

2021-22

Annual Report and Accounts

Annual Report and Accounts

1 April 2021 to 31 March 2022

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

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Chairman's Foreword

I began my role as Chairman of the Climate Change Committee in 2012, when the world had warmed 0.8°C compared to pre-industrial times. Today, the world has warmed by at least 1°C - a grim milestone in a changing climate. Many extreme events, from heatwaves to flooding, have taken place during that time and bear the fingerprints of climate change – most recently the record-breaking heatwave across northern India in May.

It was no surprise, though still shocking, that the United Nations' expert scientific panel, the IPCC, delivered a 'code red' message for humanity in its recent Sixth Assessment report urging a much sharper global effort to reduce global greenhouse gases. Action that must be taken immediately, including here in the UK.

Climate optimism

The challenge is as great as ever, but I am hugely optimistic about the future. The Paris Agreement in 2015, and the Glasgow Climate Pact delivered at COP26, have kept the possibility of lower levels of warming on the table. Remarkably, there are now 127 countries with Net Zero targets, covering 88% of global emissions. Globally, too, business and industry are becoming key players in delivering real change.

The UK, as in 2012, continues to be a leading nation in reducing emissions with its Net Zero Strategy offering one of the first blueprints for delivering a Net Zero economy. While far from perfect, and with much work to do, I am immensely proud that the UK has continued its climate leadership role throughout my tenure.

A year of impact

The CCC has played a vital role in the UK's climate story since its creation in 2008. Our work over the past year has been no different.

We supported the UK's pivotal hosting of COP26 in so many ways, including through the launch of a new International Climate Councils Network set up to bring together similar advisory bodies, fostering collaboration and helping to guide the delivery of global climate action.

Our *Independent Assessment of UK Climate Risk*, published last summer, formed the basis of the UK Government's third Climate Change Risk Assessment, setting out the climate-related risks and opportunities for the UK. This mammoth piece of work, involving 130 organisations and 1,500 pages of evidence, has set the direction for the next national adaptation programme.

We have also assessed progress in Scotland on both reducing emissions and adapting to climate change – concluding that many of the levers to deliver change are in Scottish Ministers' hands. We will continue to advise the Welsh Government on the best approach to reducing emissions in Wales, alongside a request to review Welsh progress on adapting to climate change, and we look forward to advising a newly-formed Northern Ireland Executive in the year ahead following the passing of its 2050 Net Zero bill.

Focusing on delivery

Alongside setting and monitoring targets, our focus this year has moved to tracking delivery. We have developed important new workstreams focussed on issues including the role of business, the importance of good governance, and the need for a fair Net Zero, climate resilient transition. I have also been delighted to visit a number of locations throughout the UK, from major cities to rural towns and coastal communities as part of our Climate Conversation, giving us a clear idea of the delivery challenges on the ground so that we can continue to provide relevant advice to Government in the months and years ahead.

Our focus on delivery is now central to our work programme. In June we launched a new, detailed monitoring framework for charting progress towards Net Zero and plans are in train for a similar approach on adaptation. Later this year we publish new reports on the vital role of workers and skills in the delivery of Net Zero, new analysis of voluntary carbon offsets, updated advice to the Scottish Government and much more besides.

Our work must continue to look broadly at the roles, not just of governments but also of local authorities, business, industry and individuals in delivery and remain rooted in the context of people's lives – particularly given the current cost of living crisis.

A decade of success

It has been a privilege and an honour to lead the CCC over the past decade. Our many successes have only been possible thanks to the expertise and insights of my fellow Committee members and I am indebted to them, and to the CCC secretariat staff, for their professionalism, hard work and sheer brilliance.

The year ahead is one of transition and change. I am delighted to welcome three new expert Adaptation Committee members – Dr Ben Caldecott, Professor Nathalie Seddon and Dr Swenja Surminski. We will soon be welcoming new members to our mitigation Committee and of course, in time, a new Chair. It is with great pride that I pass the stewardship on knowing we remain as widely respected and relevant as ever. The climate challenge requires us to be the best we can be. I am certain that, collectively, we will succeed.

