



Committee on  
Climate Change

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# ANNUAL REPORT AND ACCOUNTS 2008-09

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# Committee on Climate Change

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## Annual Report and Accounts

26 November 2008 to 31 March 2009

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

Ordered by the House of Commons to be  
printed on 16 July 2009

HC 732  
London: The Stationery Office  
£14.35  
SG 48325  
NIA01/09-10

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ISBN: 9780102959284

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# Chairman's Message

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The Committee on Climate Change (CCC) was set up in November 2008 to provide robust and independent advice to Government on climate change.

This year, we produced our first report on the 2050 target and the level of the UK's first three carbon budgets. I am delighted that the Government has accepted our advice and is now preparing to put policies in place to meet the carbon budgets and 2050 target. This will allow them to demonstrate, as part of efforts to meet a global agreement on climate change, that the UK is committed to making radical cuts in emissions.

Despite the backdrop of global economic recession, significant progress has been made this year towards tackling climate change. The Committee is glad to see that

the Government remains committed to that task. We have broad support across all political parties for policies that will lead to the development of a low-carbon economy in the UK, and this has been backed up by positive action taken by business and industry and by Non Governmental Organisations (NGOs). I am confident that we can achieve even more in 2009-10.

Next year, we will produce a detailed roadmap of exactly what policies and efforts will be required to green our economy, looking at the power sector, at transport, and at how emissions can be reduced from buildings and industry.

We have also been asked by the Secretary of State for Transport to produce a review of the future of aviation in the UK, and in particular, to advise on how we can keep aviation emissions in 2050 to below 2005 levels, drawing out any implications for airport expansion.

As well as our work on mitigation; we have started work on assessing the possible impacts of climate change in the UK. Members have been appointed to an Adaptation Sub-Committee and I am pleased to welcome Lord John Krebs as its Chair.

Lastly, I would like to thank the other members of the Committee and the CCC's staff who have worked so hard this year in establishing the organisation and in producing our first report. I would also like to thank the many organisations and individuals who work across the spectrum on climate change and who have engaged with us, helping to shape our analysis and responding to our conclusions.

**Lord Adair Turner**

Chair of the Committee on Climate Change  
8 July 2009

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**THE CCC IS A WORLD FIRST, AN  
INDEPENDENT ORGANISATION  
WHICH HOLDS THE UK  
GOVERNMENT TO ACCOUNT  
IN THE PLEDGES IT MAKES TO  
REDUCE EMISSIONS.**

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# Chief Executive's Message

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This has been a landmark year for climate change.

On 26 November 2008, the Climate Change Bill became a legal Act, ensuring that the Government must make progress towards reducing emissions by meeting five-yearly carbon budgets. Prior to this, in October a new Department for Energy and Climate Change was formed.

The targets we have advised on for the UK are designed as a fair contribution towards a global deal which aims to limit temperature rises to around 2 degrees. This will mean that we avoid exposing ourselves to the risks of dangerous climate change, which would have serious consequences for us all.

Our findings clearly show that with the right policies in place, and with public support, we can reduce our emissions dramatically without having a negative impact on our quality of life.

Our first report concluded that the UK can meet its carbon budgets and achieve an 80% emissions cut in 2050 at a cost to the economy of less than 1% of GDP. We argue that this is a small price to pay, if we can avoid the worst impacts of climate change. There will also be benefits in terms of cleaner and more secure energy, and jobs in the low carbon economy.

The decision to set a carbon budget alongside the financial budget, illustrates

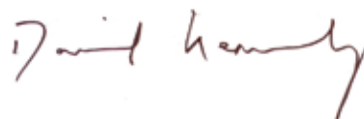
just how seriously Government takes this issue, plus how interlinked the economy and the environment have become.

As a result of this, and because of the forthcoming global conference at Copenhagen in December, a real sense of urgency has developed. We need action now both at home and abroad to tackle climate change.

Apart from producing our first report, steering the CCC through its first year as an independent body has been a rollercoaster ride. We have staffed the organisation with a group of very talented and committed people, moved offices three times, launched a website and communications function, established relationships with all of the key players in UK climate change policy, and set up HR and finance structures from scratch.

I have had the pleasure of working with a great team of people within the CCC and of meeting large numbers of people who are trying to make a difference in the field of climate change, across Government, business, industry, academia and in the not-for-profit sectors.

I am looking forward to a busy year ahead and a global deal being reached at Copenhagen.



**David Kennedy**  
Chief Executive of the  
Committee on Climate Change  
8 July 2009



# Management Commentary

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## Our Structure *Committee on Climate Change*



**LORD ADAIR TURNER**  
**CHAIRMAN**

**Lord Adair Turner of Ecchinswell** is Chair of the CCC and Financial Services Authority. He has previously been Chair at the Low Pay Commission, Chair at the Pension Commission, and Director-General of the Confederation of British Industry (CBI).



**DAVID KENNEDY**  
**CHIEF EXECUTIVE**

**David Kennedy** is the Chief Executive of the CCC. Previously he worked on energy strategy at the World Bank, and design of infrastructure investment projects at the European Bank for Reconstruction and Development. He has a PhD in economics from the London School of Economics.



**DR SAMUEL FANKHAUSER**

**Dr Samuel Fankhauser** is a Principal Research Fellow at the Grantham Research Institute on Climate Change at the London School of Economics. He is a former Deputy Chief Economist of the European Bank for Reconstruction and Development and former Managing Director (Strategic Advice) at IDEAcarbon.



**PROFESSOR**  
**MICHAEL GRUBB**

**Professor Michael Grubb** is Chief Economist at the UK Carbon Trust and Chairman of the international research network Climate Strategies. He is also senior research associate at Cambridge University and holds a visiting professorship at Imperial College.

**SIR BRIAN HOSKINS**

**Professor Sir Brian Hoskins**, CBE, FRS is the Director of the Grantham Institute for Climate Change at Imperial College, London and Professor of Meteorology at the University of Reading. He is a Royal Society Research Professor and is also a member of the National Science Academies of the USA and China.

**PROFESSOR JULIA KING**

**Professor Julia King** became Vice-Chancellor of Aston University in 2006, having previously been Principal of the Engineering Faculty at Imperial College, London, before that she held various senior positions at Rolls-Royce plc in the aerospace, marine and power business groups. In March this year, she delivered the 'King Review' that examined vehicle and fuel technologies that, over the next 25 years, could help to reduce carbon emissions from road transport.

