UCL his research interests relate to the complex relationship between the built environment and human wellbeing. He is also Director of the Complex Built Environment Systems Group at UCL and a member of the Scientific Advisory Committee of 'Healthy Polis'.

Professor Richard Dawson CEng FICE

Richard Dawson is Professor of Earth Systems Engineering and Director of Research in the School of Engineering at Newcastle University. Over the last two decades his research has focused on the analysis and management of climatic risks to civil engineering systems, including the development of modelling systems of risks to cities, catchments and infrastructure networks.

Professor Nathalie Seddon

Nathalie Seddon is Professor of Biodiversity and Founding Director of the Nature-based Solutions Initiative in the Department of Biology at the University of Oxford. Nathalie trained as an ecologist at Cambridge University and has over 25 years of research experience in a range of ecosystems across the globe. As a University Research Fellow of the Royal Society, she developed broad research interests in the origins and maintenance of biodiversity and its relationship with global change.

Professor Swenja Surminski

Swenja Surminski is Chair of the Munich Climate Insurance Initiative, Managing Director Climate and Sustainability at Marsh McLennan and Professor in Practice at the Grantham Research Institute at the London School of Economics (LSE). Her work focuses on capacity building and knowledge transfer between science, policy and industry, building on her work in industry and as advisor to governments, private sector and civil society, including as Visiting Academic at the Bank of England.

Chair's foreword

Last year saw confirmation that UK territorial emissions have fallen by over half since 1990 and that the UK successfully met the Third Carbon Budget, covering the years 2018 to 2022. The UK has a successful track record of emissions reductions, having met all its targets so far. The Committee commends the efforts of successive governments to achieve it.

There has also been important progress on the phase out of coal with the closure of the last coal fired power station in the UK. It is an excellent example of a good transition – workers and unions were included in the process and were able to gather at the plant to mark the end of a successful era, and the beginning of a new future. It is something to be immensely proud of.

However last year, notwithstanding important progress such as the strengthened the Boiler Upgrade, the previous Government signalled a slowing of pace and reversed or delayed key policies. This was a cause of concern for the Committee, since the UK was already off track to meet upcoming targets.

When we published our annual mitigation progress report in July 2024, it was to a new Parliament and Government. However, our message was the same. We are reaching a point at which we risk not being able to catch up and meet the Carbon Budgets. This country has a target to reduce emissions by 68% against 1990 levels by 2030. The new Government inherited a position where only a third of the emissions reductions required to achieve the target were covered by credible plans.

The UK should now be in a phase of rapid investment and delivery. Yet almost all our indicators for low-carbon technology roll-out are off track, with rates needing to significantly ramp up. In recent months, we have seen signs of a Government that aims to make long term policy change. However, it is too soon for us to assess whether the change they make will be enough.

It will be essential that action extends beyond the energy supply sectors – where most progress to date has taken place – to sectors such as transport, buildings, industry, agriculture and land use. Action will need to be rapid and coordinated across multiple Government Departments.

In addition to its core work on UK carbon budgets, the Committee has aimed to support the Government in its global engagement on climate action. We engaged with our global counterparts via the International Climate Council Network (ICCN) at the COP28 summit. This was an opportunity for us to showcase UK action on climate change. We have also undertaken several visits and led workshops as part of the Partnering for Accelerated Climate Transitions project. Finally, a trip to China by several members of the Committee allowed for a valuable exchange of views.

We are thrilled that Emma Pinchbeck joined as CCC Chief Executive in time to support the UK Government at COP29. Emma is the ideal person to help us do this, coming from a background in energy and industry, and complementing the brilliant collection of analytical experts we already have on staff.

Looking forward, we are planning for the UK Seventh Carbon Budget advice, which is due to be published in early 2025. This will set out the Committee's recommendation for the legally binding maximum level of emissions for the years 2038-2042. It will also set out a revised pathway to Net Zero by 2050, including updated investment needs and policy recommendations. This work is an honour to deliver for both the Committee and the secretariat. We look forward to presenting it to the Government and Parliament and engaging in the debate on its proposals that we hope it supports.

Professor Piers Forster

Interim Chair

Section One

Performance report

Section One: Performance report

Introduction

This document meets HM Treasury's requirement that the CCC publish an annual report of its activity together with its audited accounts after the end of each financial year.

The report is set out in three chapters:

1. Performance Report
2. Accountability Report
3. Financial Statements

It is structured to:

- Comply with HM Treasury's 'Financial Reporting Manual' (FreM).
- Outline our main activities and performance in 2023-2024 and a summary of our forward plans for 2024-25.
- Provide financial statements for the period.

The Annual Report and Accounts shall be laid before Parliament and made available on the CCC's website: www.theccc.org.uk.

1.1 Performance overview

The performance overview provides a short summary of the annual report and accounts.

1.1.1 Chief Executive's report

Over the last year, the UK has experienced some of the wettest weather ever recorded. Thousands of acres of farmland have been submerged for extended periods. The impact of this is expected to be felt well into 2025. Livelihoods have been disrupted and lives lost in the UK and overseas as a direct consequence of climate impacts driving more extreme weather events like heatwaves, droughts, or flash flooding around the world.

Households and businesses have also experienced a second year of elevated energy bills due to the ongoing gas price shock from the war in Ukraine. Although prices have thankfully fallen from their peaks, they remain historically high, with record numbers of UK households in energy debt. The UK's dependence on imported gas – particularly for electricity generation and heating – made the public and businesses vulnerable to high prices. Unable to influence these prices, the UK's only option to mitigate future price shocks is by reducing demand, mostly by replacing fossil fuels in our energy system with clean, domestic electricity. It is a basic function of Government to protect its citizens from such crises, as happened in the 1970s after the oil price shocks.

The new Government has moved with pace on renewable electricity, planning reform, and international commitment in the second half of 2024. But there is much more to do in 2025 with significant gaps in progress, including strengthening the Third National Adaptation Plan; promoting the take-up of technologies like electric vehicles and heat pumps; and planting more trees and restoring our precious peat lands. In challenging economic times, the Government will also need to consider how to make sure people and the economy benefit from the transition as soon as possible, and that costs are spread fairly, even though the vast majority of the investment for Net Zero is expected to come from the private sector. Lastly, as impacts of climate change became even more visible in 2024, we must start to take UK economic resilience seriously.

There was, in addition, a strong positive reception from international leaders and delegations for the UK's announcement at COP28 that it would commit to a Nationally Determined Contribution of 81% emissions reduction by 2035, in line with the UK's Sixth Carbon Budget and the expectations of developed economies under the terms of the 2015 Paris Agreement. Such strong UK commitments are enabled by a widely shared consensus on climate science and action across all the main political parties. Maintaining this consensus is vital to achieving these goals.

I joined in November 2024 and I have been inspired and a little awed at the work of the Committee. It is a privilege to be asked to serve this globally renowned institution. I would like to thank James Richardson, who has served as Acting Chief Executive whilst also finalising our analysis for the forthcoming Seventh Carbon Budget and Fourth Climate Change Risk Assessment and supporting the Secretariat with an office move. Our performance this year is to his credit, and I thank him and Penny Seera for these clear Accounts and a positive Annual Report.

I am also grateful to the members of both Committees, the support of our advisory groups, and particularly to our Interim Chair, Professor Piers Forster for his continued service and for my appointment. We were also delighted to have some new Committee appointments confirmed at the end of this year for 2025. The role of Chair is critical, beyond appointing and directing the Chief Executive, and the Committee has now been without a permanent Chair for almost 18 months. The risk that Government does not appoint a Chair is highlighted as a key issue in these Accounts. I would hope to have a new Chair confirmed early in 2025, such that we can properly advise Government on the Seventh Carbon Budget.

Emma Pinchbeck

Chief Executive

1.1.2 Our purpose

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 governments on cutting emissions and preparing for climate change.

Committee structure

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 (the Adaptation Committee) which advises on the risks arising from climate change and actions the UK should take to adapt.

The Committee comprises a Chair and between five and eight independent members. The Committee is sponsored by the Department for Energy Security and Net Zero (DESNZ), the Northern Ireland Executive, the Scottish Government and the Welsh Government. Committee Members are appointed by our Sponsoring Organisations.

The Adaptation Committee, also established under the Climate Change Act 2008, advises the UK Government and devolved governments 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) and the devolved governments on their respective adaptation plans.

The Adaptation Committee comprises a Chair and not fewer than five other 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. Adaptation Committee Members are appointed by our Sponsoring Organisations.

Both Committees are supported by a Secretariat comprising public servants and expert secondees. The Secretariat is responsible for delivering a complex analytical work programme, stakeholder engagement, representing the Committee at public events as well as developing and formulating the Committee and Adaptation Committee recommendations to Government.

1.1.3 Performance summary

Figure 1 Progress against our strategic objectives

Independent expert advice	5	Advisory reports
	6	Briefing and insight notes
	12	Advisory letters to Government
Monitoring progress	5	Progress Reports published and laid in the UK, Scottish, Welsh, and Northern Irish legislatures
Leading edge analysis and research	12	Supporting research papers published
	7	Internships with leading research institutions completed
Engagement	33,735	Media mentions
	322	UK Parliament mentions
	171	Devolved Parliament mentions

The Committee has met its statutory duties and continues to deliver its strategic objectives with further information provided in the Performance Analysis section.

1.1.4 Summary of principal risks

The key risks faced by the CCC in 2023-24 are summarised below. Further details on our risks and our risk management strategy are provided in Section 1.2.3.

Appointment of the Committee Chair and Members: the risk that our Sponsor Organisations are not able to complete appointments on a timely basis.

Programme delivery and funding: the risk that funding pressures create to hinder the Committee's ability to deliver its statutory functions.

Office accommodation and services provided by the Government Property Agency (GPA): the risks resulting from uncertainty regarding the availability and costs of the CCC's new office space. This risk was resolved during 2024-25.

1.1.5 Adoption of the going concern basis

The statement of financial position at 31 March 2024 shows net assets of £93,503 (2022-23, net assets of £113,177). The future financing of the CCC is to be met by Grants-in-aid from DESNZ, Defra and the devolved governments as well as the application of future income, both of which are approved on an annual basis by Parliament. Funding provided by devolved governments is approved by the respective Sponsoring Organisation.

Indicative grants-in-aid for 2024-25 have already been given and there is no reason to believe that future approvals will not be forthcoming. The Government Financial Reporting Manual (FReM) 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 Our strategic objectives

Our strategic priorities are:

- Provide impartial advice on emissions targets and preparing for climate change
- Monitor progress in reducing emissions, achieving carbon budgets, and preparing for climate change
- Conduct independent analysis into climate change science, economics, and policy
- Engage with stakeholders to promote understanding and to inform on evidence-based debate on climate change and its impacts, and measures to address it

The Committee are required to fulfil specific duties and statutory requirements under UK and devolved legislation, including:

Table 1

Legislation	Summary of statutory duties
Climate Change Act 2008	• Advise on the appropriate level of the UK's carbon budgets and steps required to meet them. The budgets define the maximum level of CO2 and other greenhouse gases which the UK can emit in each five-year budget period. • Report to the UK Parliament and the devolved legislations annually on progress towards meeting UK carbon budgets and recommend actions to keep budgets on track. • Report to the UK Parliament biennially on the progress the Government is making towards assessment of progress in preparing for climate change in England. • Evaluate progress towards implementation of the UK Government's National Adaptation Programme and reporting to the UK Parliament. • Provide advice on the preparation of each assessment of the risks for the United Kingdom of the current and predicted impact of climate change. • Provide advice on emissions from international aviation and shipping. • Provide advice, analysis, information or other assistance to the UK Government or devolved administrations as requested.
Climate Change (Scotland) Act 2009	• Advise on the appropriate level of statutory targets in Scotland (including annual targets). • Monitor and report on progress to Scotland's emissions reduction targets and recommend actions to keep on track. • Prepare independent assessments of the Scottish Government's Climate Change Adaptation Programme. • Provide advice, analysis, information or other assistance to the Scottish Government as requested.

Infrastructure Act 2015	• Advise on the impact of the exploitation of onshore petroleum on UK carbon budgets and the 2050 target.
Environment (Wales) Act 2016	• Advise on the appropriate level of statutory targets and carbon budgets in Wales. • Advise on the progress made towards meeting carbon budgets and targets, whether those budgets and targets are likely to be met and any further measures that are needed. • Provide advice, analysis, information or other assistance to Welsh Ministers as requested.
Planning (Scotland) Act 2019	• Requires Scottish Ministers to consult the CCC on each new revised National Planning Framework.
Climate Change Act (Northern Ireland) 2022	• Provide advice on the level of carbon budgets and emissions targets for Northern Ireland and the development of the Climate Action Plan. • Provide advice on the development of proposals to make regulations arising from the Act e.g., climate change public body reporting. • Advise on the progress made towards meeting emissions targets and carbon budgets, whether those targets and budgets are likely to be met, and whether any further measures are needed to meet those targets and budgets. • Prepare independent assessments of the Northern Irish Administration's Adaptation Programme including an assessment of the progress made and recommendations for the next Adaptation Programme.