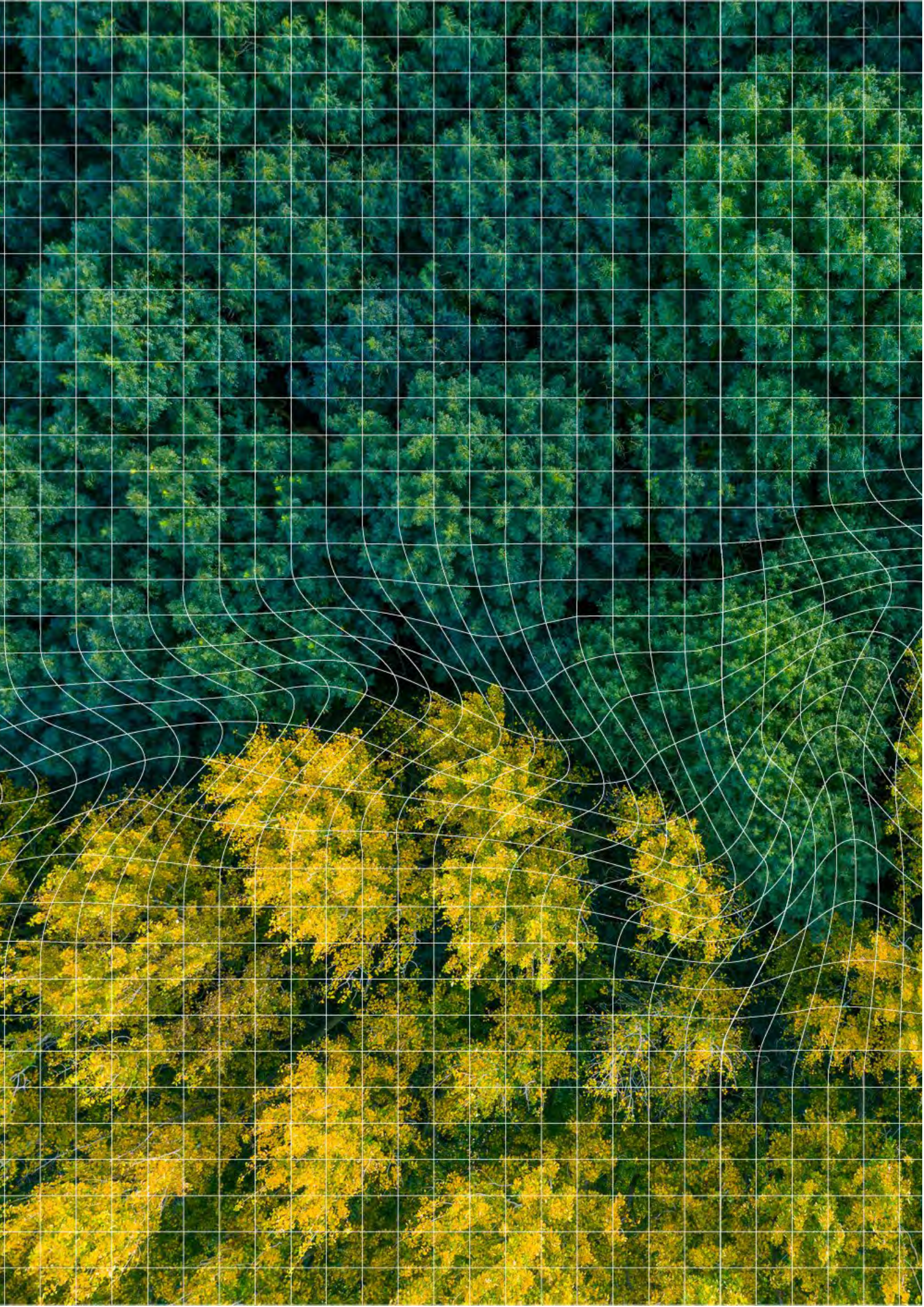


Lord Deben

Chair
Climate Change Committee

12 July 2022

Section 1: Performance Report



1.1 Overview



1.1.1 Chief Executive's message

This was a year like no other, as Glasgow hosted the COP26 UN Climate Summit in November. Russia's invasion of Ukraine has since darkened the global discussion, but the Glasgow Climate Pact contained meaningful climate progress. At the CCC, we offered commentary over the full two weeks of the summit.

We published an assessment of the COP26 outcomes at its conclusion. Adding together all of the known policies and pledges, we left Glasgow facing a likely 2.7C of warming above pre-industry levels. Almost 1C lower than projections at the time of the Paris COP in 2015. Things are moving in the right direction, but time is not on our side if we are to genuinely "keep 1.5 alive" – the COP26 mantra.

This was the 'Net Zero COP'. A remarkable 80-90% of the global economy can now be said to have joined the UK, with a mid-century Net Zero goal. Many of the national net-zero targets are vague, at best, but if that ambition can be delivered in full, if all the ambition in national 2030 targets is also delivered, and if net-zero is applied to all greenhouse gases, there is now a path to under 2C for the first time.

So as long-term ambitions come closer to those required by the Paris Agreement, the focus must be on making real progress in the next decade. Here in the UK, assessing delivery is the priority for the CCC too, best evidenced by our new approach to progress reporting, developed over the last year to throw light on the indications of real-world change.

We welcomed the publication of the UK Government's Net Zero strategy, particularly the clear pathways for emissions in every sector, matching closely the CCC's recommendations. There is now a UK decarbonisation strategy for almost every sector, except agriculture and land use. That is progress, but the gap between strategy and delivery still yawns. A relentless focus from government will be required over the coming decade to encourage the necessary private investment, incentivise the changes in consumer behaviour, the shifts in business models, the new skills and jobs required for Net Zero. This must be the CCC's focus too.