**LORD ROBERT MAY**

**Professor Lord May** of Oxford, OM AC FRS holds a Professorship jointly at Oxford University and Imperial College. He is a Fellow of Merton College, Oxford. He was until recently President of The Royal Society, and before that Chief Scientific Adviser to the UK Government and Head of its Office of Science & Technology.

**PROFESSOR  
JIM SKEA**

**Professor Jim Skea** is Research Director at UK Energy Research Centre (UKERC) having previously been the Director at the Policy Studies Institute (PSI). He has also acted as Launch Director for the Low Carbon Vehicle Partnership and was Director of the Economic and Social Research Council's Global Environmental Change Programme.

**LORD JOHN KREBS**

**Lord Krebs** is Chair of the ASC and Principal of Jesus College, Oxford University. He is also a member of the CCC.

He sits in the House of Lords as an independent cross-bencher and is currently chairing an enquiry by the Science and Technology Select Committee into Nanotechnology and Food. Lord Krebs was the first Chairman of the British Food Standards Agency (2000-05) and between 1994 and 1999, was Chief Executive of the Natural Environment Research Council. He has received numerous awards and honorary degrees for his scientific work and is a fellow of the Royal Society.

### *The Secretariat*

The Committee employs a Chief Executive and a Secretariat of 22 full time equivalent staff made up of economists and scientists to provide analytical support and specialists in communications, HR and finance to provide corporate support to the CCC and ASC.

### *The Adaptation Sub-Committee*

An Adaptation Sub-Committee (ASC) has been set up from 1 April 2009, to support the Committee in its scrutiny of the Government's work to ensure that the UK is adapting to climate change. The Sub-Committee utilises 6 of the CCC's existing secretariat staff.

**CLIMATE CHANGE POSES A HUGE  
THREAT TO HUMAN WELFARE.  
WE CAN TACKLE CLIMATE  
CHANGE AND CONTAIN THIS  
THREAT, IF WE ACT NOW.**

## Our role

The CCC's role is to advise on setting and meeting carbon budgets and thereby building a low-carbon economy.

The CCC was established as a statutory Non-Departmental Public Body on the 26 November 2008 when the Climate Change Bill became an Act. It is jointly-sponsored by the Department of Energy and Climate Change (DECC), the Scottish Government, the Welsh Assembly Government and the Northern Ireland Executive.

The Office for Climate Change within DECC undertook the pre-vesting activities to enable the CCC to function as a stand-alone entity from 26 November 2008. This pre-vesting activity included recruitment of members and staff to the Committee and Secretariat, initiating the analytical evidence base required for the first advice report and establishing the systems and processes for finance, HR and corporate governance.

The CCC:

- Advises on the level of the UK's carbon budgets. These define the maximum level of CO<sub>2</sub> and other greenhouse gases which the UK will emit in each 5 year budget period, beginning with 2008-2012.
- Assesses Government's progress against climate targets and providing annual reports to Parliament on progress.
- Conducts independent analysis

into climate change, science, economics and policy as these relate to carbon budgets and as requested either by the UK Government or Devolved Administrations.

- Scrutinises the preparation of the UK Climate Change Risk Assessment and the Government's Adaptation Programme.
- Shares findings with a wide range of organisations and individuals with an interest in climate change.
- The CCC is responsible to the UK Parliament, the Secretary of State for Energy and Climate Change, the Secretary of State for the Environment, and Environment Ministers from the Devolved Administrations of Northern Ireland, Scotland and Wales.

## Our staff

The CCC secretariat is made up of 22 full time equivalent staff, including economists and scientists to provide analytical support, and specialists in communications, HR and finance, to provide corporate support.

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. We also seek to provide effective

and appropriate learning and development opportunities for all staff helping them to fulfil their individual and team potential.

A staff handbook and an annual performance appraisal system has been designed and agreed. It will become fully operational for the year commencing 1 April 2009.

CCC actively manages the social and environmental impact of its activities. As part of this for example, staff will be undertaking an annual volunteering day to serve the community in the summer of 2009.

## Our operations

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

- Payroll, procurement, accounting and human resources through Department for Environment Food and Rural Affairs (Defra) Shared Services; and
- IT infrastructure and services through IBM, Defra's IT partner

Priorities for IT and shared services delivery are kept under review to ensure they remain efficient and effective.

### Supplier Payment

In accordance with government guidelines, it is the CCC's policy to pay all suppliers within 10 days of receipt of a valid invoice. The time taken from an invoice being

raised by a supplier to being paid, was 44 days in December 2008 falling to 16 days in March 2009. The Defra Shared Services Division (SSD) administers payments to suppliers on behalf of the CCC and the payment delays at the start of the period were due to suppliers having to submit forms to SSD to be registered on the system before their invoices could be paid.

Throughout the period, the trend has continued to drop in payment timescales so that the CCC approaches the desired payment time of 10 days. Controls are being continuously improved to ensure this is in place for 2009-10.

### Sickness Absence

During the period ended 31 March 2009 the average number of working days lost due to sick absence was 0.41 days per full time equivalent.

**THE FIRST THREE CARBON BUDGETS ARE DESIGNED TO LEAD TO A 34% REDUCTION IN EMISSIONS BY 2020 (21% BELOW TODAY'S LEVELS)**

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### **Personal Data Related Incidents**

There were no personal data related incidents for the period ended 31 March 2009.

### **Financial Instruments**

The CCC is not exposed to liquidity, interest rate or currency risk. Details of financial assets and liabilities are provided in note 14 to the accounts.

### **Pension Liabilities**

CCC employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the details of this and pension liabilities are given in the Remuneration report and accounting policy notes.

### **Corporate Communications**

The CCC communicates with a wide range of individuals and organisations that have an interest in climate change. The CCC's inaugural report was launched at events in London, Cardiff, Belfast and Edinburgh, which were attended by a broad range of representatives from different organisations involved in climate change. Sector specific workshops were also held throughout the period on buildings, power, aviation and shipping and transport in order to discuss and share our emerging thinking with experts in the field. Individual members of the CCC team met with a large number of people and organisations on a bilateral basis.