1.2.2. Analysis of our performance in 2023-24

Table 2 Progress against our strategic objectives

Strategic objective	Success measure and key performance indicator target	Key performance indicator or qualitative assessment
Provide impartial advice on emissions targets and preparing for climate change	Publish advice on emissions targets and preparing for climate change within statutory timeframes. KPI target: advice to be delivered within the relevant statutory deadline.	**In progress** Work on emissions targets and preparing for climate change advisory reports is in progress with the statutory deadlines for the advice reports falling within future reporting periods. The work programmes are proceeding as planned with a qualitative assessment that the statutory deadlines for upcoming emissions target advisory reports will be met.
Monitor progress in reducing emissions, achieving carbon budgets, and preparing for climate change	Publish progress reports in relation to reducing emissions, achieving carbon budgets and preparing for climate change within the statutory timeframes. KPI target: 5 Progress Reports to be published in 2023-24.	**Met** 5 out of 5 progress reports were published within the reporting period each within the relevant statutory timeframes.

Conduct independent analysis into climate change science, economics, and policy	Deliver high quality analysis through the commissioning of independent research and ongoing liaison with a range of analytical and policy teams within Government Departments and the devolved governments. KPI target: satisfactory completion of quality assurance processes on analytical work	**Met** Quality assurance processes have been completed.
Engage with stakeholders to promote understanding and inform an evidence-based debate on climate change and its impacts, and measures to address it	Develop a new key stakeholder engagement strategy. Commission expert advisory groups. Monitor media statistics. KPI target: Implementation of stakeholder engagement strategy Monitor engagement through tracking of key engagements	**Met** Stakeholder engagement strategy now implemented. Quarterly tracking of engagements completed.

Progress towards reducing emissions

In June 2023 the Committee published its **Annual UK Progress Report** to the UK Parliament. The key messages were:

A lack of urgency. While the policy framework has continued to develop over the past year, the development is not happening at the required pace for future targets.

Stay firm on existing commitments and move to delivery. The Government has made a number of strong commitments, but these must be restated and moved as swiftly as possible towards delivery.

Retake a clear leadership role internationally. The UK will need to regain its international climate leadership.

Immediate priority actions and policies. Action is needed in a range of areas to deliver on the Government's emissions pathway.

Develop demand-side and land use policies. The Government's current strategy has considerable delivery risks due to its over-reliance on specific technological solutions, some of which have not yet been deployed at scale.

Empower and inform households and communities to make low-carbon choices. Despite some positive steps to provide households with advice on reducing energy use in the last year, a coherent public engagement strategy on climate action is long overdue.

Planning policy needs radical reform to support Net Zero. The planning system must have an overarching requirement that all planning decisions must be taken giving full regard to the imperative of Net Zero.

Expansion of fossil fuel production is not in line with Net Zero. As well as pushing forward strongly with new low-carbon industries, Net Zero also makes it necessary to move away from high-carbon developments.

The need for a framework to manage airport capacity. There has been continued airport expansion in recent years, counter to our assessment that there should be no net airport expansion across the UK.

The below table summarises progress achieved against key indicators.

- Published as Table 1 in the UK Progress Report, 2023 – Summary of progress against key indicators

Surface transport	Energy supply	Buildings	Industry	Agriculture and land
Electric car sales (G)	Grid storage (G)	Electricity to gas price ratio (G)	Bioenergy use in industry (G)	Livestock numbers (G)
Battery cell prices (O)	Dispatchable low-carbon capacity in development (G)	Greening Government commitments (G)	Electricity use in industry (O)	Livestock exports (G)
Petrol / diesel car intensity (O)	Offshore wind (O)	Low-carbon share of heat supply (O)	Energy consumption per unit of GVA (O)	Food waste (G)
Petrol/diesel van intensity (O)	Onshore wind (O)	Energy efficiency measures (R)	Private sector targets (R)	Woodland management (O)
Van km (O)	Unabated gas (O)	Heat pump installations (R)	Industrial process emissions (R)	Crop yields (O)
HGV km (O)	Refineries emissions (O)	Heat pump costs (R)	Hydrogen use in industry (LGr)	New woodland (R)
Electric van sales (R)	Solar PV (R)	Trained heat pump installers (R)	Pipeline of hydrogen projects (Gr)	Peatland restoration (R)
Car km (LGr)	Active demand response (LGr)	Residential energy demand (LGr)	Industrial energy efficiency (Gr)	Anaerobic digestion (R)
Public chargepoints (LGr)	Low-carbon hydrogen production (LGr)	Non-residential energy demand (LGr)	Pipeline of industrial CCS projects (Gr)	Energy crops (LGr)
Public transport demand (W)	Oil and gas production emissions (LGr)	Non-residential buildings energy intensity (LGr)	Industry consumption emissions (W)	Meat consumption (LGr)

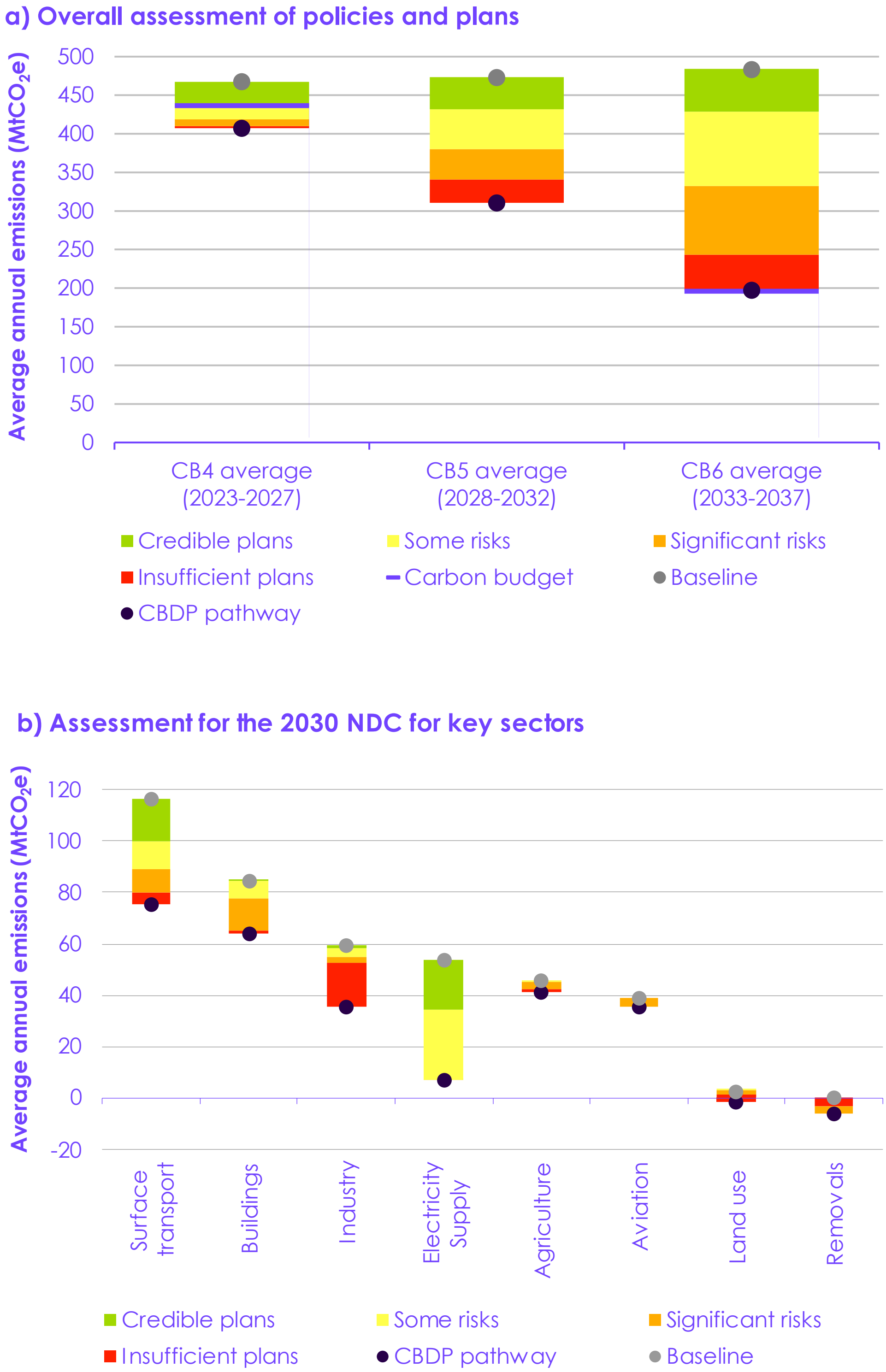
Key:

On track (G)
Slightly off track (O)
Significantly off track (R)
No benchmark or target (W)
Data not reported (Gr)
Too early to say (LGr)

Notes: An indicator is on track if it is going in the right direction at an appropriate rate. This is determined by comparing the historical data to Government ambition or the CCC's recommended path and considering wider contextual factors.

The Committee's overall assessment of policies and plans in place to achieve the required emissions reduction for the 2030 Nationally Determined Contribution (NDC), as of June 2023, are shown below. The UK Government has now announced a new NDC for 2035 with proposed emissions reductions by 2035 of 81% against 1990 base levels, exclusive of International Aviation and Shipping (IAS) emissions. The Committee advised the UK Government on this NDC and we will report on progress against this new target
in line with statutory obligations in 2025.

Figure 2 Assessment of policies and plans, UK Progress Report 2023



Source: DESNZ (2023) *Carbon Budget Delivery Plan;* DESNZ (2023) *Energy and emissions projections: 2021 to 2040*; BEIS (2021) *Net Zero Strategy;* CCC (2020) *The Sixth Carbon Budget*; CCC analysis.
Notes: (1) This assessment uses Government plans listed in Annex B, tables 5 and 6 of the Carbon Budget Delivery Plan (CBDP). See Annex 1 for the assessment criteria. (2) The baseline is an adjustment to the Government's CBDP baseline, with the impact of some policies removed so that they can be assessed. Refer to each sector chapter for additional notes on our methodology. (3) We have adjusted the Government's published CBDP pathway and baseline for land use to account for methodological changes between the 1990-2019 and 1990-2020 inventories. (4) The CBDP projections include only the quantified plans. Unquantified plans may lead to further emissions reductions. (5) For comparability, the CBDP's emissions pathway for international aviation and shipping (IAS) has been added to the target values for CB4 and the 2030 NDC.

Managing and adapting to climate change risks

In March 2024, the Adaptation Committee published the **Independent assessment of the Third National Adaptation Programme**. This briefing provided the initial assessment of the Third National Adaptation Programme (NAP3), the government's programme to ensure the country is resilient to the impacts of climate change, which was published in July 2023.

The key messages in the report were:

The NAP3 falls far short of what is needed; it lacks the pace and ambition to address the growing climate risks and fails to set out a compelling vision for what the Government's 'well-adapted UK' entails, with only around 40% of the short-term actions to address urgent risks identified in the last Climate Change Risk Assessment progressed.

Slow progress across the three NAPs shows that the current approach is not working and that change is needed.

An urgent refresh of NAP3 and adaptation governance should be undertaken with NAP3 strengthened to avoid locking in additional climate impacts, and key reforms must be implemented over the next years to support improved delivery of adaptation.

Fourth Climate Change Risk Assessment

Work is underway on the Independent Assessment of UK Climate Risk that will underpin the UK's Fourth Climate Change Risk Assessment (CCRA4). This independent assessment will be delivered in 2026 and will provide an updated assessment of the risks and opportunities from climate change and the potential for adaptation to address them. This will be published alongside advice from the CCC to governments around the UK on improving climate resilience in the next round of national adaptation programmes.

Advisory reports and briefing notes

Box 1
The Committee and Adaptation Committee published advisory reports and briefing notes which are summarised below

A Net Zero Workforce

This briefing provides an overview of the evidence on the potential impacts of Net Zero for the workforce. The advisory report concludes that Net Zero will transform the economy but the majority of workers will not see major impacts.

There is potential for the Net Zero transition to create more jobs than will be lost with the transition providing a range of opportunities, from driving growth in areas with historically low employment to diversifying the workforce of core Net Zero sectors.

The report notes that it also comes with risks that will need to be managed to deliver a just transition, including an inadequate supply of skilled workers, and potentially disruptive impacts to some communities. The risks and opportunities are unique to each sector.

Government has policy levers at its disposal to support workers during the transition to Net Zero, however, clearer plans are needed to harness the potential of the transition and to manage its risks.

COP28: Key outcomes and next steps for the UK

The report set out the key outcomes from COP28 and assessed the UK's role and next steps.

The Committee noted that the UK played an important role in the facilitation of the negotiations at COP28. It pledged financial support for both mitigation and adaptation initiatives and continued its strong backing for key initiatives.