Our most contentious piece of analysis was our letter to the Secretary of State on the UK's proposed Climate Compatibility Checkpoint. We wrestled with competing views on how to manage the projected gap between UK demand for oil and gas over the transition to net-zero and dwindling domestic production. We supported a tighter limit on production, with stringent tests and a presumption against exploration, recognising that known global reserves are already likely to exceed the carbon budget for the Paris Agreement. But we also recognised valid energy security concerns. Sadly, that proved prescient, as the Russian invasion of Ukraine upturned the global outlook for oil and gas supply.

UK consumers are now enduring a period of fossil fuel prices higher than anything seen in recent years. The cost of living has quickly become the dominant political challenge, presenting headwinds for the economy and possibly for climate progress too. The arguments for transitioning away from fossil fuels have probably never been stronger, however, and we have new analysis in preparation to shine a light on how high energy prices and climate change might be tackled together.

Those challenges were also a consistent theme of our 'climate conversations' up and down the UK. In partnership with local authorities, we visited a collection of towns, cities and regions to understand their distinctive approach to climate challenges across the UK. It was inspiring to get out of the Whitehall bubble and see programmes in places like Durham, Bristol, Dundee, Derry, Kent and Swansea. But it is also clear that the integration between national and local programmes is weak. I am certain the CCC must do more to understand and advise on the local approach to climate change. They are absolutely key to making progress on Net Zero and adaptation.

This year also marked the passing of new climate legislation in Northern Ireland, providing a welcome new platform for progress in Northern Ireland and a new set of responsibilities for the CCC. We're pleased to begin advising on Northern Ireland's climate challenges in more detail, but Northern Ireland is playing catchup with other parts of the UK and we have already highlighted the extent of the challenge facing the Executive.

The CCC has now embarked on a new programme, underpinned by a fresh dashboard of metrics and indicators, and new approaches to our analytical work, particularly towards climate adaptation. I am excited about the coming year, but it is tinged with some sadness. We are still struggling to process the death of our colleague Ewa Kmietowicz, a long-standing and much-loved member of our team, earlier this year. It is only thanks to Ewa, and the amazing team at the CCC, that we enter the next phase of work with such confidence. Ewa's contribution has been immense.



Chris Stark
Chief Executive
Climate Change Committee

12 July 2022

1.1.2 Committee role and structure

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

The Committee comprises a Chairman and five independent members. The Committee is sponsored by the Department for Business, Energy and Industrial Strategy (BEIS), the Northern Ireland Assembly, the Scottish government and the Welsh government. Committee Members are appointed by our Sponsoring Organisations and the Act requires the Committee to have not less than five and not more than eight Committee Members.

The AC, also established under the Climate Change Act, advises the UK government and devolved administrations on their assessment of the risks and opportunities from climate change. It also reports to the UK Parliament on progress in adaptation, particularly in relation to the UK government's National Adaptation Programme (mainly covering England only).

The Adaptation Committee comprises a Chairman and four independent members. The Adaptation Committee is jointly sponsored by the Department for Environment, Food and Rural Affairs (Defra), the Northern Ireland Assembly, the Scottish government and the Welsh government. Committee Members are appointed by our Sponsoring Organisations and the Act requires that the Committee should not have less than five Committee Members.

The Committee is 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 recommendations to government.

1.1.3 Adoption of the going concern basis

The statement of financial position at 31 March 2022 shows net liabilities of £472,441 (2020-21, net liabilities of £353,399). This reflects the inclusion of liabilities falling due in future years that may be only met by future Grants-in-Aid from BEIS, Defra and devolved administrations. The conventions applying to parliamentary control over income and expenditure require that Grants-in-Aid may not be issued in advance of need.

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

Grants-of-supply for 2022-23 have already been given and there is no reason to believe that future approvals will not be forthcoming. The Government Financial Reporting Manual (FRM) states that for non-trading entities the anticipated continuation of the provision for that service is normally sufficient evidence of going concern. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