The CCC's website was launched on 1 December 2008, alongside the publication of its inaugural report. Since December, more than 60,000 unique visitors have used the site. An electronic newsletter is also sent to over 2,500 people each month to keep them up-to-date with the CCC's work. The CCC's reports, news, upcoming events and minutes of committee meetings are published on the website to ensure transparency.

Media coverage of the CCC's December report reached around 25 million people across the UK and the CCC has continued to appear regularly in the national and sector press. The CCC's Chair and Chief Executive speak regularly at events held on the subject of climate change and the economy.

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**THE UK NEEDS TO REDUCE  
EMISSIONS OF GREEN  
HOUSE GASES (GHGs) BY  
AT LEAST 80% IN 2050.**



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## Pre-vesting highlights

In 2008, the Office for Climate Change within DECC produced the first work plan for the CCC after consulting with a variety of people from across the climate change sector, including people that work in business and industry, NGOs, academics and Government departments. A team of staff were recruited with expertise in science and economics to conduct the CCC's analysis, alongside the recruitment of eminent scientists and economists to make up the Committee's board.

In October, at the request of the UK Government, the Office for Climate Change within DECC provided interim advice on the level of the 2050 target for reducing greenhouse gas emissions against a 1990 baseline. This was in response to an ongoing debate within Parliament on the level of the 2050 target and the need to meet an earlier resolution. The interim advice was that the UK should work towards achieving a reduction in emissions of greenhouse gases of at least 80% (instead of at least 60% reduction in carbon dioxide emissions) by 2050. This would be a fair contribution as part of a global effort to tackle climate change and bring about a 50% global cut in emissions, designed to limit central estimates of global temperature rise to around 2 degrees, thereby avoiding the worst dangers of climate change. The UK Government accepted the advice and put the 80% target in the Climate Change Act.

## CCC's performance highlights from 26 November 2008

On 26 November 2008, the CCC was established as an independent statutory body following Royal Assent of the Climate Change Act 2008.

On 1 December the CCC's inaugural report *Building a low-carbon economy – the UK's contribution to tackling climate change* was launched at an event in London, attended by the Secretary of State for Energy and Climate Change, Ed Miliband. Media coverage from the reports launch reached over 25 million people across the UK. The report set out the CCC's advice on setting and meeting carbon budgets, the 2050 target, the role of aviation and shipping, and scope of the UK's framework which would cover all Kyoto greenhouse gases. Regional launch events were held in Cardiff, Belfast and Edinburgh and attended by Ministers from the Devolved Administrations.

In January, the CCC began developing its next work plan and was also asked by the Government to undertake a review into aviation emissions. This followed on from the Government's decision to give the go-ahead for a third runway to be built at Heathrow Airport. The Secretary of State for Transport wrote to the CCC to request that a report outlining how aviation emissions can be kept at 2005 levels be laid before Parliament before December 2009.

In March, the CCC's Corporate Plan for 2009-12 was approved by the Sponsor's Group, subject to finalisation of resource allocation.

Members of the CCC attended the UN 2009 Climate Summit in Copenhagen.

In April the Government accepted the CCC's advice on the Interim budget up to 2020 and to put the first three carbon budgets into legislation by 1st June 2009, thereby accepting an emissions reduction target of 34% by 2020. The Government also accepted the CCC's advice on offsetting – that the UK should not use offset credits as part of the Interim budget, but should make the majority of its efforts to reduce emissions domestically, prior to a global deal being reached. After a global deal is reached, a more ambitious target can be set (42%) and this can be partly met through the purchase of credits.

The Government issued proposals for a new framework for investment in coal fired generation that is a direct response to the CCC's proposals.

The CCC welcomed Government's announcement that any new coal fired plants should only be built with the expectation that Carbon Capture and Storage (CCS) technology can be retrofitted, and that funding would be available for the development of between two to five CCS demonstration projects.

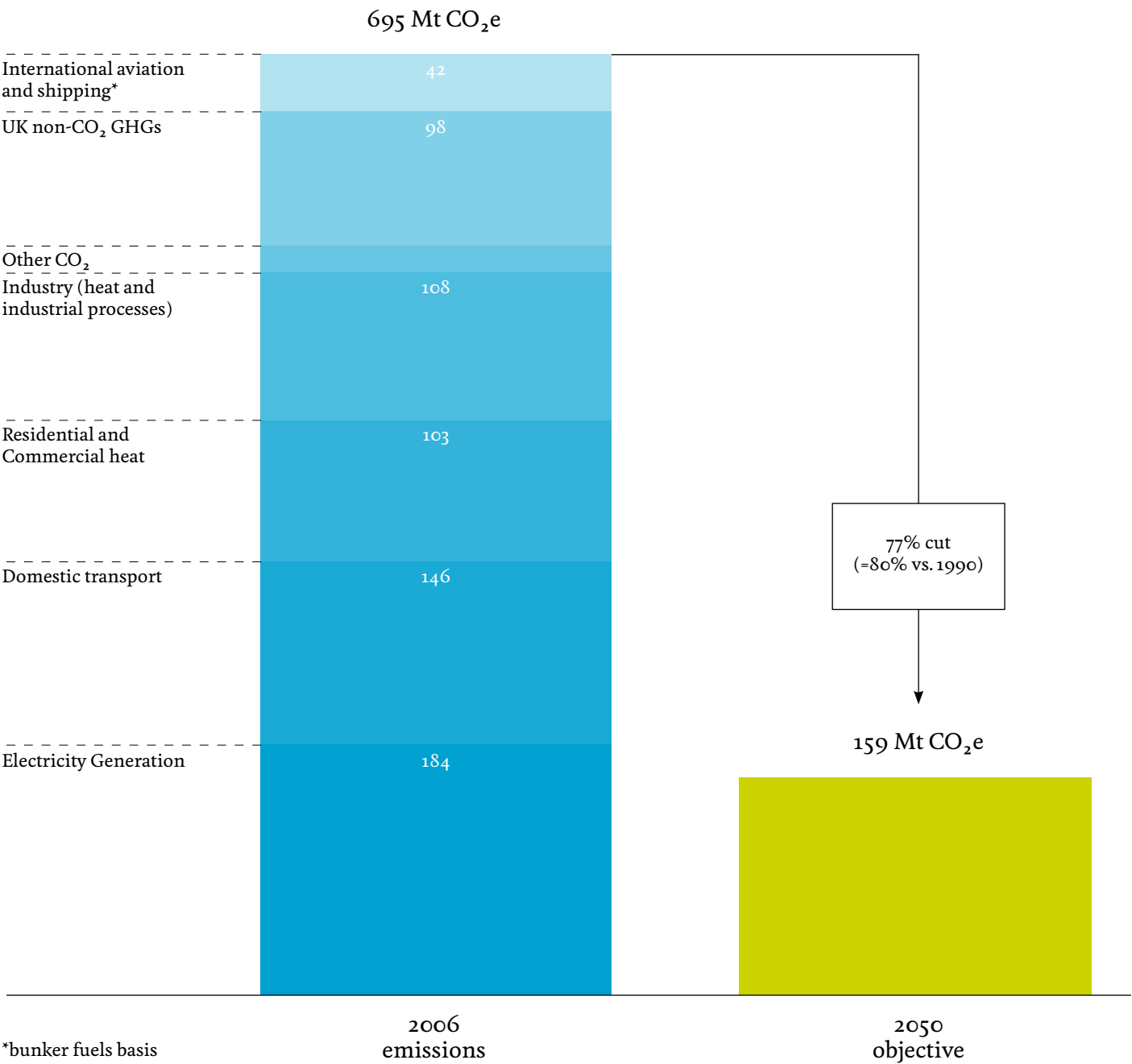
### Building a low-carbon economy - The UK's contribution to tackling climate change – December 2008