The Committee would like to see the UK continue to lead by example and support actions elsewhere to accelerate the pace of the low-carbon transition and develop resilience to climate impacts. Areas of focus include demonstrating delivery towards its ambitious 2030 and 2035 targets on the path to Net Zero, setting a clear plan to reduce methane across all sectors this decade, and strengthening the National Adaptation Programme to fully align with the Framework on the Global Goal on Adaptation.

Advice on emerging issues

During 2023-24 both Committees have written to Ministers in the UK Government and the devolved governments on a range of emerging issues with the purpose of ensuring Ministers receive high quality, independent advice.

Box 2
Key letters to the UK Government and devolved governments

Advice on the Third Carbon Budget carry-over

In February 2024 we wrote to the UK Government providing advice on the Third Carbon Budget and whether any resulting surplus emissions reduction should be carried forward to meet future carbon budgets.

The UK's Third Carbon Budget, covering the period 2018 to 2022, was successfully met however the Committee noted that future carbon budgets will require an increase in the pace and breadth of decarbonisation. The Committee's unequivocal advice was therefore that surplus emissions from the Third Carbon Budget should not be carried forward.

Zero-emission vehicle mandate

In September 2023 the Committee wrote welcoming the introduction of a zero-emission vehicle mandate, which will set minimum requirements on the zero-emission share of each manufacturer's new car and van sales that increase each year out to 2030.

The letter urged the Government to focus on creating the conditions to drive faster electric vehicle uptake where possible, to set more ambitious emissions regulations for the new petrol and diesel cars that continue to be sold, and to increase the availability, attractiveness and affordability of alternatives to car use to enable people to make lower-carbon travel choices.

Changes to available emissions data for Northern Ireland

The letter provided updated analysis to reflect the latest available emissions data for Northern Ireland. The updates slightly increased emissions over the First Carbon Budget period, but the increase was cancelled out by a change to 1990 emissions. Overall, the percentage reduction remains unchanged. On this basis the recommended First Carbon Budget target for Northern Ireland remains the same as in the March advice report: a 33% reduction on 1990 levels.

Improving infrastructure resilience and adapting to the change in climate

In April 2023 a joint letter from Baroness Brown, Chair of the Adaptation Committee and Sir John Armitt, Chair of the National Infrastructure Commission to Rt Hon Oliver Dowden MP, Deputy Prime Minister and Chancellor of the Duchy of Lancaster, and Rt Hon Thérèse Coffey MP, Secretary of State for Environment, Food and Rural Affairs was published about developing more effective plans to improve the resilience of infrastructure.

The letter set out five steps to close the resilience gap:

a) Translate the present high-level objectives into delivery plans, with clear goals and measurable outcomes for resilience.

b) Align policymaking for resilient infrastructure with regulatory cycles.

c) Give essential duties to Regulators that presently do not have them.

d) Strengthen resilience coordination between infrastructure systems to head-off cascading impacts.

e) Embed net zero and climate adaptation in infrastructure planning.

Advice to the Scottish Government

In March 2024 the annual **Progress Report to the Scottish Parliament** was published in which the Committee assessed Scotland's progress in reducing emissions and the policies in place for delivering future emissions reduction.

The Committee reported that annual emissions targets have been missed and the publication of Scotland's draft Climate Change Plan has been delayed. As such the Committee reported that a comprehensive delivery strategy for meeting future emissions targets was not in place and that actions to meet future emissions targets fell short of the legal requirements.

The Committee noted there were some early signs of good progress. For example, proposals in the Heat in Buildings consultation that, once agreed, must be delivered promptly and effectively to ensure Scotland can get as close as possible to meeting its targets. A full list of the recommendations which identify actions to ensure effective delivery in key areas is included in Annex 1 of the report.

In November 2023 the **Independent Assessment of Progress in Adapting to Climate Change in Scotland** was published. This was the Committee's second assessment of the second Scottish Climate Change Adaptation Programme (SCCAP2) and follows the first report published in 2022.

The report acknowledged that several notable steps forward on adaptation policy have been taken, but that important gaps remain. Overall progress on adapting to climate change in Scotland was judged to remain slow, particularly on delivery and implementation. Monitoring and evaluation of adaptation is slowly improving but remains limited.

Advice to the Welsh Government

The Committee provided their first assessment of **progress made to deliver the Welsh Government's current adaptation plan** in September 2023. The Committee found there were some positive examples of plans in place, although these were not consistent across all sectors. Delivery and implementation was more limited and the Committee's ability to assess progress was hampered by significant data gaps. For more than 50% of adaptation outcomes, the lack of indicator data prevented a full assessment of progress.

The Committee's view was that **Prosperity for All: A Climate Conscious Wales** provides good coverage of required research and potential actions across priority climate risk areas. However, it noted insufficient progress in delivery and that implementation of adaptation and monitoring is limited. The Committee's assessment was that the next national adaptation plan for Wales must go further to drive delivery across the public sector with the key recommendation being that the Welsh Government should embed adaptation into its plans for Net Zero, future well-being and increasing biodiversity.

The Welsh Government commissioned the Committee to write three briefing notes on:

- **Interrelationships between climate change adaptation and the nature emergency**: this briefing considered how adapting to a changing climate strongly aligns with the actions needed to address the nature emergency, and described how synergies can be captured across policy objectives and trade-offs managed.

- **Managing the interrelationships between climate change adaptation and social justice:** this briefing built on the Committee's previous work considering how adaptation to a changing climate links to the broader concept of a 'just transition' and how the distributional consequences of both climate impacts and adaptation actions can be addressed. Its intention is to provide a useful starting point for policymakers and others working on adaptation to integrate social justice together with climate change adaptation in Wales.

- **Managing the interrelationships between climate change adaptation and decarbonisation:** the objective of this briefing is to provide a useful starting point for policymakers working on climate mitigation or adaptation and to consider how to integrate the two agendas effectively.

Advice to the Northern Irish Government

A report setting out the Committee's **Independent Assessment of Progress in Adapting to Climate Change in Northern Ireland** was published in April 2023. The assessment was provided during the second Northern Ireland Climate Change Adaptation Programme (NICCAP2) and ahead of the next NICCAP, expected in early 2025.

Planning for climate change in Northern Ireland was assessed to be at an early stage. Across key areas of adaptation, most of the critical policy and planning milestones that the Committee identifies as important for delivering adaptation were not yet in place. The Committee noted that preparation for climate change in areas falling outside of the scope of NICCAP2 is noticeably poorer than for areas within the programme.

International engagement

The CCC has continued to support UK Government international climate diplomacy and capacity building objectives through a programme of international engagement.

Over 40 separate engagements covering over 20 different countries have been undertaken during 2023-24. These have included strengthened support leveraging CCC expertise in climate change risk and adaptation assessment in complement to the ongoing mitigation support on climate governance, carbon budgets and emissions reductions progress monitoring. Key examples of this engagement include the following:

Bangladesh: Providing training on climate change risk assessment to the Ministry of Environment, Forestry and Climate Change.

Brazil: Commenced a programme to support the development of climate change governance, emissions reduction and climate change adaptation plans.

China: Members of the Committee and Adaptation Committee attended a workshop with China National Expert Panel on Climate Change as part of an exchange dialogue facilitated by Chatham House.

Columbia: Completed support on carbon budgets, which are now being implemented, and undertook a complementary training session on climate resilience pathways.

Denmark: Hosted the Denmark Climate Policy Council (Klimaradet) who visited the CCC to learn about progress monitoring and sectoral analyses approaches.

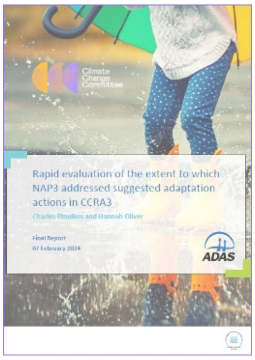
EU: Senior meetings with the European Scientific Advisory Board on Climate Change to share methodologies on developing pathways to Net Zero.

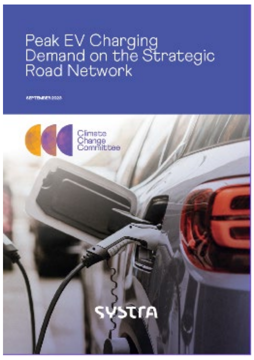
Mexico: Members of the Committee met a delegation from the Mexico Parliament to discuss climate change legislation and the role of an independent advisory body.

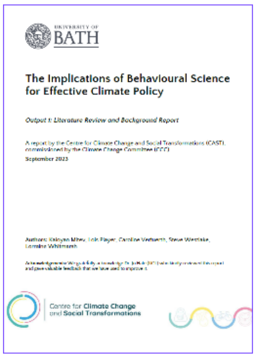
International Climate Councils Network: Alongside bilateral engagements the CCC has continued to play an active role in the International Climate Councils Network (ICCN) which brings together national climate advisory bodies such as the CCC from across the world to share their approaches and collaborate on common issues. 2023-24 marked the start of a new phase for the ICCN through its securing of funds to enable a dedicated secretariat to facilitate and underpin the Network's activities going forwards. As of June 2024, the secretariat – hosted by the E3G thinktank – is in place and starting its work.

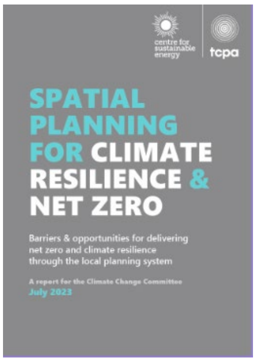
Research collaborations

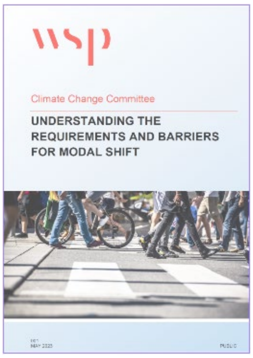
The CCC has established a significant programme of research work during 2023-24. Wherever possible the outcome of research projects are published on the CCC website. Examples of research published during 2023-24 include:

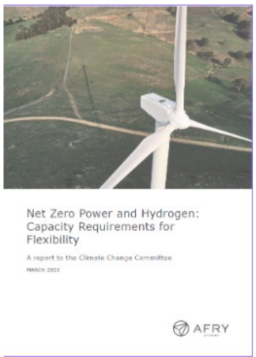


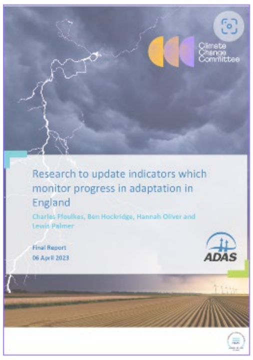


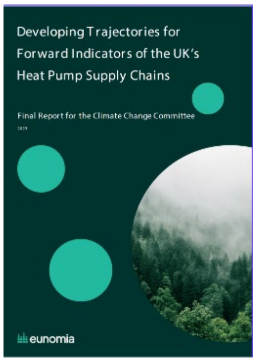












Public Sector Equality Duty (PSED)

The purpose of the PSED is to integrate consideration of equality and good relations into the day-to-day business of public authorities. Section 149 of the Equality Act 2010 requires public bodies to pay due regard to the need to:

- Eliminate unlawful discrimination, harassment, and victimisation and other conduct prohibited by the Act;

- Advance equality of opportunity between people who share a protected characteristic and those who do not; and

- Foster good relations between people who share a protected characteristic and those who do not.

The protected characteristics which should be considered are age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Governance arrangements are in place to ensure consideration of protected characteristics is built into our analytical work programme. A baseline assessment has been completed for key sectors to identify where there may be potential PSED implications of the CCC's advice. Identified impacts are assessed and presented to each Committee for a decision on if and how the analysis should inform each Committee's advice. The impact of budget and policy decisions are also assessed.

1.2.3 Risk management strategy

The main risks managed by the CCC relate to the successful delivery of its statutory responsibilities and work programme. The operational and financial risks that the CCC face are relatively limited as the CCC is a small organisation with a focused budget that is primarily spent on staff, commissioning of external research and accommodation costs.

The CCC's risk management strategy and risk appetite are led and managed by the Senior Leadership Team and reviewed by the Operations Board.