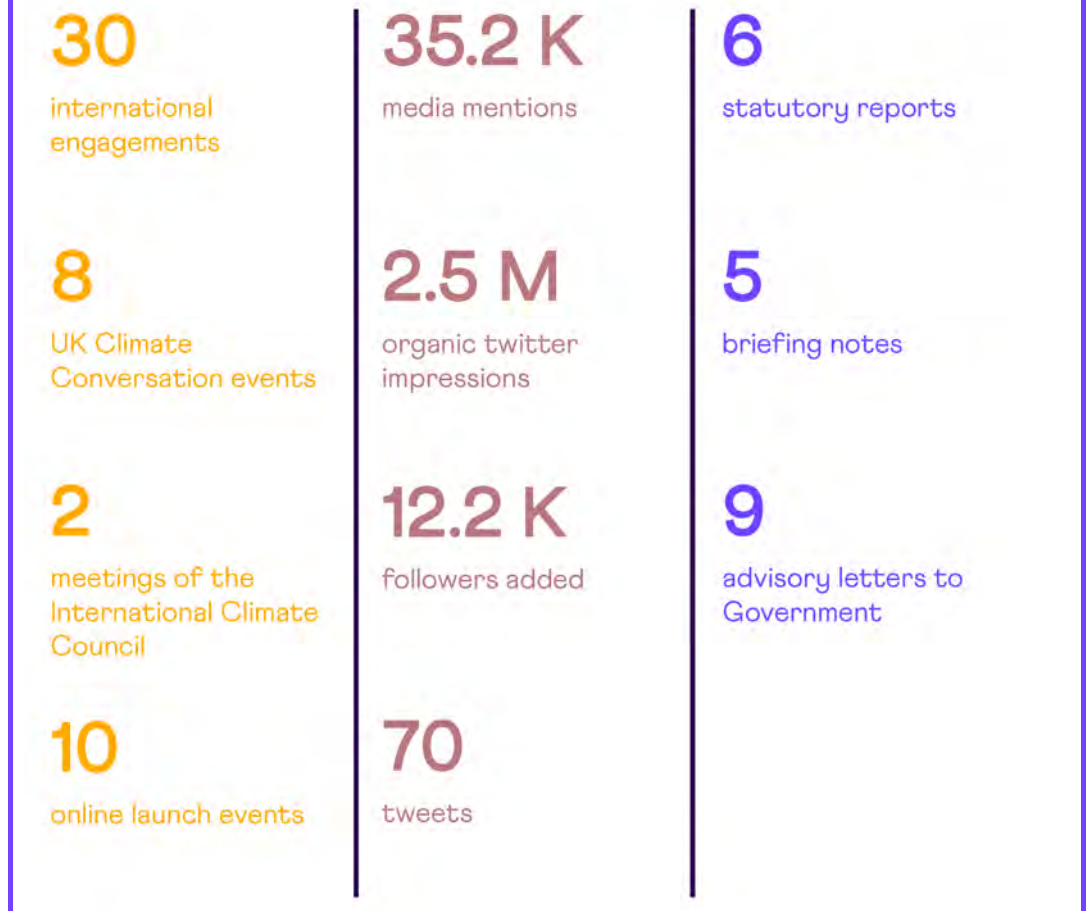
1.2 Performance Analysis

1.2.1 Our strategic objectives

Table 1 Our strategic objectives		
Strategic objective	Action	Status
Provide impartial advice to government on setting and meeting carbon budgets and preparing for climate change	The CCC has published a series of briefing notes and advice on emerging issues and policy developments	G
	The CCC has provided a formal response to all requests for advice received from our Sponsoring Organisations	G
Monitor progress in reducing emissions, achieving carbon budgets and preparing for climate change	Delivered our annual assessment of UK progress in reducing emissions and adapting to climate change	G
	Delivered our annual assessment of Scottish progress in reducing emissions to the Scottish Parliament	G
Conduct independent analysis into climate change science, economics and policy	15 independent research projects commissioned in addition to analytical work undertaken by our team	A
	Ongoing liaison with a range of analytical and policy teams in government departments	A
Engage with stakeholders to promote understanding and inform an evidence based debate on climate change and its impacts	Our team have spoken at more than one hundred stakeholder events and we have commissioned a range of expert advisory groups to promote understanding	A
	As part of our National Conversation Programme we have visited cities across the UK to hear about the challenges and innovations of implementing Net Zero	G

Notes: Green = Complete and A = in progress

Figure 1 Our year in numbers



1.2.2. Analysis of our performance in 2021–22

Progress towards reducing emissions

In June 2021 the CCC published its **Annual Progress Report to Parliament** assessing progress to reduce emissions. The report noted the historic climate promises made by the government during 2020-21 but recorded its concern that the government has been too slow to follow these promises with action.

Whilst lockdown measures implemented during the pandemic led to a record decrease in UK emissions in 2020 of 13% from the previous year we noted that sustained reductions in emissions will require sustained Government leadership, underpinned by a strong Net Zero Strategy.

The Committee's key recommendations included developing:

- a Net Zero Test to ensure that all Government policy, including planning decisions, is compatible with UK climate targets
- an ambitious Heat and Buildings Strategy that works for consumers
- plans for the power sector, industrial decarbonisation, the North Sea, peat and energy from waste must be strengthened

- an approach to tackle the big cross-cutting challenges of public engagement, fair funding and local delivery
- delivery of the delayed plans on surface transport, aviation, hydrogen, biomass and food

The chart below shows progress in emission reductions by sector. Only five of 34 sectors assessed showed notable progress in the past two years, and no sector was yet scoring highly in lowering its level of risk.