This report set out what the long-term 2050 target should be to reduce emissions of greenhouse gases in the UK. The CCC recommended that an 80% reduction in emissions was required across all sectors by 2050, representing a reduction from 695 MtCO<sub>2</sub> emitted in 2006 to 159 MtCO<sub>2</sub> to be emitted in 2050. This is shown in **figure 1** opposite:

**WE HAVE TO DO THINGS  
DIFFERENTLY. BUT WE ARE NOT  
TALKING ABOUT UNDERMINING  
OUR WAY OF LIFE. TACKLING  
CLIMATE CHANGE MAKES  
BOTH ECONOMIC AND  
ENVIRONMENTAL SENSE.**



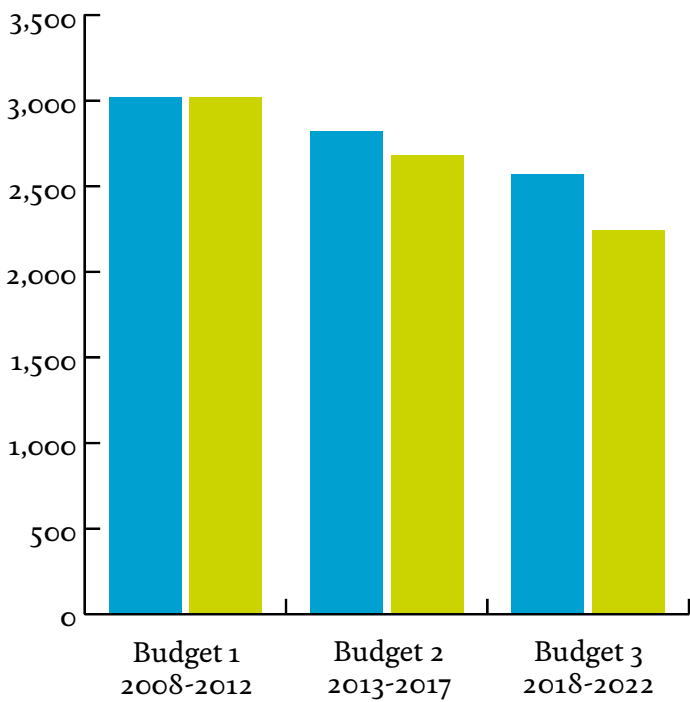
Fig. 1: The scale of the challenge - UK National Atmospheric Emissions Inventory



The report also contained the CCC’s recommendations on what the level of the first three carbon budgets should be for 2008 to 2022, as shown in **figure 2** opposite. Carbon budgets set a ceiling on the emissions that can be produced in any five year period. The report set out how recommended budgets could be achieved through measures to reduce emissions in power, buildings, transport, agriculture and waste. The Government has accepted the CCC’s Interim budget, committing to a 34% reduction in emissions by 2020, through measures recommended by the CCC.

**Fig. 2: CCC’s Greenhouse gas budgets for the UK 2008-2022**

	Budget 1 2008-2012	Budget 2 2013-2017	Budget 3 2018-2022
Interim budget (MtCO <sub>2</sub> e)	3,018	2,819	2,570
Intended budget (MtCO <sub>2</sub> e)	3,018	2,679	2,245



## Our Business Objectives —2009-10

Our Business Objectives are:

- **To fulfil duties set out for the CCC under the Climate Change Act, including reporting on progress made towards meeting carbon budgets.**

We will achieve this by:

- Developing an analytical work plan to deliver our first progress report to Parliament in October 2009.
- Building a research and evidence base and developing leading indicators.
- Starting work on setting the fourth carbon budget (2023-2027).
- Responding to ad hoc requests for advice from UK Government and Devolved Administrations (for example to review UK aviation emissions, to advise on setting annual emissions reduction targets under the Scottish Climate Change Bill, to support the

Welsh Assembly Government's Climate Change Strategy and review the framework for low-carbon Research & Development).

- Engaging with representatives working on climate change to share research and gain input into our analysis.
- Scrutinising the preparation of the UK Climate Change Risk Assessment; and implementation of the Government's Adaptation Programme.
- Providing advice on the Carbon Reduction Commitment.
- Assessing the options available for reducing emissions from agriculture.

- **To ensure that the CCC operates as a responsible and effective NDPB, meeting our statutory requirements.**

We will achieve this by:

- Adopting corporate processes to ensure transparency.
- Developing corporate and HR processes that facilitate the hiring, retention and development of a skilled and professional workforce.
- Establishing appropriate internal controls, controlling costs and driving efficiency.
- Ensuring independent financial reporting and accounting arrangements are in place.
- Putting in place sustainable and effective environmental policies.
- Communicating the CCC's findings using a variety of channels to people from across the climate change sector.

**IT IS POSSIBLE TO TACKLE CLIMATE CHANGE WITHOUT HARMING OUR ECONOMY, AT A COST OF LESS THAN 1% GDP IN 2020.**

## Deliverables in 2009-10

In 2009-10, the CCC will publish the following reports on climate change:

### **Adaptation Sub-Committee work plan October 2009**

A work plan for the Adaptation Sub-Committee will be published.