Table 3
Challenges and Issues

Topic	Detail	Key Mitigations
Appointment of Committee Chair and Members	Following the completion of Lord Deben's term as CCC Chair in June 2023 the UK and devolved governments appointed Professor Piers Forster as Interim Chair. A recruitment process to appoint a new Chair has been undertaken by DESNZ, working closely with the devolved administrations. However, the process has not been successful with DESNZ and the devolved administrations still to agree on the appointment of a new, permanent Chair. The Climate Change Act 2008 requires the UK and devolved governments to appoint between five and eight other Committee Members. Currently five other Committee Members are appointed leaving potential vacancies on the Committee.	The Committee has emphasised to the UK and devolved governments the importance of fulfilling their duties as set out in Schedule 1 to the Climate Change Act 2008.
Programme delivery and funding	The 2023-24 funding settlement, agreed as part of the 2021 Spending Review, has been placed under significant pressure given the high inflation rates experienced during the period. This creates a resourcing pressure on the delivery of the CCC's statutory work programme.	Work has continued to ensure funding is allocated to priority areas. Progress has been made to strengthen the internal governance arrangements in place regarding work programme delivery. This includes the appointment of Programme Manager and the development of the existing Programme Management governance arrangements.
Office accommodation and services provided by the Government Property Agency (GPA)	The CCC is due to relocate to the Government Hub at 10 South Colonnade. Delays to works, managed by GPA, which are required to be completed before the CCC can move into their new space has resulted in the need to work in temporary accommodation for the majority of 2023-24. Poor quality cost forecasts received from GPA have resulted in additional uncertainty and risk to financial forecasting.	We continue to monitor progress on the office accommodation works. The GPA's service provider has met with the finance team to provide greater assurance over future invoicing and cost forecasts.

1.2.4 Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board. It was tasked with developing recommendations for how organisations should disclose on their climate-related risks and opportunities through their existing reporting processes.

The recommendations are structured around four thematic areas:

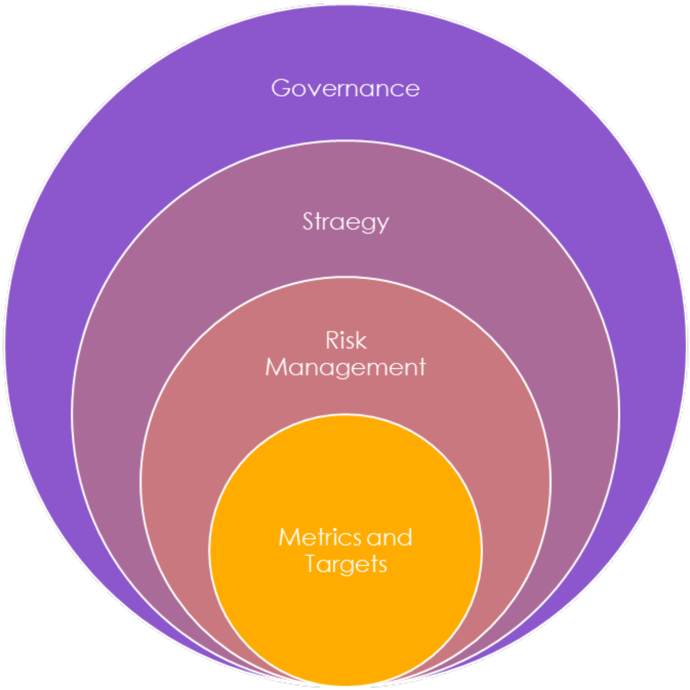
Governance: the organisation's governance around climate-related risks and opportunities.

Strategy: the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.

Risk management: the processes the organisation uses to identify, assess, and manage climate-related risks.

Metrics and targets: the metrics and targets the organisation uses to assess and manage relevant climate-related risks and opportunities.

Figure 3 The four pillars of the TCFD recommendations



The below table provides an overview of TCFD recommendations:

Table 4
TCFD recommendations

Thematic area	Governance	Strategy	Risk management	Metrics and targets
Recommendations	Disclose the organisation's governance around climate related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Disclosures				
a)	Describe the board's oversight of climate-related risks and opportunities.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Describe the organisation's processes for identifying and assessing climate-related risks.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
b)	Describe management's role in assessing and managing climate-related risks and opportunities.	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Describe the organisation's processes for managing climate-related risks.	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.
c)		Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Implementation of the TCFD framework

The CCC has adopted the guidance issued by HM Treasury with respect to the phased implementation of TCFD-aligned disclosures on a voluntary basis. Phase 1 requires organisations to provide the following disclosures in the 2023-24 Annual Report and Accounts:

- A TCFD Compliance Statement
- Governance theme: disclosures a) and b) as described in Table 5
- Metrics and targets theme: disclosure b) as described in Table 6

The remaining disclosures will be mandated over Phases 2 (applicable for Annual Reports ending March 2025) and 3 (applicable for Annual Reports ending March 2026).

The Annual Report climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures are included in the following sections of this Annual Report and Accounts document.

The below table provides an overview of TCFD recommendations:

Table 5
Overview of TCFD recommendations within the Annual Report and Accounts

TFCD recommendation	Disclosure within Annual Report and Accounts 2023-24	
Governance: **Disclose the organisation's governance around climate related risks and opportunities**	f) Describe the board's oversight of climate-related risks and opportunities g) Describe management's role in assessing and managing climate-related risks and opportunities	Section 2: Accountability Report Governance Statement, pages 45 – 46
Metrics and Targets: **Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.**	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	Section 1: Performance Report Sustainability Report, pages 31 – 35

1.2.5 Sustainability report

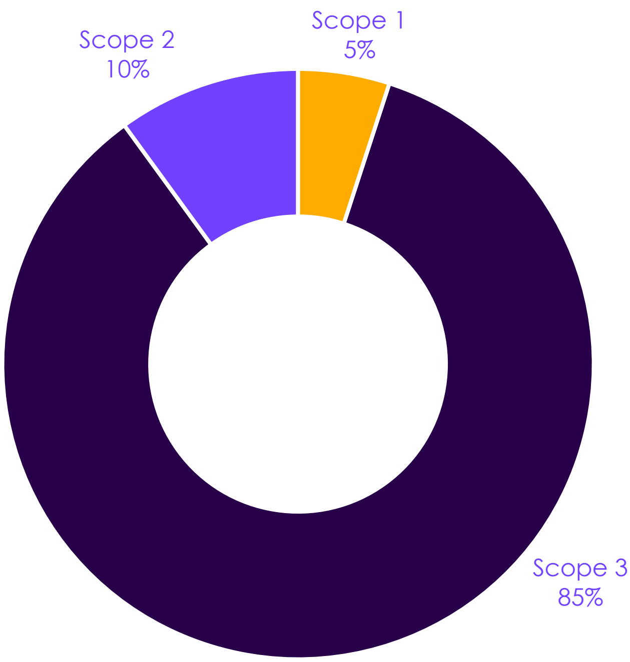
Our environmental impact

During 2023-24 an assessment of the CCC's Greenhouse Gas (GHG) emissions was completed by RSK on behalf of Climate Impact Partners. This independent calculation and assessment of the CCC's emissions was completed using the CarbonNeutral® Protocol developed by Climate Impact Partners (CIP). This is an additional layer on top of the GHG Protocol and describes the requirements for achieving specific CarbonNeutral® compliant certifications.

The CCC's GHG emissions by scope for 2023-24 are shown in Figure 4 below. Scope 3 (other indirect emissions) represent the largest emissions scope at approximately 85%, predominantly from employee commuting, business travel and purchased goods and services. This is in line with the nature of the CCC's operating model, which is primarily office-based and involves business travel. Scope 2 (indirect) emissions account for approximately 10%, primarily from mains electricity consumption. Scope 1 (direct) emissions from mains gas consumption account for the remaining 5% of the carbon footprint.

The accuracy of the emissions calculations are directly related to the quality of the activity data provided. Wherever possible primary data has been used, such as kWh of electricity consumed. However secondary data – in the form of estimates, extrapolations, industry averages or other proxy sources – has been used where reliable data is not available. Assessments based largely on secondary data should be viewed as an estimate of GHG emissions impact, and actual emissions may vary significantly.

Figure 4 GHG emissions by scope (2023-24)



Source: Committee on Climate Change CN Company GHG Assessment Report (tCO2e)

Table 6 shows total GHG emissions estimated during the reporting year, together with emissions displayed using the CCC's activity metrics. Table 7 provides an analysis of GHG emissions by source.

Table 6
GHG emissions summary

Metric	GHG emissions tonnes of carbon dioxide (tCO2e) Current	GHG emissions tonnes of carbon dioxide (tCO2e) Previous
Total GHG emissions	55.8	29.2
GHG emissions per FTE	1.2 (46.87)	0.8 (37.4)

Table 7
Comparison of GHG emissions

Emissions Source Category	GHG emissions (tCO2e)] Current	GHG emissions (tCO2e)] Previous	
Mains gas (scope 1)	2.5	2.6	Non-controllable
Refrigerant gas losses (scope 1)	0.2	-	Non-controllable
Electricity incl. losses (scope 2)	5.7	3.6	Non-controllable
Waste (scope 3)	0.1	0.1	Non-controllable
WTT (scope 3)	1.0	1.2	Non-controllable
Business travel (scope 3)	18.7	4.7	Controllable
Hotels (scope 3)	2.1	0.2	Controllable
Staff commuting (scope 3)	7.0	9.3	Controllable
Homeworking (scope 3)	7.0	7.5	Controllable
PG&S and CG (scope 3)	11.5	-	Non-controllable
Total (market based)	**55.8**	**29.2**	
Emissions per FTE staff (market)	**1.2**	**0.8**	

Table 7 shows that scope 1 emissions, from mains gas, have remained consistent with the previous year. Scope 2 emissions, from electricity, have increased by 2.1 tCO2e. The CCC's office is within a Government Property Agency (GPA) building and occupies less than 1% of the floorspace. As a tenant the CCC has limited input to decisions relating to emission generating activities within the building, which make up the total emissions for scope 1 and scope 2.

In May 2024 the CCC moved offices to 10 South Colonnade, Canary Wharf. The GPA has implemented a plan to reduce the carbon emissions from heating at 10 South Colonnade. As part of their 2020-2030 strategy, they are committed to increasing usage of renewable energy sources and continuing to work with green energy suppliers. They have set a target to reduce Government office portfolio carbon emissions by 50% by 2028, which will in turn significantly reduce the CCC's emissions arising from electricity consumption.

The controllable emissions relate to business travel, staff commuting and homeworking. Emissions from staff commuting and homeworking have reduced, year-on-year, despite an increase in the number of staff working at the CCC.

Business travel and hotels emissions, however, have both increased significantly year-on-year. This is attributable to travel undertaken at the request of the UK Government as part of the Foreign, Commonwealth & Development Office led international engagement programme of work. Four of the flights taken for business travel were short haul, five were medium haul and ten were long haul and related to the international work programme.

The CCC seeks to minimise emissions from business travel through its travel policy which requires consideration to be given to the need to travel versus other more sustainable options such as video conferencing. Where travel is deemed essential, staff are required to choose the most sustainable option such as travelling by train rather than plane where possible. Where travel by plane is the only feasible option, we seek to minimise emissions by implementing a policy to book economy class travel for both short and long haul trips. Opting to fly economy significantly reduces total travel emissions compared with business class and first class which produce three and nine times more emissions respectively.

For the first time the CCC has assessed purchased goods and services and capital goods (PG&S and CG) emissions as part of the CIP assessment process; this has contributed to an overall increase in the total emissions shown in Table 7. The emission values were calculated by CIP based on annual spend figures.

Facilities management and building security made up 73% of the total PG&S emissions. These amounts are non-controllable by the CCC as they relate directly to our occupancy charges with GPA. Event space hire and education and training courses accounted for 18% of PG&S. Other suppliers of CG made up the remaining 9% of emissions in this category. In order to strengthen the assessment of PG&S and CG and as part of the CCC's Carbon Management Plan, we will seek confirmation from suppliers about the carbon impact of the services they provide.

Carbon Management Reduction Plan

In 2024-25 we will develop a Carbon Management Reduction Plan to help reduce our overall carbon footprint. The strategic framework will outline specific actions and targets to lower controllable GHG emissions. The plan will establish clear, measurable targets for reducing emissions. It will develop, where possible, reduction strategies for energy efficiency, renewable energy and process improvements. An action plan will be developed to help us achieve the reduction targets, and these will be monitored and reported on regularly.

Carbon Management Actions

As a single site organisation in a shared building, our ability to influence meaningful change is limited. We can and will look for further reductions in travel and other carbon producing activities.

We have made considerable progress in addressing our controllable emissions. We continually measure the carbon impact of staff commuting to the office and encourage staff to travel in the most environmentally friendly way possible, including cycling, walking and public transportation.

We will continue to refine our hybrid working arrangements to ensure that travel to and from our office and other work-related travel activities are minimised where possible. We will continue to invest in equipment and technology that supports this way of working.

We frequently promote our Sustainable Holiday Travel Days Policy to raise awareness about the environmental impact of travel and the benefits of reducing emissions.

Sustainable procurement

We continued to develop our procurement practices using the Commercial Continuous Improvement Assessment Framework (CCIAF) and ISO20400 (Sustainable Procurement) to guide us.

We followed Government Buying Standards (GBS) where applicable for our product specifications.

We provided expert coaching to high-risk, material projects to help teams embed sustainability into their sourcing approaches.

Our standard terms and conditions require suppliers to ensure their operations comply with all applicable environmental law and follow Government best practice.