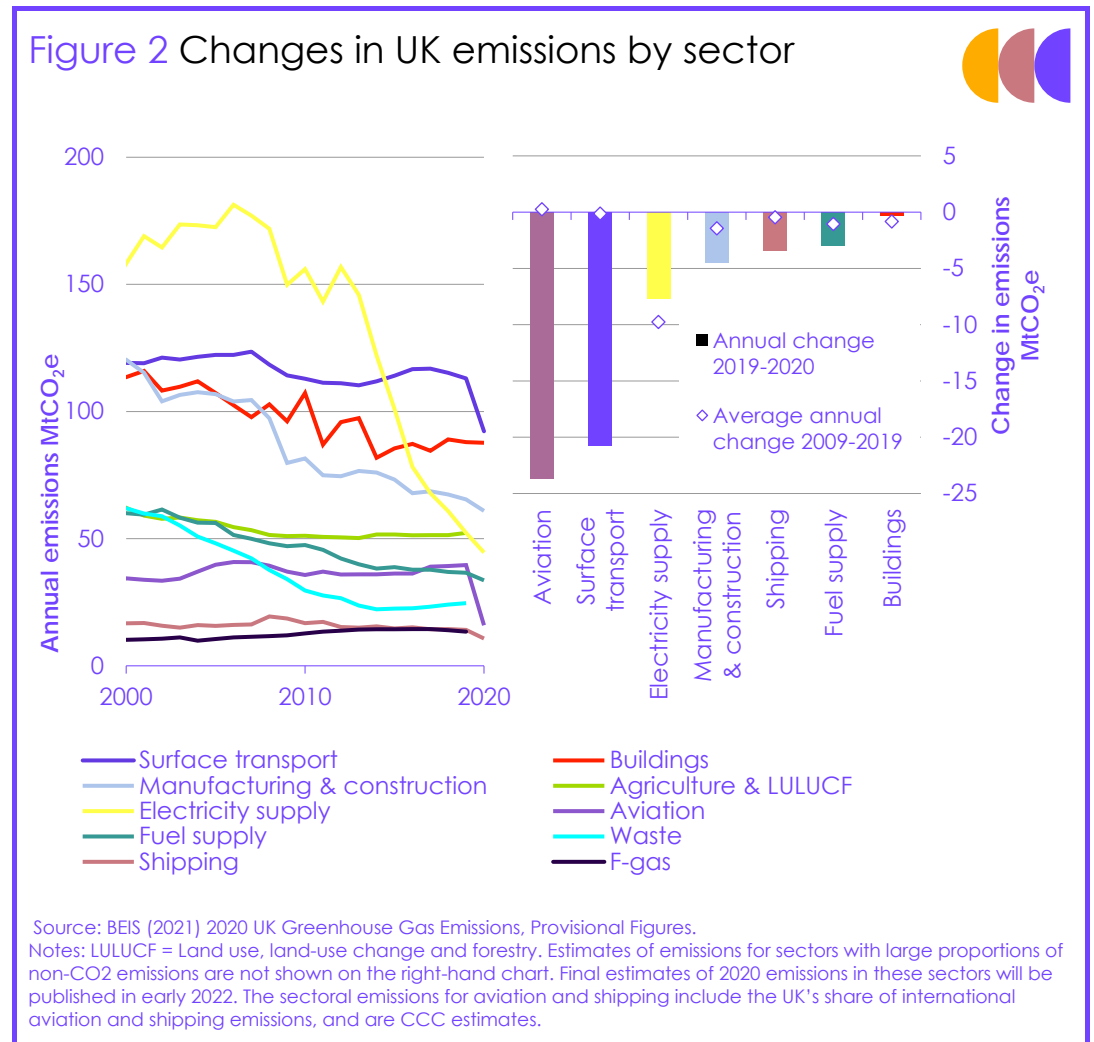


Table 2

The Committee published a series of briefing notes which are summarised below

The role of Zero Emissions Vehicles in global road transport pathways

The UK Government's new Net Zero Strategy sets out for the first time how the Government intends to halve UK emissions in little over a decade, and to eliminate them by 2050. Our overall assessment is that it is an ambitious and comprehensive strategy that marks a significant step forward for UK climate policy, setting a globally leading benchmark to take to COP26. Further steps need to follow quickly to implement the policies if it is to be a success.

Assessment of the UK's Net Zero Strategy

The UK's new Net Zero Strategy sets out, for the first time, how the UK Government plans to deliver its emissions targets of Net Zero in 2050 and a 78% reduction from 1990 to 2035 (-63% relative to 2019). It puts forward an achievable and affordable vision that will bring net benefits to the UK. Our overall assessment is that it is an ambitious and comprehensive strategy that marks a significant step forward for UK climate policy, setting a globally leading benchmark to take to COP26. Further steps will need to follow quickly to implement the policies and proposals mapped out in the Net Zero Strategy if it is to be a success.

COP26: key outcomes and next steps for the UK

COP26 in Glasgow marked a step forward in global efforts to address climate change, including a material increase in ambitions to reduce emissions across the world, finalisation of rules on reporting emissions and international carbon trading, and the launch of a range of new initiatives and sector deals. The UK should focus its efforts on strengthening delivery rather than increasing its headline target, and seek ways to supplement current plans, including by taking more action to tackle its consumption emissions.

Independent assessment of the UK's Heat and Building Strategy

The UK Government's Heat and Buildings Strategy has laid out important high-level decisions on the UK's approach to reducing emissions from heating buildings. The Strategy sets a new policy direction, focusing on a rapid scale-up of supply chains through a market-based approach. However, plans are not yet comprehensive or complete and significant delivery risks remain. Consultations need to move forward, followed rapidly by final decisions on policy design and effective implementation if the Strategy's ambitious goals are to be met.