### **First Progress Report 12 October 2009**

The first progress report will set out the progress that Government has made so far in reducing emissions and what leading indicators can be used to assess future progress. It will provide an analysis of the current macroeconomic situation, and the implications this has for meeting current carbon budgets. It will comment on the policies required to reduce emissions in key sectors of the economy, providing a roadmap of what needs to be achieved across buildings, industry, transport, power and agriculture.

### **Aviation Report 8 December 2009**

This will assess aviation emission reduction trajectories for the period to 2050 under alternative assumptions about demand, carbon efficiency improvement, and the possible use of sustainable biofuels or hydrogen in planes. The review will also cover a high level assessment of what a global deal on aviation emissions could look like. It will be laid before Parliament in December 2009.

### **Additionally, the CCC will provide:**

- Advice to the Scottish Government to fulfil the advisory functions set out for the CCC in the Scottish Climate Change Bill. The form this advice will take will be agreed once the Act has received Royal Assent, however, it is expected that this will require a report that will advise on setting Scottish annual targets between 2010 and 2022, to be delivered early in 2010.
- Advice to the Welsh Assembly Government on how the CCC will support the Climate Change Strategy for Wales, by providing more detail on some of the findings of the CCC's inaugural report and responding to the Strategy consultation in Autumn 2009.
- A review of the low-carbon research and development, requested by the Government's Chief Scientist.

## Financial Summary

### **Accounts Direction**

These financial statements have been prepared in accordance with a Direction issued by the Secretary of State for Energy and Climate Change in accordance with Schedule 1 of the Climate Change Act 2008.

### **Results**

The accounts for the period ended 31 March 2009 have been prepared in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury.

During the period, the Committee on Climate Change (CCC) was wholly funded by the Department of Energy and Climate Change (DECC) and the Devolved Administrations. The total funding received during the period was £1.728 million.

Net operating costs for the period were £1.067 million. Taxpayers' equity amounted to £0.658 million as at 31 March 2009.

#### **Fixed Assets**

Total fixed asset costs of £63,745 relate to the refurbishment of Manning House prior to occupation of the premises in April 2009. There were no costs incurred on Research and Development during the period ended 31 March 2009.

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

There are no events that have happened since the end of the financial year to materially affect the contents of these financial statements. The Annual Report and Accounts were authorised for issue by the Accounting Officer on 9 July 2009.

#### **Going Concern**

The balance sheet at 31 March 2009 shows Taxpayers Equity of £0.658 million. In common with government departments, the future financing of the CCC is accordingly to be met by future grants of Supply to DECC and the Devolved Administrations and the application of future income, both to be approved annually by Parliament. In addition, the future financing of the


Adaptation Sub-Committee of the CCC is accordingly to be met by future grants of Supply to Defra and the Devolved Administrations and the application of future income, both to be approved annually by Parliament. Such approval for amounts required for 2009-10 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

#### **Auditors**

The accounts of the CCC are audited by the Comptroller and Auditor General under Schedule 1, Section 24(4) of the Climate Change Act 2008. His certificate and report appear on pages 27-28. The audit fee charged in the Income and Expenditure Account was £20,000. The auditors received no fees for non-audit services.

The Accounting Officer confirms:

- there is no relevant audit information of which the auditors are unaware; and
- he has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that the CCC's auditors are aware of that information.



**David Kennedy**  
Accounting Officer  
8 July 2009

# Sustainability - Reducing our carbon footprint

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The CCC is committed to leading by example by significantly reducing its corporate carbon footprint and by working in a sustainable manner. The CCC has moved to a new office which has been refurbished to ensure improved energy efficiency. The CCC will publish a separate carbon management policy in 2010, however for the moment, we have committed to the following principles by which we work:

## **The CCC will work towards reducing its carbon emissions...**

- The CCC's corporate carbon footprint is being monitored - to include usage of electricity, heat, gas and water in the office and recording of the CCC's business travel plus training of all staff in how to monitor their carbon footprint.

- The CCC does not own any company cars/ vehicles and encourages staff to cycle to work where possible or use public transport.
- All business travel conducted by train is purchased through Carlson Wagonlit, a company which offsets against each journey purchased.
- CCC staff only use flights to reach meetings where strictly necessary and if flights are purchased, emissions are offset and recorded.
- A carbon footprint tracker has been installed in the CCC's new offices to measure energy consumption.
- Computers have been programmed to switch off automatically and the CCC's lights are on sensors to conserve energy.
- The CCC will work towards achieving the Carbon Trust Standard to measure its corporate footprint in 2010-11.

## **The CCC will engage in sustainable green procurement practices...**

- The CCC will only work with suppliers that have sustainability policies.
- The CCC is committed to reducing paper usage both in the office and in printing its publications.
- All CCC publications are produced on 100% recycled paper, using vegetable based inks and FSC certified paper.
- The CCC only purchases recycled stationery materials and fair-trade coffee and tea.
- The CCC uses energy efficient rated

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**THE CCC IS A CARBON-FRIENDLY ORGANISATION . WE ARE WORKING TO REDUCE OUR CARBON FOOTPRINT. 'REDUCE. REUSE. RECYCLE.'**

- 
- appliances in its office.
- Sustainable carpets have been fitted in the CCC's offices, doors are made from FSC certified timbers, and walls decorated with low VOC paints and solvents.

**The CCC is committed to reducing waste and to recycling...**

- The waste produced through the CCC's refurbishment was tracked and 97% of this was recycled.
- The CCC has had integrated recycling units installed in its office ensuring that staff can recycle all food and office waste.
- CCC employees do not have individual waste bins, to encourage recycling.
- CCC staff are encouraged not to print, and if they print paper to print double-sided.
- The CCC only uses filtered tap water and does not buy any bottled water.

**The CCC will develop a comprehensive carbon management policy and targets for the business and will engage staff in this work on an ongoing basis, including providing training in order to raise awareness and change staff behaviour.**

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**THE WORLD NEEDS TO REDUCE EMISSIONS BY 50% BY 2050. SO, REACHING AN AMBITIOUS GLOBAL AGREEMENT TO TAKE ACTION IS VITAL.**

# Remuneration Report

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## Remuneration Policy

The remuneration and performance conditions of senior managers are determined by the Cabinet Office according to normal Civil Service procedures and are subject to the recommendations of the Senior Salaries Review Body.