Supply chain assurance

The CCC expects our suppliers to treat their employees and supply chains fairly. We assess the risk of modern day slavery in our supply chains. Suppliers should not pass down unreasonable levels of risk and should engage with the supply chain to ensure value for money. Invoices should be paid promptly and in line with the governing terms and conditions, and the Government guidelines.

Our resilience to climate change

We have a business continuity plan in place for extreme weather and have information available for our staff on steps they can take to improve the resilience of their homes and workspaces, including guidance for working and staying well during periods of extreme weather.

Greening Government Commitments

The CCC meets the de minimis criteria for the sustainability reporting set out in the Greening Government Commitments from April 2024. The CCC will report on our progress each quarter, with the results published as part of the GGC's Annual Report.

The CCC will report on reducing overall greenhouse gas emissions; minimising waste and promoting resource efficiency; reducing water usage; procuring sustainable products and services; nature recovery; adapting to climate change and reducing environmental impacts from information communication technology and digital. As a partner organisation of DESNZ, the CCC will contribute to their overall return using the emission reduction targets and direct emission reduction targets set for them.

Accountability report

Section Two: Accountability report

Introduction

The Accountability Report contains:

- The **Corporate Governance Report** which comprises the Chief Executive's Report and the Statement of Accounting Officer's Responsibilities. It also includes the Governance Statement which explains how the CCC's governance structures, risk management arrangements and internal controls operate and support the achievement of its objectives.

- The **Renumeration and Staff Report**, which details the pay, pension arrangements and staffing structure of the office.

- The **Parliamentary Accountability and Audit Report**, which details the audit arrangements and the relevant parliamentary accountability disclosures.

2.1 Corporate governance report

2.1.1 Statement of Accounting Officer's responsibilities

Under Schedule 1, Section 24(3) of the Climate Change Act 2008, the Minister for Energy Security and Net Zero 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 of its income and expenditure, Statement of Financial Position 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 Minister for Energy Security and Net Zero, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments 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;
- Prepare the accounts on a going concern basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

Emma Pinchbeck

Chief Executive

9th December 2024

2.1.2 Chief Executive's report

The Chief Executive's report covers the period from 1 April 2023 to 31 March 2024. It provides the membership of the Committee and the Adaptation Committee.

Conflicts of interest

The CCC has a policy for the declaration and management of interests in place for all staff and Committee and Adaptation 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 and Adaptation Committee meeting, all members are asked to declare any new personal or business interests which may influence (or be perceived to influence) their judgement. Any such interests are noted in the minutes along with the appropriate action taken to manage them.

All Committee and Adaptation Committee Members and employees are asked to review and update their interests record held on the Register of Interest at least annually. The list of Committee and Adaptation Committee Members interests can be found at https://www.theccc.org.uk/about/transparency/.

2.1.3 Governance statement

Introduction

The purpose of the Governance Statement is to explain how the CCC's governance structures, risk management arrangements and internal controls have supported the achievement of its objectives. It applies to the financial year 1 April 2023 to 31 March 2024 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 governments.
- 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

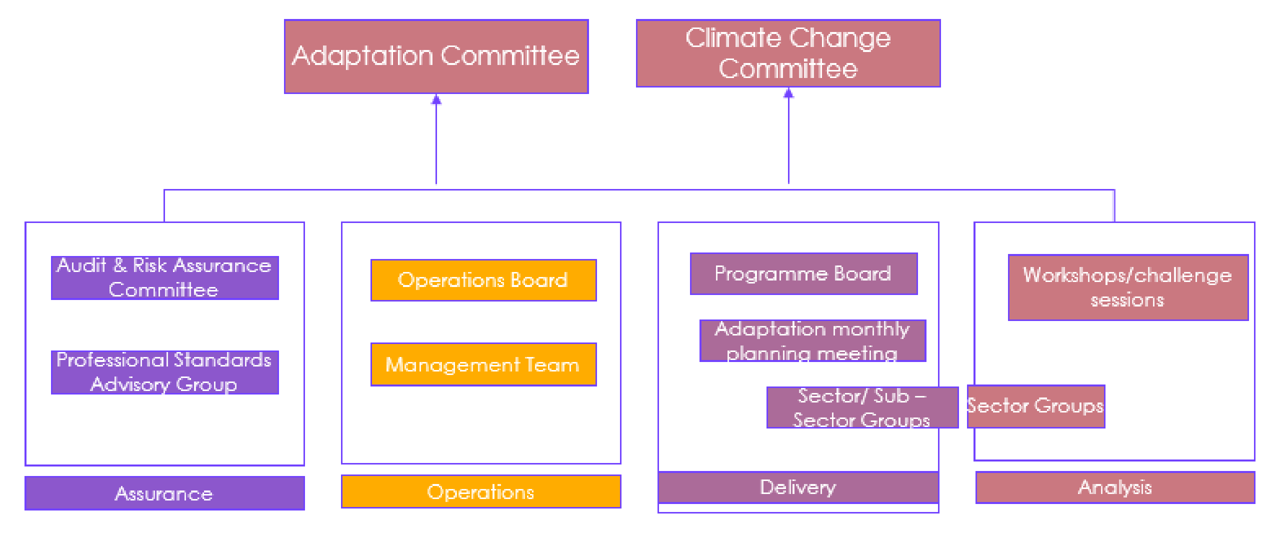
The CCC's corporate governance structure is framed by the requirements of the Climate Change Act 2008 which sets out both the legal duties of the CCC and the functions and broad governance structure of the organisation. This primary legislation is supported by the CCC's Framework

Document which describes how we are accountable to our Sponsor Organisations, our governance arrangements, and our management and budgeting processes.

The Framework Agreement is published on the CCC website at this address: https://www.theccc.org.uk/wp-content/uploads/2024/01/CCC-Framework-Document-January-2024.pdf

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. No instances of non-compliance have been identified.

Box 3
CCC internal governance structure



Box 4
The Committee

Role

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 with the Committee meeting regularly to assess progress against the work programme.

Key activities during the year

The Secretariat provided regular updates to the Committee on the 2023-24 work programme. Meetings in the first quarter of 2023-24 focused on the UK Progress Report with chapter reviews and approval of the report completed as planned for the Report to be laid in Parliament in June.

Following the completion of their terms of appointment both Lord Deben and Paul Johnson stepped down from the Committee during the year. Delays to the appointment of new Committee Members has resulted in the Committee being required to operate with a reduced number of Members. The Committee has continued to deliver its statutory duties effectively during this period but urges the UK and devolved governments to put in place mechanisms to ensure a more proactive and faster appointment process.

In September the Right Honourable Graham Stuart MP, Minister of State for Energy Security and Net Zero, met the Committee to reflect on the 2023 Progress Report. The Secretariat also presented early thoughts on the Seventh Carbon Budget for discussion with Minister Stuart.

The work programme to deliver the advice on the UK Seventh Carbon Budget is underway and will run through to publication in February 2025.

The Committee received reports from the Chairs of two advisory groups established to provide insights to the Seventh Carbon Budget advice. Shevaun Haviland, Director General of the British Chamber of Commerce, presented findings from the Business Advisory Group. Professor Dave Reay presented a report from the CCC Net Zero Advisory Group.

The Committee heard from a range of external speakers including Professor Peter Møllgaard, Chair of the Klimaradet, Denmark, Nick Winser, Electricity Networks Commissioner and Isabelle Adams, National Grid Electricity Transmission.

In addition, the Secretariat also updated the Committee on the impact of current UK and world events, such as COP28.

Meeting Attendance

Total number of meetings held: 12

X / X = number of meetings attended / number of meetings eligible to attend

Lord Deben (Chair, to June 2023)	4 / 4
Professor Piers Forster (Interim Chair, from June 2023)	12 / 12
Professor Michael Davies	12 / 12
Professor Keith Bell	12 / 12
Doctor Steven Fries (from September 2023)	8 / 8
Paul Johnson (to May 2023)	3 / 3
Professor Corinne Le Quéré	12 / 12
Nigel Topping CMG (from June 2023)	8 / 11
Professor Nathalie Seddon (AC Member)	1 / 1
Professor Swenja Surminski (AC Member)	1 / 1

Box 5
The Adaptation Committee

Role

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

The work programme to deliver the fourth independent assessment of the UK Climate Change Risk Assessment (CCRA4) is underway and will run through to publication in 2026. The Adaptation Committee agreed the CCRA4 Project Plan, Technical Report Tasks and priority Deep Dive areas.

There has been a significant increase in work related to statutory reports as set out in legislation for the devolved governments with the Adaptation Committee commencing a work programme to deliver advisory reports to Scotland, Northern and Wales in addition to the UK Government. During 2023-24 the Adaptation Committee published progress reports for both the Scottish and Welsh Governments

The Committee heard from a range of external speakers including Alexandre Magnan, from the Institute of Sustainable Development and International Relations, Margaret Read and Tom Hughes, from the National Infrastructure Commission and Judith Batchelar, a member of the Natural Environment Research Council.

Meeting Attendance

Total number of meetings held: 12

X / X = number of meetings attended / number of meetings eligible to attend

Baroness Brown of Cambridge (Chair)	12 / 12
Doctor Ben Caldecott	12 / 12
Professor Richard Dawson	12 / 12
Professor Michael Davies	12 / 12
Professor Nathalie Seddon	10 / 12
Professor Swenja Surminski	12 / 12
Professor Richard Betts (Expert Adviser to the Committee)	10 / 10

Box 6
The Audit and Risk Assurance Committee

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. This includes ensuring that risks are identified and assessed, and that sound systems of risk management and internal control are in place. 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), DESNZ and Defra attend each meeting.

Key activities during the year

During 2023-24 the ARAC:

a) Approved the 2023-24 Internal Audit work programme, reviewed the reports and recommendations made by Internal Audit and received updates from management on progress to implement recommendations.

b) Reviewed the Audit Planning and Completion Reports produced by External Audit and reviewed the Annual Report and Accounts providing independent oversight and challenge on its content.

c) Approved a number of corporate policies for implementation.

d) Challenged and gained assurance around the CCC's management of key areas of reputation and operation risks, including reviewing the annual update from the Professional Standards Advisory Group

e) Heard from representatives from Defra Digital and Data Technology Services to provide an assessment to the Committee on key areas of cyber and security risk in relation to the IT services the CCC receives from Defra.

f) Completed an Effectiveness Review of the ARAC using the NAO Audit and Risk Assurance Committee effectiveness tool with views, feedback and recommendations sought from Committee Members and key stakeholders in March and April.

g) Reviewed the new team operating structures with a focus on obtaining assurance regarding the updated governance arrangements, which have been developed and implemented in response to the new operating model and the adequacy of the corporate services which are in place to support the new expanded structure.

h) Reviewed the tracker of Freedom of Information (FOI) and Environment Information Requests (EIR).

Meeting Attendance

Total number of meetings held: 4

X / X = number of meetings attended / number of meetings eligible to attend

Rosalyn Schofield (Chair)	4 /4
Professor Piers Forster	3 /4
Doctor Steven Fries (from September 2023)	3 / 3

Operations Board

The Operations Board comprises senior members of the Executive Team, with the Chairs of the Committee, Adaptation Committee, and ARAC attending two meetings each year. The remit of the Operations Board includes:

- The development and implementation of strategy, operational plans, policies, procedures, and budgets.
- The monitoring of operating and financial performance.
- The overall responsibility for risk management and internal controls systems. The Audit and Risk Assurance Committee assists the Operation Board with this responsibility.
- The prioritisation and allocation of resources.
- Overseeing the governance arrangements in relation to the work to minimise the CCC's environmental impact and to adapt to climate change.
- Supporting the Chairs of the Committee and Adaptation Committee in terms of fulfilling their role and responsibilities as set out in the Framework Document.

The Operations Board is supported by a Professional Standards Advisory Group (PSAG) which meets on a quarterly basis. The group is chaired by the Chief Operating Officer and comprises of four other members to ensure representation across each of the key team areas and grades.

The PSAG reviews the Corporate Risk Register and provides challenge around our ongoing activities with an objective of identifying emerging areas of reputation risk. The PSAG provides a summary of discussion and action points to Management Team meetings as well as an annual summary to the Operations Board and ARAC. The ARAC will review and assess the adequacy of the mitigation actions in place.

Programme Board

The Programme Board was established during 2023-24, meeting for the first time in March 2024. The Board comprises the Director of Analysis, the Programme Manager and representatives from each key workstream.

The role of the Programme Board is to provide sponsorship and guidance to the programme to manage progress and continuous improvement.

The Programme Board has the following responsibilities:

- Providing overall strategic direction for the programme.
- Communication information about the programme or projects.
- Managing risks associated with the programme including those escalated from project level.
- Agreeing programme or project tolerances for time, quality, and cost.
- Resolving deviations from plans or escalating as necessary.

Risk management

Risk management is an essential part of our governance and fundamental to how our organisation is managed. The risk management framework established within the CCC includes the standard process of: identify, assess, address, review and report risks.