Blue Carbon

The UK has committed to a legally-binding target to reach Net Zero greenhouse gas emissions by 2050. The natural environment has a pivotal role to play in this transition, with its unique ability to sequester and store carbon as well as providing wider climate adaptation services including biodiversity. This briefing looked at the evidence on the potential for 'blue carbon' contained in coastal and marine ecosystems to contribute to climate mitigation and considered the associated benefits, such as for climate adaptation.

Managing and adapting to climate change risks

The Adaptation Committee's Independent Assessment of UK Climate Risk (CCRA3), published in June 2021, set out the priority climate change risks and opportunities for the UK. The report drew on an extensive programme of analysis, consultation and consideration by the Committee involving over 450 people, 130 organisations and more than 1,500 pages of evidence and analysis. In support of the advice report there is a dedicated website www.ukclimaterisk.org to host all of the outputs from the CCRA3, including:

- Technical Report
- National Summaries
- Sector Briefings
- Research & Supporting Analysis

It is clear that climate change has arrived and the world is now experiencing the dangerous impacts of a rapidly heating climate. And further warming is inevitable, even on the most ambitious pathways for the reduction of global greenhouse gas emissions.

Sixty-one risks and opportunities were identified, fundamental to every aspect of life in the UK: our natural environment, our health, our homes, the infrastructure on which we rely, the economy.

Alarmingly, this new evidence showed that the gap between the level of risk we face and the level of adaptation underway has already widened. Adaptation action has failed to keep pace with the worsening reality of climate risk.

The Committee identified eight risk areas that required the most urgent attention in the next two years. They were selected on the basis of the urgency of additional action, the gap in UK adaptation planning, the opportunity to integrate adaptation into forthcoming policy commitments and the need to avoid locking in poor planning.

Figure 3 Highest priorities for further adaptation in the next two years



In June 2021 the Adaptation Committee published its **Biennial Progress Report to Parliament** which assessed the progress made by the government to adapt to climate change. The Committee reported that out of 34 sectors assessed only five have shown notable progress in the past two years, and no sector is yet scoring highly in lowering its level of risk. The Adaptation Committee provided 50 recommendations, including:

- Restore 100% of upland peat by 2045, including through a ban on rotational burning.
- Bring forward proposed plans to address overheating risk in homes through Building Regulations.
- Make the Government's next round of Adaptation Reporting mandatory for all infrastructure sectors.
- Build a strong emergency resilience capability for the UK against climate shocks, learning from the COVID-19 response.
- Implement a public engagement programme on climate change adaptation.

Advice to the Scottish Government

In December 2021 the Committee published the **Tenth Annual Progress Report to the Scottish Parliament** as required by the Climate Change (Scotland) Act 2009. The report showed that, in 2019, Scotland's greenhouse emissions fell by 2% compared to 2018, 44% below 1990 levels.

The reductions were largely driven by the manufacturing and construction, and fuel supply sectors, with electricity generation remaining the biggest driver of emissions cuts over the past decade (2009-2019). The potential for further emissions savings from electricity generation has, however, largely run out.

The Committee believes action must now shift to ensuring that rapid emissions reductions are delivered with no further delay to allow Scotland to meet its legislated 2030 target and has recommended that a comprehensive, detailed policy framework must be completed, so the focus can be on implementation and delivery of real-world progress.

In March 2022 the Committee published its assessment of progress against the second Scottish Climate Change Adaptation Programme (SSCAP2) to answer the question, **Is Scotland Climate Ready?**

The report showed that, whilst Scotland's vision for a well-adapted nation is welcome, more needs to be done to translate ambition into actions that are commensurate with the scale of the challenge.

Progress in delivering adaptation has stalled. Available evidence indicates that across most sectors progress in delivering adaptation has stagnated, despite a limited number of areas where good progress is being made. The CCC recommended that the Scottish Government:

- Drives action based on its vision for a well-adapted Scotland. Clear, time-bound and quantitative targets, with clear Government ownership, need to be set out to make Scotland's adaptation vision drive sufficient action. This is essential for accountability. Adaptation needs to be embedded across the full range of Government activities.
- Urgently improves monitoring and evaluation. Scotland lacks effective monitoring and evaluation systems meaning that changes in aspects of many climate-related risks are largely unknown. For adaptation plans to be effective these systems need to be created and implemented without delay.
- Raises the level of adaptation response. Across Scotland there are numerous local-level initiatives that can form a blueprint for a stronger, adaptation response. There are also opportunities to extend Scotland's leading position in considering how climate adaptation policy can be delivered fairly across society.

The Scottish Government commissioned the Committee to provide advice on "the role of adaptation in a Just Transition" alongside its first independent assessment of the second Scottish Climate Change Adaptation Programme (SSCAP2).

The key messages included in this advice were:

- **Fairness in adaptation is strongly linked to the concept of a just transition.** Just transition is currently a concept more commonly used in relation to

reducing greenhouse gas emissions in a fair way. However, these considerations of sharing the effort to tackle climate change across society are equally applicable to efforts to adapt to the climate conditions expected in the future.