## Policy on the remuneration of the Committee Members and Chief Executive

The remuneration of the Chair of the Committee is determined by DECC. His remuneration for 2008-09 was £1,000 per day based on an average time commitment of 4 days per month. The remuneration for each Committee Member is also determined by DECC. Their individual remuneration for 2008-09 was £800 per day based on an estimated time commitment of 2 days per month.

The Chief Executive's salary and conditions of service are determined by the Chairman of the Committee in consultation with DECC and the Devolved Administrations.

The table on page 21 discloses the remuneration received by the Committee Members and Chief Executive whilst in post during 2008-09.

## Methods used to assess whether performance conditions are met

The Committee Members consider and if appropriate approve the Chairman of the Committee's recommendations concerning the salary and incentive scheme for the Chief Executive on an annual basis.

## Proportion of remuneration which is subject to performance conditions

None of the remuneration of any Committee Member is subject to performance conditions. 10-20% of the Chief Executive's remuneration is subject to performance conditions and it is only triggered if all main performance targets are exceeded.

## Policy on duration of contracts and notice periods and termination payments

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

The Chief Executive is on a permanent contract that may be terminated by the CCC or the Chief Executive by giving three months notice. The appointment of the Committee Chair and Committee Members is for a fixed period of five years.



## Salary and pension entitlements of Senior Employees (audited)

	Salary	Benefits in Kind (to the nearest £100)	Total Accrued pension at 60 and related lump sum	Real Increase in pension and lump sum at age 60	CETV at 1/12/08	CETV at 31/03/09	Real increase in CETV	Compensation Payments
	2008-09 £'000	2008-09 £	2008-09 £'000	2008-09 £'000	2008-09 £'000	2008-09 £'000	2008-09 £'000	2008-09 £
Committee Chair Lord Adair Turner	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Committee Member Dr Samuel Fankhauser	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Committee Member Professor Michael Grubb	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Committee Member Sir Brian Hoskins	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Committee Member Professor Julia King	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Committee Member Lord Robert May	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Committee Member Professor Jim Skea	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chief Executive David Kennedy	40-45*	-	10-15 plus zero lump sum	0-2.5 plus zero lump sum	95	106	7	-

\*Figure quoted is for the period 26 November 2008 to 31 March 2009 and includes a performance bonus. The full year equivalent for the Chief Executive is £98,471.

Figures quoted for Committee Members are fees paid for meetings attended post-vesting day 26 November 2008 to 31 March 2009.

Total fees paid for activities undertaken by Committee Members during the twelve month period ended 31 March 2009 is shown in the table below. The fees are split between pre and post vesting day. Pre-vesting costs are recorded in the accounts of the Department of Energy and Climate Change.

**Committee Members' Remuneration (audited)**

	Date of Appointment	Fees paid for meetings attended:		
		Pre 26/11/08	Post 26/11/08	Total
		£	£	£
Lord Adair Turner	28 January 2008	69,083	8,167	77,250
Dr Samuel Fankhauser	22 February 2008	8,400	4,000	12,400
Professor Michael Grubb	22 February 2008	11,600	4,400	16,000
Sir Brian Hoskins	22 February 2008	8,400	3,200	11,600
Professor Julia King	01 August 2008	2,800	1,600	4,400
Lord Robert May	22 February 2008	4,200	4,000	8,200
Professor Jim Skea	22 February 2008	14,800	3,200	18,000
<b>Total</b>		<b>119,283</b>	<b>28,567</b>	<b>147,850</b>

**Salary**

'Salary' includes gross salary; performance pay or bonuses; 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.

**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. During 2008-09 no Committee members were in receipt of any benefits in kind.

**Civil Service Pensions**

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index

(RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with

2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

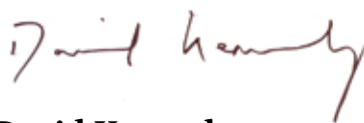
### **Cash Equivalent Transfer Values**

A 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 pension benefits in another pension 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 consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual 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 are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



**David Kennedy**  
Accounting Officer  
8 July 2009

# Statement of Accounting Officer's Responsibilities

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Under Schedule 1, Section 24(2) of the Climate Change Act 2008, the Secretary of State 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, recognised gains and losses and cash flows for the period ended 31 March 2009.

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

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

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 the Accounting Officers' Memorandum, issued by HM Treasury and published in *Managing Public Money*.

The Sponsoring Accounting Officers of DECC has designated the Chief Executive as Accounting Officer of the CCC. The responsibilities of an Accounting Officer, including responsibility for the propriety

# Statement of Internal Control

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## Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the CCC's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the CCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

CCC's system of internal control has been underpinned by Defra's wider control environment during the period ended 31 March 2009. It is emerging and has continued to be developed up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance. The development has included the following activity:

## Strategy and planning

CCC's strategic objectives and priorities for 2008-09 were set out in its Business Plan and activity in year is reported in the Annual Report. Further, the Corporate Plan 2009-12 developed in agreement with DECC and the Devolved Administrations sets out CCC's key objectives and plans for delivering our priorities over the three years, and incorporates our business plan for 2009-10.

## Governance structures and processes

Under the Climate Change Act 2008, the CCC was set up on 26 November 2008 to support the strategic aims and current Public Service Agreements of DECC and the Devolved Administrations.

The Committee which meets approximately every three weeks is responsible for providing leadership and oversight of the CCC. It has overall responsibility for taking forward the strategic objectives, developing and delivering against the corporate and business plan and meeting governance requirements.

The CCC Sponsors Group meets regularly to discuss CCC's business plan and review CCC's performance.

Although an Audit Committee did not exist during 2008-09, it has since been established to support the Committee and the Accounting Officer, in their responsibilities for issues of:

- control and governance;
- risk management; and
- associated assurance.

The Committee comprises Professor Julia King as Chair, Professor Robert May and Sam Fankhauser.

The first meeting took place in June 2009 at which the Statement on Internal Control and the Annual Report and Accounts were considered.

### Capacity to handle risk

During the period to 31 March 2009 the CCC was in a set up phase and focus was placed on designing its processes and on putting in place the enabling Information Technology, Human Resources, Communications and Financial strategies. While the CCC did not have a formal risk strategy in place, a regular review of key risks was undertaken at Senior Management meetings.