The Operations Board is responsible for the assessment and management of risk and for reviewing the effectiveness of the risk management and internal control systems in place at the CCC.

Risk reporting and escalation routes for corporate risks are shown below:

These processes were in place in 2023-24 and up to the date of approval of the Annual Report and Accounts.

The Programme Board, which was established in February 2024, is responsible for identifying, assessing and managing programme risks.

During the year we continue to improve the risk management reporting processes by:

- Standardising the risk and issue methodology and scoring approaches used to monitor corporate and programme risks.
- Introducing new software to enable more effective presentation of risk information.

The risk management framework and risk appetite statement was reviewed and updated during the year to ensure consistency with government best practice in the Orange Book. The Risk Management Procedures Policy was also reviewed and updated.

Our principal risks in 2023-24 are disclosed under risks affecting delivery of our objectives in the Performance Report.

Governance around climate-related risks and opportunities

Our governance structure to manage climate-related risks and opportunities, as related to the operational activities of the CCC, is described in the diagram below.

Chief Executive Officer & Accounting Officer
Responsible for the management of the CCC, including embedding consideration of climate change into our organisation

Operations Board
Supports the Accounting Officer in the management of the CCC, including advice on its approach to climate change

Audit & Risk Assurance Committee
Provides oversight regarding financial accounting and reporting including the TFCD reporting approach

Oversight of climate-related risks and opportunities and management's role in assessing and managing climate-related risks and opportunities

Roles by key fora within the CCC to assess and manage climate-related risk and opportunities	
Forum	**Role**
Operations Board	The Operations Board monitors the impact of climate-related issues on the organisation by: • ensuring climate-related issues are included when reviewing the CCC's strategy, organisational plans and corporate policies. • reviewing the CCC's risk management policies to ensure climate-related risks and opportunities and reviewed as part of the organisation's risk reporting process. • overseeing the implementation and performance of the organisation's progress against the Greening Government Commitments.
Chief Operating Officer	The COO is the highest management-level position with responsibility for climate-related risks and opportunities. The COO is responsible for leading the identification, assessment and management of climate-related risks and opportunities including: • reporting to the Operations Board on the identified climate-related risks and opportunities.

	• monitoring the management of climate-related risk in relation to the overall risk exposure of the CCC. • ensuring sustainability receives appropriate focus across the organisation .
Audit and Risk Assurance Committee	The ARAC is provided with an annual update on the CCC's emissions and progress against the organisation's sustainability commitments.
Professional Standards Advisory Group	The group considers areas of climate-related risks and opportunities as part of its role to identify areas of emerging risk.

Internal controls and other governance activity

Information Security

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

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 2023-24 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). 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.

The ISAE3402 report identified that during 2023-24 there was a reduction of 2 in the total number of exceptions identified compared to 2022-23. Out of a total of 227 control activities, 207 were found to be designed and operating effectively. The auditor identified 20 controls where 20 exceptions were found. The auditor identified that 16 of these 20 controls did not fully support the control objective across the full period covered by this report and therefore have qualified 16 control objectives out of a total of 48.

The exceptions can be categorised as follows:

11 were due to the control not being operated; and

9 were due to a lack of evidence being available for the auditors to inspect during testing.

SSCL confirmed that there was no material impact on client financial accounts as a result of the above findings.

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 Committee.

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

The recommendations arising from the Macpherson Review of Quality Assurance have been reviewed and we have assessed the quality assurance processes in place at the CCC as compliant with the recommendations made. We have also reviewed the quality assurance processes as 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 by the Government Internal Audit Agency (GIAA).
- Review and challenge by our Sponsor Group which includes representatives from the Department for Energy Security & Net Zero (DESNZ), Defra, and the devolved governments.

The internal audit programme is closely linked to the key risks of the CCC and the service complies with the UK Government's 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.

Fraud awareness

Our Fraud Policy and Response Plan, which sets out 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.

Whistleblowing

The CCC operates a whistleblowing policy which complies with the key elements of the Civil Service Employee Policy Whistleblowing and Raising a Concern. No reports under the whistleblowing policy have been made by employees during the year ended 31 March 2024.

Accounting Officer's conclusion

I have considered the evidence provided regarding the annual governance statement and the independent assurance provided by ARAC. The CCC received a "moderate" opinion on the framework of governance, risk management and control within the department for 2023-24 from GIAA, which was the same as the previous year.

Overall, I am satisfied that the organisation continued to embed an appropriate system of internal control and risk management during this reporting period and to improve and adapt its governance arrangements considering the risks being managed.

Emma Pinchbeck

Accounting Officer

9th December 2024

2.2 Remuneration and staff report

2.2.1 Remuneration Report

Service Contracts

Committee members

All appointments to the Committee are made jointly by the Secretary of State for Energy Security & Net Zero and the other National Authorities. Appointments to the Adaptation Committee are made jointly by the Secretary of State for Environment, Food and Rural Affairs and the other National Authorities. 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 of 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 (DESNZ 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 Members is determined jointly by all funders. In 2023-24, the Chair 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 determined jointly by all funders. In 2023-24, the Chair 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.

Chief Executive

The Chief Executive is appointed by the Committee 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. The Chief Executive's appointment must be approved by the national authorities as set out in the Climate Change Act 2008. The recruitment of the Chief Executive is carried out in accordance with the CCC's recruitment policies which are accredited by the Civil Service Commission as compliant with the Civil Service Commission's Recruitment Principles.

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.

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.

The CCC's permanent employees are public servants and their pay arrangements are governed by the policy framework set out by the Cabinet Office and HM Treasury and the CCC specific Pay Remit which is approved by the Secretary of State for Energy Security and Net Zero.

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

Senior officials – single total figure of remuneration (audited information)

The table below summarises the remuneration of the Chief Executive and the Committee and Adaptation Committee Members during 2023-24.

	Salary		Bonus Payments		Benefit in kind †		Pension Benefit		Total	
	£'000 2023-24	£'000 2022-23	£'000 2023-24	£'000 2022-23	£ 2023-24	£ 2022-23	£'000 2023-24	£'000 2022-23	£'000 2023-24	£'000 2022-23
Chief Executive										
Chris Stark	145 -150	140 -145	5 – 10	5 – 10	–	–	49	21	205 - 210	170 - 175
Committee on Climate Change										
Committee Chair										
Lord Deben*	5 - 10	35 - 40	–	–	–	–	–	–	5 - 10	35 - 40
Professor Piers Forster**	45 - 50	15 - 20	–	–	2,400	500	–	–	45 - 50	15 - 20
Committee Members										
Paul Johnson****	–	0 - 5	–	–	–	–	–	–	–	0 - 5
Professor Corinne Le Quéré	10 - 15	10 - 15	–	–	400	300	–	–	10 - 15	10 - 15
Professor Keith Bell	10 - 15	15 - 20	–	–	1,800	1,300	–	–	15 - 20	20 - 25
Professor Michael Davies***	15 - 20	15 - 20	–	–	200	600	–	–	15 - 20	15 - 20
Nigel Topping	15 - 20	–	–	–	1,400	–	–	–	20 - 25	–
Dr Steven Fries	15 - 20	–	–	–	100	–	–	–	15 - 20	–
Adaptation Sub-Committee										
Committee Chair										
Baroness Brown of Cambridge	20 - 25	15 - 20	–	–	300	300	–	–	20 - 25	15 - 20
Committee Members										
Professor Michael Davies***	5 - 10	10 - 15	–	–	100	100	–	–	5 - 10	10 - 15
Ece Ozdemiroglu*****	–	0 - 5	–	–	–	–	–	–	–	0 - 5
Rosalyn Schofield******	0 - 5	0 - 5	–	–	–	–	–	–	0 - 5	0 - 5
Professor Richard Dawson	15 - 20	20 - 25	–	–	1,100	200	–	–	20 - 25	20 - 25
Dr Benjamin Caldecott	5 - 10	5 - 10	–	–	–	–	–	–	5 - 10	5 - 10
Professor Nathalie Seddon	5 - 10	10 - 15	–	–	100	100	–	–	5 - 10	10 - 15
Dr Swenja Surminski	5 - 10	5 - 10	–	–	–	–	–	–	5 - 10	5 - 10

† Benefits in kind are rounded to the nearest £100

Nigel Topping - Salary full year equivalent 20 - 25. Total full year equivalent 20 - 25.
Dr Steven Fries - Salary full year equivalent 15 - 20. Total full year equivalent 15 - 20.
Lord Deben - Salary full year equivalent 35 - 40. Total full year equivalent 35 - 40.

*Lord Deben ceased being a member of the Committee on Climate Change on 11th June 2023.

**Professor Piers Forster became the Interim Chair of the Committee on Climate Change on 12th June 2023

***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.

****Paul Johnson ceased being a member of the Committee on Climate Change on 2nd May 2023.

*****Ece Ozdemiroglu ceased being a member of the Committee on Climate Change on 31st July 2022.

******Rosalyn Schofield's terms as a Member of the Adaptation Committee completed on 31st July 2022. The fees disclosed for 2023-24 relate to her role as Chair of the Audit and Risk Assurance Committee and for 2022-23 £2.7k relate to her role as Chair of the Audit and Risk Assurance Committee and £1.2k relate to her role as Adaptation Committee Member.

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 CCC 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 2023-24 relate to performance in 2023-24 and the comparative bonuses reported for 2022-23 related to performance in 2022-23.

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 and Adaptation 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.

Fair Pay Disclosures (audited)

Pay Ratios

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

The banded remuneration of the highest-paid director in the organisation in the financial year 2023-24 was £155k-£160k (2022-23, £145k-£150k). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2023-24	25th Percentile	Median	75th Percentile
Total remuneration (salary and benefits) £	51,504	57,854	65,679
Pay ratio	3.1	2.7	2.4
Salary component of total remuneration £	50,567	57,154	64,571

2022-23*	25th Percentile	Median	75th Percentile
Total remuneration (salary and benefits) £	42,040	55,738	64,034
Pay ratio	3.8	2.8	2.5
Salary component of total remuneration £	41,252	54,693	63,193

*2022-23 fair pay figures have been updated following a change to the calculation methodology used to better reflect the FReM requirements.

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.

There is a slight decrease in the pay ratios in 2023-24 compared to 2022-23. This is due to the higher pay award for senior staff in 2023-24. The median pay ratio for 2023-24 is assessed to be consistent with the pay, reward and progression policies for the CCC's employees taken as a whole.

In 2023-24, no (2022-23, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from the following bands £25,000 – £30,000 to £155,000 – £160,000 (2022-23: £25,000 – £30,000 to £145,000 – £150,000).

Total change in remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

- Salary and allowances; and
- Performance, pay, and bonuses of the highest paid director and of their employees as a whole.

The percentage changes are shown in the following table. It should be noted that the calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell in each year.

Percentage change for:	2022-23 v 2023-24	2021-22 v 2022-23	2023-24 £	2022-23 £
Average employee salary and allowances	6.0%	4.1%	50,000 - 55,000	50,000 - 55,000
Highest paid director's salary and allowances	3.5%	3.0%	145,000 - 150,000	145,000 - 150,000
Average employee performance pay and bonuses*	-32.8%	-24.7%	500 - 1,000	500 - 1,000
Highest paid director's performance pay and bonuses	0.0%	0.0%	5,000 - 10,000	5,000 - 10,000

*Average employee performance pay and bonuses decreased 33% from 2022-23 to 2023-24, the average performance payments fell within the following bands 2022-23 £500 – £1,000 and 2023-24 £500 – £1,500.

Pension benefits

	Accrued pension at pension as at 31/3/24 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/24 £'000	CETV 31/3/23 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Chief Executive						
Chris Stark	40 - 45 plus a lump sum of 105 - 110	2.5 – 5 plus a lump sum of 0	829	732	24	–

Committee and Adaptation 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. The Principal Civil Service Pension Schemes (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as "alpha" – are unfunded multi-employer defined benefit schemes. From 1 April 2015, a new pension scheme for civil servants was introduced, the Civil Servants and Others Pension Scheme (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). Members joining from October 2022 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

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), which has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing 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 all the above schemes are increased annually in line with Pensions Increase legislation.

The following transition arrangements were put in place for the introduction of alpha:

- Members within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015;

- Members who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch to alpha between 1 June 2015 and 1 February 2022; and

- All members who switch to alpha have their existing PCSPS benefits 'banked'. Any earlier final salary benefits members hold will be based on their final salary upon leaving alpha.