- **Climate impacts and adaptation actions will both have unequal effects.** For many climate impacts it is the most vulnerable in society that will be most impacted and have the least ability to adapt. Adaptation actions to address these risks will also have unequal impacts themselves. These may be different to those arising from the climate risks that they are seeking to avoid. There is potential for some adaptation actions to have unintended negative effects, increasing exposure of others to climate risks.
- **Effective and fair adaptation requires distributional effects to be considered throughout the policy cycle.** Throughout policy design, implementation and evaluation stages it is necessary to consider fairness and inequalities to ensure that adaptation policy is consistent with a just transition to a well-adapted society. Extensive and regular engagement with all affected stakeholders through the policy cycle needs to be at the heart of this. There are opportunities to extend Scotland's leading position in considering justice implications of climate policy, such as the Just Transition Commission, to also include adaptation.

Additionally, Chris Stark wrote to Minister Arthur MSP, Minister for Public Finance, Planning and Community Wealth on the draft fourth National Planning Framework (NPF4) in March 2022.

The key messages of this letter were to advise that the broad vision of NPF4 is generally compatible with advice from the Committee. The plan also showed welcome progress on recommendations that the CCC has made over the past two years.

Advice to the Northern Irish Executive

In January 2022, Chris Stark wrote to Colin Breen, Director of Environmental Policy at the Department of Agriculture, Environment and Rural Affairs (DAERA). The letter provided further clarification of the costs associated with achieving Net Zero greenhouse gas emissions by 2050 and information about the basis for the cost estimate set out in an earlier CCC letter to Minister Edwin Poots on April 1st 2021 and associated follow-up discussions.

In March 2022 Lord Deben wrote to Edwin Poots MLA, Minister of Agriculture, Environment and Rural Affairs following the approval of a new Climate Change Bill by the Northern Ireland Assembly.

The new Northern Ireland target of Net Zero greenhouse gas emissions by 2050 goes well beyond the CCC's recommendation, but the CCC commended this new ambition.

The implication of the new 2050 target is that Northern Ireland must outperform all of five of the Net Zero Pathways that the CCC developed in its advice on the UK's Sixth Carbon Budget, requiring a major step-up in policy and rapid progress over the 2020s.

Advice to the Welsh Government

In May 2021 Chris Stark wrote to John Howells, Director of Climate Change, Energy and Planning at the Welsh Government following a change in the reporting practice for inclusion of the greenhouse gas emissions inventory for Wales in the annual UK-wide Progress Report to Parliament.

International Engagement

The UK government has established a set of international objectives on climate change, diplomacy and development. As part of their work to deliver those objects the UK government has requested the CCC's support to establish a strategic international engagement programme. The programme comprises of three strands:

- Publishing a series of internationally focussed Insights Briefings which provide an accessible introduction to the UK's climate change mitigation and adaptation frameworks and work of the CCC.
- Targeted engagement with key Governments and actors creating influential ongoing relationships.
- Establishing the International Climate Councils Network (ICCN) bringing together climate advisory bodies from every continent to strengthen mutual capacity and promote expert and independent advice and scrutiny of climate change mitigation and adaptation action.

During 2021-22 we have delivered over 30 direct engagements, with partners from approximately 20 countries, with participation from our Chairman, Committee members, CEO, Chief Economist, and specialist secretariat analysts.

The ICCN was launched at COP26 with a joint letter to heads of state setting out principals for effective independent expert climate mitigation and adaptation advice. The focus of the ICCN is to:






- improve alignment between work on adaptation and mitigation.
- develop a 2022 work programme to build member capability and support/advocate new in the lead up to COP27 and COP28.

The UK CCC provides support to the ICCCN steering board, setting strategy and coordinating activity. The ICCCN now comprises of 24 climate councils with presence in all continents.

The UK Partnering for Accelerated Climate Transitions (UK PACT) is a programme funded by the UK Government which supports countries that strive to overcome barriers to clean growth and have high emissions reduction potential to accelerate their climate change mitigation efforts.

The CCC has been working with the UK PACT Programme to share our expertise on Net Zero with middle-income and developing countries.

Table 3
CCC and the UK Pact Programme

	Brazil: Providing support with BEIS to group of 12 Brazilian States as they develop Climate Action Plans as part of their Race to Zero campaign commitment.
	Colombia: Providing support with BEIS to Ministry for Environment to develop carbon budgets out to 2030 and beyond, drawing on UK Climate Change Act.
	Malaysia: Technical workshops with research institutes and agencies in Malaysia and wider SE Asia on modelling Net Zero pathways (100+ participants).
	Nigeria: Convened key Nigerian Parliamentarians to share benefits of UK Climate Change Act in advance of vote on Nigeria Climate Change Bill (passed Nov 21). Now developing support to implement Act.
	South Africa: Established strong strategic and technical advisory partnership with Presidential Climate Commission (formed 2020). PCC made case for South Africa's new, ambitious NDC announced at COP26

The UK Climate Conversation

During 2022 the CCC delivered a series of events across the UK to better understand steps which are being taken to deliver emissions reductions and adaptation action, and to explore the challenges and barriers to delivery primarily at Local Authority level,

We visited areas such as Birmingham, Greater Manchester, Kent, Port Talbot and Swansea, Bristol and Somerset, Dundee and Derry. As well as meeting senior council officials and elected members, the visits have involved engaging with a wide range of local stakeholders such as businesses (large and small, community groups, NGOs, faith groups and members of the public through meetings, workshops and site visits.