Also, as a consequence of using Defra's Shared Services Division for its finance, procurement, HR and payroll functions, the CCC benefited from Defra's system of internal controls which were already in place. In addition, the CCC benefited from Defra's arrangement with its Information Technology partner, IBM to facilitate the provision of significant computer based systems. This approach was fundamental in reducing the risk associated with the acquisition of basic systems due to previous working arrangements established by Defra.

### Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. As previously explained, the CCC has been setting itself up during this first year. Whilst in this phase although we have not been able to put in place our own comprehensive system of internal controls, we have operated within Defra Shared Services wider control environment for financial processes and also established our own measures of internal control. These together with the relatively small (but increasing) clearly bounded and closely managed level of activity within the CCC has allowed full visibility and provided the necessary level of assurance on efficiency, propriety and change and risk management.

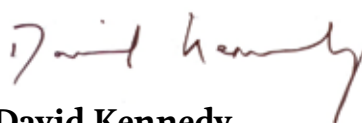
Consequently, my review of the effectiveness of the system of internal control is informed by:

- the framework established for the CCC's accountability with DECC and the Devolved Administrations;
- regular meetings of the Committee Members to discuss CCC's work plan and performance against the CCC's objectives and goals;
- regular meetings with and reporting to DECC and the Devolved Administrations through the Sponsors Group and other engagements;
- regular senior management team meetings within the CCC; and
- the results of the work of the External Auditors.

I have been advised on the result of my review of the effectiveness of the system of internal control for 2008-09 by the Committee Members and by the Audit Committee, and I am able to report that there were no material weaknesses in the system of internal control which affected the achievement of the CCC's objective or goals during the year.

During 2009-10 the CCC will enhance and formalise its system of internal control, including its corporate governance and risk management arrangements to ensure continuous improvement, to respond to evolving best practice and to respond to changes in its business environment. This will be achieved through the establishment of:

- an Audit Committee which will meet quarterly,
- a formal program of internal audits which will be undertaken by the internal auditors for DECC, our sponsor department; and
- formal risk management process which will be embedded in the broader project management of the various workstreams.



**David Kennedy**  
Accounting Officer  
8 July 2009

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

I certify that I have audited the financial statements of the Committee on Climate Change for the period ended 31 March 2009 under the Climate Change Act 2008. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Accounting Officer and Auditor**

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Climate Change Act 2008 and the Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are

set out in the Statement of the Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Climate Change Act 2008 and Secretary of State's directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Management Commentary included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Committee on Climate Change has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Committee on Climate Change compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Committee on Climate Change corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial



statements. This other information comprises, the Chairman's message, the Chief Executive's message, Sustainability – reducing our carbon footprint and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Committee on Climate Change and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Committee on Climate Change circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Climate Change Act and directions made thereunder by Secretary of State, of the state of the Committee on Climate Change affairs as at 31 March 2009 and of its expenditure, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Climate Change Act 2008 and Secretary of State's directions made thereunder; and
- information, which comprises the Management Commentary, included within the Annual Report, is consistent with the financial statements.

### **Opinion on Regularity**

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

### **Report**

I have no observations to make on these financial statements.

**Amyas C E Morse**

Comptroller and Auditor General

### **National Audit Office**

151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS

9 July 2009

*The maintenance and integrity of the Committee on Climate Change website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.*



# Financial Statements

## Income and Expenditure Account

For the period ended 31 March 2009

	Period to 31 March 2009	
	Note	£
<b>Expenditure</b>		
Staff Costs	2a	(517,837)
Administration Costs	3	(549,356)
<b>Total Expenditure</b>	<b>11</b>	<b>(1,067,193)</b>

All income and expenditure is derived from continuing operations

Accounting policies and notes forming part of these accounts are on pages 32-38

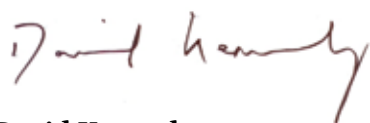
There was no income or gains and losses other than the reported expenditure.

## Balance Sheet

As at 31 March 2009

	Note	£	31 March 2009 £
<b>Fixed Assets</b>			
Tangible Assets	4	63,745	63,745
<b>Current Assets</b>			
Debtors	5	396,182	
Cash at bank and in hand	6	1,119,482	1,515,664
<b>Current Liabilities</b>			
Creditors (due within one year)	7	(921,293)	921,293
Net current assets			594,371
<b>Total assets less current liabilities</b>			<b>658,116</b>
<b>Capital and Reserves</b>			
General Reserve	11		658,116
<b>Total Reserves</b>			<b>658,116</b>

Accounting policies and notes forming part of these accounts are on pages 32-38



**David Kennedy**  
Accounting Officer  
8 July 2009

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## Cash Flow Statement

### For the period ended 31 March 2009

		Period to 31 March 2009
	Note	£
Net cash outflow from operating activities	8a	(608,518)
Financing	8b	1,728,000
Increase in cash in the period	6	1,119,482

Accounting policies and notes forming part of these accounts are on pages 32-38

# Notes to the Accounts

## 1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2008-09 Government Financial Reporting Manual (FReM) issued by HM Treasury. The particular accounting policies adopted by the CCC are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

### (a) Basis of Accounting

The accounts follow the accruals concept of accounting and have been prepared under the historical cost convention and on the going concern basis.

### (b) Fixed Assets and Depreciation

#### i. Capitalisation threshold

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds £2,000, including VAT. Individual items valued at less than this threshold are capitalised if they constitute integral parts of a composite asset that is in total valued at more than the capitalisation value.

#### ii. Land & Buildings

The CCC does not hold any financial interest in land or buildings. During the period covered by these financial statements, the CCC occupied premises leased from Defra.

#### iii. Depreciation

Depreciation is provided at rates calculated to write-off the valuation of fixed assets by the straight line method over the estimated useful life of the asset and is charged in the month of disposal but not in the month of purchase. Depreciation is not charged on assets under the course of construction.

Lives are normally in the following ranges:

- Furniture 2-5 years
- Leasehold improvements remaining life of lease

### (c) Cost of Capital

A notional average cost of capital employed during the period is shown on the Income and Expenditure account, in accordance with the FReM. The prescribed rate of interest during the year was 3.5 per cent.

### (d) Pensions

Employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the details of which are given in the Remuneration Report on page 22.