Further details of the schemes:

- Employee contributions are salary-related, and range from 4.6 to 8.05 per cent of pensionable earnings for members of classic (and those who joined alpha from classic), premium, classic plus, nuvos, and all other members of alpha;

- Benefits for classic accrue at a rate of 1/80th of final pensionable earnings for each year of service; for premium, the rate is 1/60th. Classic plus is essentially a hybrid, with benefits calculated broadly as per classic in respect of service before 1 October 2002, and as per premium since that date. Benefits in nuvos are based on pensionable earnings during the period of scheme membership, with 2.3 per cent of member's pensionable earnings credited to their earned pension account at the end of each scheme year (31 March), and the accrued pension uprated in line with Pensions Increase legislation. Alpha is similar to nuvos, except the accrual rate is 2.32 per cent; and

- A lump sum equivalent to three years' pension is payable on retirement for members of classic. For premium, there is no automatic lump sum. In all cases members may give up (commute) their pension for a lump sum up to the limits set by the Finance Act 2004.

Employers' contributions to all pension schemes in 2024-25 is expected to be in the region of £876,006.

Cash Equivalent Transfer Value

CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a result 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 arrangement which the member has transferred 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 have been calculated using the HM Treasury guidance published on 27 April 2023.

Real increase in CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by senior management.

It is worked out using common market valuation factors for the start and end of the period.

Compensation for Loss of Office (Audited)

There were no payments made for the loss of office during the accounting period (2022-23: no payments made).

Payments to past directors (Audited)

There were no payments made to past directors in the accounting period (2022-23: no payments made).

2.2.2 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 (Audited)

	2023-24 Total £	2023-24 Permanent staff £	2023-24 Other* £	2023-24 Committee members £	Year to 31 March 2023 Total £
Committee Members' remuneration	214,849	–	–	214,849	206,226
Wages and salaries	3,209,920	2,526,838	683,082	–	2,718,567
Social security costs	377,000	279,204	70,013	27,783	263,399
Other pension costs	808,814	645,703	163,111	–	555,136
Sub total	**4,610,583**	**3,451,745**	**916,206**	**242,632**	**3,743,328**
Less recoveries for secondments	–	–	–	–	–
Total net costs	**4,610,583**	**3,451,745**	**916,206**	**242,632**	**3,743,328**

*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.

Staff pension costs

The Civil Servants and Others Pension Scheme (alpha) was launched as a new pension scheme for civil servants from 1 April 2015. Details on the transition arrangements between alpha and Principal Civil Service Pension Scheme (PCSPS) are outlined from page 53. The PCSPS scheme actuary valued the scheme as at 31 March 2020. Details can be found in the valuation report by the Government Actuary Department at this address: Scheme Valuations – Civil Service Pension Scheme.

For the accounting period, employers' contributions of £808,814.46 were payable to the PCSPS at one of four rates in the range 26.6 to 30.3 per cent of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Exit packages (Audited)

No severance payments were made in the financial year (2022-23, £nil).

Compensation for loss of office (Audited)

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

Off-payroll engagements

The CCC had no off-payroll engagements during the financial (2022-23, one engagement with a cost of £13,728). The engagement reported in 2022-23 was subject to off-payroll legislation and determined as out of scope of IR35. The costs are reported within "Other" as shown in the Staff Costs table above.

Expenditure on consultancy

The CCC's spend on consultancy during the financial year 2023-24 is £nil (2022-23, £nil).

Staff numbers (Audited)

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

The increase in the average FTE of staff during 2023-24, as shown in the above table, is to manage the increased demands from the CCC's work programme.

Staff composition (Audited)

The composition of staff as of 31 March 2024 is show below:

	Female	Male
Directors - Chief Executive and Committee Members	5	9
Senior Civil Servants (pay bands 1 & 2)	1	2
Secretariat	25	16
Corporate Team	3	4
Total	**34**	**31**

Staff turnover

The staff turnover rate for 2023-24 was 17% (2022-23, 26%).

Health, safety, and wellbeing

Th CCC actively promotes the health, safety and wellbeing of its staff and has a good record in providing a safe and supportive work environment. There were no health and safety incidents for the year ended 31 March 2024 (2022-23, nil) and no accidents to report in accordance with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (2022-23, nil).

Mental wellbeing guidance and details of support available are provided to all staff. Confidential counselling and advice on work and life issues is available as well as access to an Employee Assistance Programme and trained Mental Health First Aiders.

During the period ended 31 March 2024 the average number of working days lost due to sickness absence was 1.49 days per full time equivalent (2022-23, 1.51 days).

Staff engagement survey

The CCC undertakes an annual staff engagement survey in addition to a monthly workloads and work-related wellbeing survey. Feedback from each survey is shared with the team. Following review of the survey feedback and engagement through a number of discussion forums a set of management priorities have been developed to address the feedback.

Equality, Diversity, and Inclusion

The CCC Equality, Diversity and Inclusion (EDI) Strategy, which is for all CCC employees and is also applied to all our statutory duties is published on the CCC website Careers – Climate Change Committee (theccc.org.uk).

This strategy aims to build a positive, constructive EDI culture within the CCC and to ensure that EDI informs delivery of our statutory obligations.

Personal data related incidents

There were no personal data related incidents for the year ended 31 March 2024 (2022-23, nil).

Trade union facilities time

No employees were relevant union officials during the period, consequently the CCC has no disclosures to make on payments to relevant union officials for facilities time. The CCC has no agreement in place for facilities time and therefore has nothing to disclose in relation to the percentage of time spent on facility time or paid trade union activities by employees.

2.3 Parliamentary Accountability and Audit Report

Other Parliamentary accountability disclosures

The accounts of the Committee on Climate Change ("the Committee") are audited by the Comptroller and Auditor General under the Climate Change Act 2008. The audit fee charged was £61,500 (2022-23 £28,500). The auditors did not provide any non-audit services.

The auditors have been provided with all relevant audit information necessary to complete their audit and the Accounting Officer has taken all of the necessary steps to ensure that the auditors are aware of any relevant information.

Regularity

All expenditure was applied to the purpose intended by Parliament (audited).

No fees or charges were charged by the Committee (audited).

The Committee has not incurred any losses or special payments during the reporting period to 31 March 2024 (2022-23: none) (audited).

The Committee has no remote contingent liabilities (audited).

There were no gifts either received or given over the limits proscribed in HM Treasury's Managing Public Money (audited).

Government Functional Standards

A rolling cycle of self-assessments against applicable Functional Standards is in place. Some functions, whilst relevant, have limited impact and applicability given the CCC's operations and size. Consequently, we may judge that a "good" level of assurance is sufficient rather than a "better" or "best" level of assurance.

2.4 Certificate & Report to the Comptroller & Auditor General to the Houses of Parliament, the Scottish parliament, Senedd Cymru and Northern Ireland Assembly

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 2024 under the Climate Change Act 2008.

The financial statements comprise the Committee on Climate Change's:

- Statement of Financial Position as of 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows, and Statement of Changes in Taxpayers' Equity for the year then ended; and
- The related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

In my opinion, the financial statements;

- Give a true and fair view of the state of the Committee on Climate Change's affairs as of 31 March 2024 and its net operating 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 (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). 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 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 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 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 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 is 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 financial statements and my auditor's certificate. 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.

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, the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Climate Change Act 2008

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

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

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 Report 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 by the Committee on Climate Change or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- The financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- Certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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 Accounting Officer is responsible for:

- Maintaining proper accounting records;
- Providing the C&AG with access to all information in which management is aware that is relevant to the preparation of the financial statements such as records, documentation, and other matters;
- Providing the C&AG with unrestricted access to persons within the Committee on Climate Change from whom the auditor determines it necessary to obtain audit evidence;
- Ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- Preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Climate Change Act 2008;
- Preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Climate Change Act 2008; and
- 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 Accounting Officer anticipate 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud, is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- Considered the nature of the sector, control environment and operational performance including the design of the Committee on Climate Change’s accounting policies.
- Inquired of management, the Committee on Climate Change’s head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Committee on Climate Change’s policies and procedures on:
  - Identifying, evaluating, and complying with laws and regulations.
  - Detecting and responding to the risks of 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 Committee on Climate Change’s compliance with the Climate Change Act 2008 and Managing Public Money.
- Inquired of management, the Committee on Climate Change’s head of internal audit and those charged with governance whether:
  - They were aware of any instances of non-compliance with laws and regulations;
  - They had knowledge of any actual, suspected, or alleged fraud.
- Discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Committee on Climate Change for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transaction and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Committee on Climate Change's framework of authority and other legal and regulatory frameworks in which the Committee on Climate Change operates. It focused on those laws and regulations that had a direct effect on material amounts and disclosures in 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, and employment law.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Committee and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on 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; and
- I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members 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. This description forms part of my certificate.

Other auditor's responsibilities

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

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

11 December 2024

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

Financial statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2024

	Note	£ 2023-24	£ 2022-23
Expenditure			
Staff costs	2,3	4,610,583	3,743,328
Depreciation, amortisation and loss on disposal	5,7	108,930	132,205
Depreciation on right of use assets	6	62,079	124,164
Other expenditure	4	1,930,228	1,885,145
Total operating expenditure		**6,711,820**	**5,884,842**
Net operating expenditure		**6,711,820**	**5,884,842**
Interest payable	6	71	991
Total comprehensive expenditure for the year		**6,711,891**	**5,885,833**

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 70 – 82 form part of these accounts.

Statement of Financial Position

As at 31 March 2024

	Note	£	£	£	£
		2023-24		2022-23	
Non-current assets					
Property, plant & equipment	5	5,838		108,832	
Total non-current assets			**5,838**		**108,832**
Current assets					
Trade and other receivables	9	9,217		12,064	
Cash and cash equivalents	10	1,573,060		1,716,474	
Right of use assets	6	–		62,079	
Total current assets			**1,582,277**		**1,790,617**
Total assets			**1,588,115**		**1,899,449**
Current liabilities					
Trade and other payables	11	(1,455,512)		(1,687,631)	
Lease liability	6	–		(59,541)	
Total current liabilities			**(1,455,512)**		**(1,747,172)**
Non-current assets plus/less net current assets/liabilities			**132,603**		**152,277**
Non-current liabilities					
Provisions	12	(39,100)		(39,100)	
Lease liability	6	–		–	
Total non-current liabilities			**(39,100)**		**(39,100)**
Total assets less total liabilities			**93,503**		**113,177**
Taxpayers' equity					
General reserve			93,503		113,177
Total Equity			**93,503**		**113,177**

The financial statements on pages 66 – 69 were approved by the Committee on 9th December 2024 and signed on its behalf by:

Emma Pinchbeck
Accounting Officer
9th December 2024

The notes on pages 70 – 82 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2024

	Note	£ 2023-24	£ 2022-23
Cash flows from operating activities			
Net expenditure		(6,711,891)	(5,885,833)
Adjustments for depreciation and amortisation	5,6,7	171,080	257,362
(Increase)/Decrease in trade and other receivables	9	2,848	(5,750)
(Decrease)/Increase in trade payables	11	(232,116)	81,061
Net cash (outflow) from operating activities		**(6,770,079)**	**(5,553,160)**
Cash flows from Investing activities			
Purchase of property plant and machinery	5	(5,937)	–
Net cash (outflow) from investing activities		**(5,937)**	**–**
Cash flows from financing activities			
Grant from sponsoring department		6,692,217	6,356,266
Repayments of principal on leases	6	(59,544)	(125,433)
Interest charged on leases	6	(71)	(991)
Net cash inflow from financing activities		**6,632,602**	**6,229,842**
Net decrease in cash and cash equivalents in the period	10	(143,414)	676,682
Cash and cash equivalents at the beginning of the period		**1,716,474**	**1,039,792**
Cash and cash equivalents at the end of the period		**1,573,060**	**1,716,474**

The notes on pages 70 – 82 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2024

	£ General Reserve
Balance at 31 March 2022	**(357,256)**
Changes in Taxpayers' Equity 2022-23	
Grants from sponsoring department	6,356,266
Comprehensive Expenditure for the year	(5,885,833)
Balance at 31 March 2023	**113,177**
Changes in Taxpayers' Equity 2023-24	
Grants from sponsoring department	6,692,217
Comprehensive Expenditure for the year	(6,711,891)
Balance at 31 March 2024	**93,503**

The notes on pages 70 – 82 form part of these accounts.

1. Notes to the Accounts

1. Statement of accounting policies
In accordance with Schedule 1, Section 24(2) of the Climate Change Act 2008 and the Accounts Direction issued by the Minister for Energy Security and Net Zero these financial statements have been prepared in accordance with the 2023-24 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

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

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

1.2 Changes in accounting policy and disclosures

<u>Applicable accounting standards issued, but not yet adopted, and FReM changes for 2023-24.</u>

The CCC has adopted the new standard IFRS 17 'Insurance contracts' as amended in December 2021 effective for the annual reporting period beginning 1 April 2023 replacing IFRS 4. Due to the nature of the CCC's activities, the CCC has no contracts that are in scope of this standard and therefore the financial statements are not affected by this adoption.

The CCC has adopted the following new amendments to IFRSs and International Accounting Standards ('IASs') that became mandatorily effective for the group for the first time in the financial year. The amendments have been issued and endorsed by the UK Endorsement Board ('UKEB') and do not have a significant impact on the group's consolidated financial statements.

- Amendments to IAS 1 relating to the disclosure of accounting policy and materiality judgements.
- Narrow scope amendments to IAS 8 'Accounting policies, change in accounting estimates and errors' relating to the definition of accounting estimates.
- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'.

The following new standards and amendments to existing standards have been issued, are not effective for the current reporting period and are not expected to have a significant impact on the CCC's financial statements:

- New standard IFRS 18 'Presentation and Disclosure in Financial Statements' which will replace IAS 1 'Presentation of Financial statements' issued in April 2024 and effective from accounting periods starting on or after 1 January 2027.

- Amendments to IAS 1 – Non-current liabilities with covenants issued in November 2022 and effective from accounting periods starting on or after 1 January 2024.

- Amendments to IFRS 16 – Leases on sale and leaseback issued in September 2022 and effective from accounting periods starting on or after 1 January 2024.

- Amendments to IAS 7 and IFRS 7 – Supplier finance issued in May 2023 and effective from accounting periods starting on or after 1 January 2024.

- Amendments to IAS 21 – Lack of Exchangeability issued in August 2023 and effective from accounting periods starting on or after 1 January 2025

1.3 Significant judgements and estimates
The CCC has had no significant accounting judgements during financial year 2023-24. The provision for the dilapidations remained at £39,100 pending agreement of the dilapidation payment due.

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 £4,000 or more, including VAT. These assets are reported at fair value.

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 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 £4,000 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 DESNZ, Defra and the devolved governments 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 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).

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

1.10 Employee Benefits

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

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

1.11 Value added tax (VAT)

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

1.12 Leases

IFRS 16 has been applied to the CCC from 1 April 2022. At the inception of each contract, the CCC assesses whether the contract is, or contains a lease, where a lease is any arrangement which conveys the right to control an asset for a period of time in exchange for consideration. The CCC recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and is depreciated on a straight-line basis over the residual lease term. The lease liability is initially measured at the present value of remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, a rate determined by HM Treasury and based on government's incremental borrowing rate.

2. Analysis of net expenditure by segment

	Committee on Climate Change £ 2023-24	Adaptation Committee £ 2023-24	Total £ 2023-24	Committee on Climate Change £ 2022-23	Adaptation Committee £ 2022-23	Total £ 2022-23
Staff Costs						
Committee members	134,441	80,408	214,849	120,827	85,399	206,226
Staff	2,777,636	1,618,098	4,395,734	2,619,475	917,627	3,537,102
Total Staff Costs	**2,912,077**	**1,698,506**	**4,610,583**	**2,740,302**	**1,003,026**	**3,743,328**
Other Costs						
Research	420,124	512,420	932,544	552,375	524,486	1,076,861
Occupancy	63,869	149,584	213,453	239,637	91,679	331,316
Shared services	54,843	34,885	89,728	30,441	(3,659)	26,782
IT service costs	84,026	55,959	139,985	83,494	55,662	139,156
Communications	70,562	61,397	131,959	12,386	14,664	27,050
Travel and subsistence	28,513	14,148	42,661	16,443	16,414	32,857
Corporate services	174,786	116,887	291,673	90,003	92,759	182,762
Learning and development	17,166	5,549	22,715	19,665	6,223	25,888
Telephony	2,296	948	3,244	1,153	478	1,631
Conferences and events	–	–	–	2,132	1,422	3,554
Auditor's remuneration	36,900	24,600	61,500	17,100	11,400	28,500
Other	480	286	766	6,714	2,074	8,788
Total	**953,565**	**976,663**	**1,930,228**	**1,071,543**	**813,602**	**1,885,145**
Non-Cash Items						
Depreciation / amortisation	112,433	–	112,433	236,001	–	236,001
Loss on disposal	58,576	–	58,576	20,368	–	20,368
Increase/(decrease) in provision	–	–	–	–	–	–
Total Other Costs	**1,124,574**	**976,663**	**2,101,237**	**1,327,912**	**813,602**	**2,141,514**
Total Net Operating Costs	**4,036,651**	**2,675,169**	**6,711,820**	**4,068,214**	**1,816,628**	**5,884,842**

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 and procurement activity. All assets and liabilities are held centrally by the CCC and it is therefore not appropriate to apportion these between operating segments.

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

	£	£	£	£
	2023-24		2022-23	
Administration costs				
Research	932,544		1,076,861	
Occupancy	213,453		331,316	
Shared services	89,728		26,782	
IT service costs	139,985		139,156	
Communications	131,959		27,050	
Travel and subsistence	42,661		32,857	
Corporate services	291,673		182,762	
Learning and development	22,715		25,888	
Telephony	3,244		1,631	
Conferences and events	–		3,554	
Auditor's remuneration	61,500		28,500	
Other	766		8,788	
		1,930,228		**1,885,145**
Non-Cash Items				
Depreciation / amortisation		112,433		236,001
Loss on disposal		58,576		20,368
Total Expenditure		**2,101,237**		**2,141,514**

The 2023-24 Auditor's remuneration of £61,500 includes £16,500 which relates to additional charges for the 2022-23 audit.

5. Property, plant and equipment

2023-24	**Furniture and Fittings £**	**Technology £**	**Total £**
Cost			
At 1 April 2023	**251,219**	**–**	**251,219**
Additions / transfers	–	5,937	5,937
Disposals	(58,576)	–	(58,576)
At 31 March 2024	**192,643**	**5,937**	**198,580**
Depreciation			
At 1 April 2023	**(142,387)**	**–**	**(142,387)**
Charged in year	(50,256)	(99)	(50,354)
Disposals	–	–	–
At 31 March 2024	**(192,643)**	**(99)**	**(192,741)**
Net Book Value at 31 March 2024	**–**	**5,838**	**5,838**
Net Book Value at 31 March 2023	**108,832**	**–**	**108,832**
Asset financing			
Owned	–	5,838	5,838
Leased	–	–	–
Net Book Value at 31 March 2024	**–**	**5,838**	**5,838**

2022-23	**Furniture and Fittings £**	**Technology £**	**Total £**
Cost			
At 1 April 2022	**320,440**	**13,257**	**333,697**
Additions	–	–	–
Disposals	(69,221)	(13,257)	(82,478)
At 31 March 2023	**251,219**	**–**	**251,219**
Depreciation			
At 1 April 2022	**(87,905)**	**(6,196)**	**(94,101)**
Charged in year	(108,186)	(2,210)	(110,396)
Disposals	53,704	8,406	62,110
At 31 March 2023	**(142,387)**	**–**	**(142,387)**
Net Book Value at 31 March 2023	**108,832**	**–**	**108,832**
Net Book Value at 31 March 2022	**232,535**	**7,061**	**239,596**
Asset financing			
Owned	108,832	–	108,832
Leased	–	–	–
Net Book Value at 31 March 2023	**108,832**	**–**	**108,832**

Furniture and fittings as at 31 March 2023 comprised items used in the CCC's office at 1 Victoria Street. An accelerated depreciation charge was processed during 2023-24 to reflect the reduced useful economic life of the assets which were not transferred to the new CCC office at 10 South Colonnade.

6. Leases

	Land & Buildings £
Cost or Valuation	
At 1 April 2023	**310,407**
Additions	–
At 31 March 2024	**310,407**
Depreciation	
At 1 April 2023	**248,328**
Charged in year	62,079
At 31 March 2024	**310,407**
Carrying Amount	**–**

	Land & Buildings £
Cost or Valuation	
At 1 April 2022	**–**
Additions	310,407
At 31 March 2023	**310,407**
Depreciation	
At 1 April 2022	**–**
Charged in year	124,163
At 31 March 2023	**124,163**
Carrying Amount	**186,244**

Lease liabilities

	£ 31 March 2024	£ 31 March 2023
Amounts falling due:		
Not later than one year	–	59,541
Later than one year and not later than 5 years		–
Later than five years	–	–
Total	**–**	**59,541**

Amounts recognised in the Statement of Comprehensive Net Expenditure

	£ 31 March 2024	£ 31 March 2023
Amounts falling due:		
Net operating expenditure	62,079	124,164
Interest expense	71	991
Total	**62,150**	**125,155**

Amounts recognised in the Statement of Cash Flows

	£ 31 March 2024	£ 31 March 2023
Amounts falling due:		
Net operating expenditure	59,544	125,433
Interest expense	71	991
Total	**59,615**	**126,424**

7. Intangible assets

2023-24	Software Licences £	Total £
Cost		
At 1 April 2023	**–**	**–**
Additions / transfers	–	–
Disposals	–	–
At 31 March 2024	**–**	**–**
Amortisation		
At 1 April 2023	**–**	**–**
Charged in year	–	–
Disposals	–	–
At 31 March 2024	**–**	**–**
Net Book Value at 31 March 2024	**–**	**–**
Net Book Value at 31 March 2023	**–**	**–**
Asset financing		
Owned	–	–
Finance leased	–	–
Net Book Value at 31 March 2024	**–**	**–**

2022-23	Software Licences £	Total £
Cost		
At 1 April 2022	**12,368**	**12,368**
Additions	–	–
Disposals	(12,368)	(12,368)
At 31 March 2023	**–**	**–**
Amortisation		
At 1 April 2022	**(10,927)**	**(10,927)**
Charged in year	(1,441)	(1,441)
Disposals	12,368	12,368
At 31 March 2023	**–**	**–**
Net Book Value at 31 March 2023	**–**	**–**
Net Book Value at 31 March 2022	**1,441**	**1,441**
Asset financing		
Owned	–	–
Finance leased	–	–
Net Book Value at 31 March 2023	**–**	**–**

8. Financial Instruments

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

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

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

9. Trade receivables and other current assets

	£ 31 March 2024	**£ 31 March 2023**
Amounts falling due within one year:		
Trade receivables and other receivables	–	4,111
Deposits and advances	7,928	7,953
Other receivables	1,288	–
Balance at 31 March	**9,216**	**12,064**

10. Cash and cash equivalents

	£ 31 March 2024	£ 31 March 2023
Balance at 1 April	1,716,474	1,039,792
Net change in cash and cash equivalent balances	(143,414)	676,682
Balance at 31 March	**1,573,060**	**1,716,474**
The following balances at 31 March were held at:		
Government banking service accounts	1,573,060	1,716,474
Balance at 31 March	**1,573,060**	**1,716,474**

11. Trade payables and other current liabilities

	£ 31 March 2024	£ 31 March 2023
Amounts falling due within one year:		
Other taxation and social security	96,017	78,449
Trade payables	75,201	223,151
Capital creditors and accruals	5,936	–
Accruals and deferred income	1,098,371	1,214,215
Pension contributions	86,642	69,865
Staff unpaid leave accrual	93,345	101,951
Balance at 31 March	**1,455,512**	**1,687,631**

12. Provision for liabilities and charges

	£ 31 March 2024	£ 31 March 2023
Dilapidations balance:	**39,100**	**39,100**
Provision utilised	–	–
Provisions written back	–	–
Provided for in year	–	–
Balance at 31 March	**39,100**	**39,100**

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.

	£ 31 March 2024	£ 31 March 2023
Expected timing of cash flows:		
No later than one year	39,100	–
Later than one year and not later than five years	–	39,100
Later than 5 years	–	–
Total	**39,100**	**39,100**

13. Related-party transactions

	Grant in Aid		Project Funding		Purchased Services	
	£ 2023-24	£ 2022-23	£ 2023-24	£ 2022-23	£ 2023-24	£ 2022-23
Related parties:						
Department for Energy Security and Net Zero	6,692,217	6,356,266	–	–	–	–
Department for Environment, Food and Rural Affairs	–	–	–	–	185,095	166,073
Heritage Lottery Fund	–	–	–	–	–	–
Government Property Agency	–	–	–	–	213,760	328,598
University College London	–	–	–	–	–	–
University of Leeds	–	–	–	–	444	–
Shared Services Connected Limited	–	–	–	–	–	–

Fees and expenses paid to Committee Members are disclosed in the Remuneration Report.

14. Events after the reporting period

On 25th April 2024 the CCC signed a Licence to Occupy an office at 10 South Colonnade, London, E14 4PU which will run until 27th June 2032. Following a review of the Licence Agreement the CCC expects to recognise the asset as a right of use asset in the financial statements for the year ended 31 March 2025.

Consequently, the following impacts are expected in the financial statements for the year ending 31 March 2025:

- A right-of-use asset will be recorded in the Statement of Financial Position, estimated to be approximately £1,697k.

- A current lease liability of approximately £251k and a non-current lease liability of approximately £1,329k will also be recorded.

- Interest costs of approximately £79k and depreciation costs of approximately £210k will be recognised in the Statement of Comprehensive Income.

This event is considered a non-adjusting event after the reporting period as it reflects conditions that arose after 31 March 2024.

The Accounting Officer has authorised these Accounts to be issued on the same day as they were certified.

Annual Report and Accounts 2023-24

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