### (e) Operating Leases

Rentals payable for accommodation are charged to the Income and Expenditure account in the year to which the payments relate. As of 31 March 2009, the CCC does not have any operating leases.

### (f) Grant-in-aid

Grant-in-aid received used to finance activities and expenditure which support the statutory and other objectives of CCC are treated as financing, credited to the General Reserve, because they are regarded as contributions from a controlling party.

### (g) Financial Instruments

The CCC has no borrowings and relies primarily on grants from DECC and the Devolved Administrations for its cash requirements and is therefore not exposed to liquidity risks. All material assets and liabilities are denominated in sterling so it is not exposed to currency risk.

### (h) Value Added Tax (VAT)

All of CCC's activities are outside the scope of VAT and therefore all expenditure is shown gross.

## 2. Staff numbers and related costs

### (a) Staff Costs

	Period to 31 March 2009	Period to 31 March 2009	Period to 31 March 2009
	Permanently employed staff	Others	Total
	£	£	£
Committee Members' remuneration*	-	28,567	28,567
Wages and salaries**	238,083	158,967	397,050
Social security costs	12,389	20,279	32,668
Pension costs	29,880	29,672	59,552
<b>Subtotal</b>	<b>280,352</b>	<b>237,485</b>	<b>517,837</b>

\*Remuneration for Committee Members are fees paid for meetings attended post vesting day 26 November 2008 to 31 March 2009. Remuneration for meetings attended prior to vesting day, is disclosed in the Remuneration Report shown on page 22 and is reflected in the accounts of the Department of Energy and Climate Change.

\*\*Wages and salaries for other staff, includes £136,502 for nine employees seconded from other government departments. Included within wages and salaries is an accrual of £38,278 for performance bonuses related to the 2008-09 financial year where the performance has benefited the CCC.

### (b) The average number of full-time equivalent persons employed by the CCC during the period to 31 March 2009 was as follows:

	Period to 31 March 2009	Period to 31 March 2009	Period to 31 March 2009
	Permanent staff Number	Others Number	Total Number
Chief Executive Office	2	-	2
Analytical Team	9	6	15
Corporate Team	1	4	5
	<b>12</b>	<b>10</b>	<b>22</b>

The CCC comprises seven Committee Members: A Chair who is contracted to work on average four days per month and six independent members contracted to work on average two days per month. The Committee Members are not permanent employees.

The CCC employs a Chief Executive and a secretariat of staff to provide analytical and corporate support. Of the total other staff, 9 were seconded from other government departments.

### (c) Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the CCC is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued

the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

For 2008-09, employers' contributions of £56,751 were payable to the PCSPS at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2009-10, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2008-09 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £2,709 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £92,080 of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £0. Contributions prepaid at that date were £0.

### 3. Other Administration Costs

	Period to 31 March 2009	
	£	£
<b>Administration Costs</b>		
Consultancy	313,275	
Accommodation	53,000	
Corporate Identity and Set Up	58,193	
IT and Shared Services	30,505	
Training and 3rd Party Services	35,562	
Travel and subsistence	12,804	
Auditor's remuneration	20,000	
		523,339
<b>Non-Cash Items</b>		
Cost of capital		(2,691)
<b>Other expenditure</b>		28,708
		<b>549,356</b>

## 4. Tangible Fixed Assets

	Furniture	Assets under construction	Total at 31 March 2009
	£	£	£
<b>Cost</b>			
Additions	20,390	43,355	63,745
At 31 March 2009	20,390	43,355	63,745

Assets under construction relates to the refurbishment of Manning House prior to the CCC occupying the premises in April 2009. Furniture acquired in March 2009 as part of the Manning House refurbishment has been capitalised but no depreciation is charged in the month of purchase.

## 5. Debtors

	31 March 2009
	£
<b>Amounts falling due within one year:</b>	
Trade debtors	-
Deposits and advances	440
Other debtors	392,350
Prepayments and accrued income	3,392
	396,182

Total debtors includes £365,170 with other central government bodies, which relates to pre-vesting expenditure settled by CCC on behalf of the Department of Energy and Climate Change.

## 6. Cash at Bank and in Hand

	31 March 2009
	£
The Office of HM Paymaster	1,047,630
Commercial banks and cash in hand	71,852
	1,119,482

	31 March 2009
	£
Other taxation and social security	16,730
Trade creditors	277,047
Other creditors	132,663
Capital creditors and accruals	63,745
Accruals and deferred income	418,556
Pension contributions	12,552
	921,293

## 8. Notes to the Cash Flow Statement

## 9. Capital Commitments

## 10. Contingent Liabilities

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## 11. Reconciliation of net operating cost to changes in general fund

	31 March 2009	
	£	£
Net operating cost for the year	(1,067,193)	
Financing from the Consolidated Fund	1,728,000	
Notional Costs	(2,691)	
<b>General Fund</b>		<b>658,116</b>

## 12. Post Balance Sheet Events

The CCC's financial statements are laid before the Houses of Parliament by the Secretary of State for the Department of Energy and Climate Change. In the same way, the relevant Ministers in Scotland, Wales and Northern Ireland are accountable to the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly.

There are no events that have happened since the end of the financial year to materially affect the contents of these financial statements. The Annual Report and Accounts were authorised for issue by the Accounting Officer on 9 July 2009.

## 13. Related-Party Transactions

The Committee on Climate Change is a non-departmental public body of the Department of Energy and Climate Change (DECC). DECC is regarded as a related party. During the period ending 31 March 2009, the Committee has had a number of material transactions with DECC.

During the period ended 31 March 2009, none of the Committee Members, members of the key management staff or other related parties has undertaken any material transactions with the CCC.

## 14. Financial Instruments

FRS 29 [Derivatives and Other Financial Instruments] requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The CCC has no borrowings and relies on grants from DECC and Devolved Administrations for its cash requirements. It is therefore not exposed to liquidity risks. It also has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

Loans and Receivables at 31 March 2009	
Financial Assets by category	£
Cash	1,119,482
Trade and other debtors	392,790
	1,512,272

None of the Financial Assets have been subject to impairment.

Financial Liabilities at 31 March 2009	
Financial Liabilities by category	£
Trade creditors and accruals	904,563
	904,563

All Financial Liabilities are payable within one year.

The above figures exclude statutory creditors which relate to Tax and Social Security due to HM Revenue and Customs.



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