Governance arrangements and financial performance

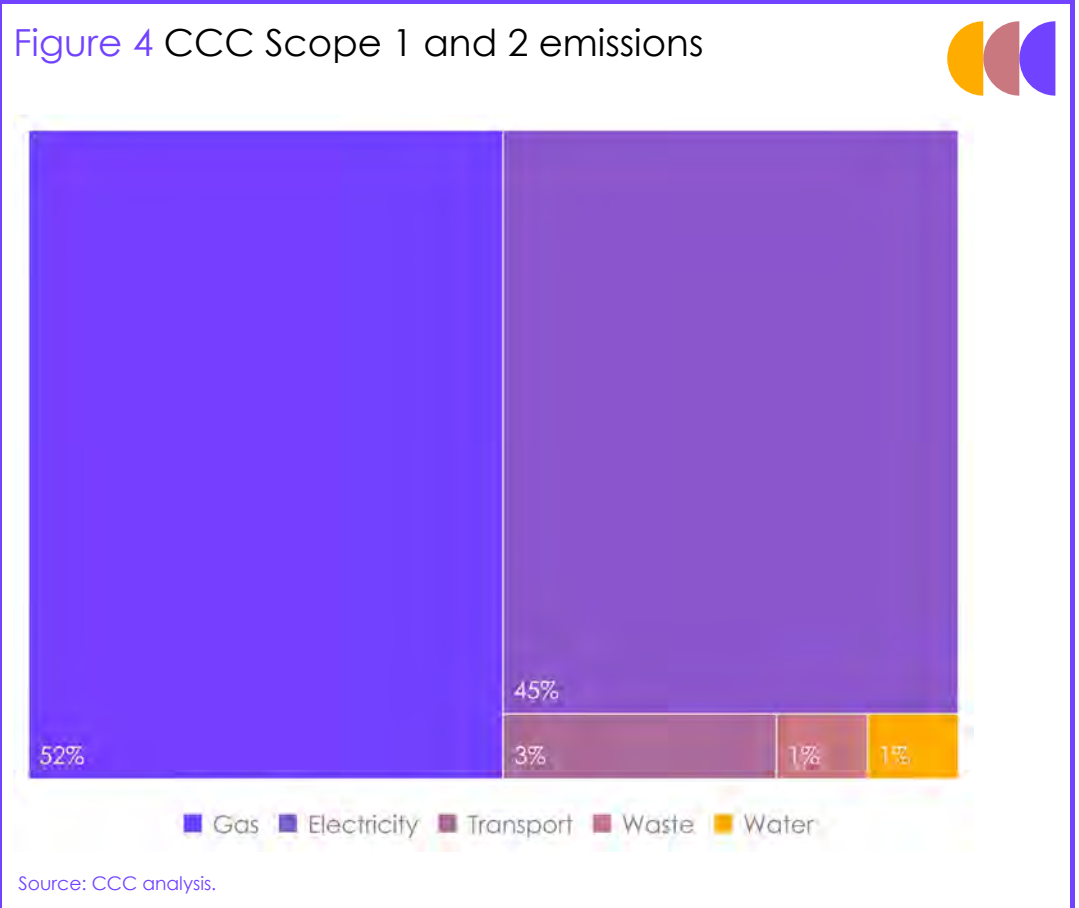
The governance framework and arrangements in place at the CCC are described in the Governance Section in section 2:3.

Analysis of the CCC's financial performance can be found in section 2.2 of the Accountability Report.

1.2.3 Sustainability report

Our environmental impact

We manage our organisation to minimise our environmental impact. Our direct impact on the environment includes greenhouse gas emissions, water-use and waste generated by our operations. Our scope 1 and 2 emissions in 2021-22 comprised:



Carbon neutral certification

The CCC has been certified as CarbonNeutral® in accordance with the Carbon Neutral Protocol and the GHG Protocol Scope 2 Guidance. Purchased credits adhere to the International Carbon Reduction and Offset Alliance (ICROA) standards. Our emissions principally derive from the gas and electricity used to regulate the temperature of our office.

As a tenant occupying less than 1% of the floorspace in our building we have limited input to decisions relating to gas and electricity usage within our building. However, we support the work which the Government Property Agency (our landlord) is undertaking to improve sustainability within our building and other buildings on the government estate.

Our commitments to reduce emissions are therefore focussed on areas within our control:

- Reduce our business travel carbon
 - Ensure we use the most environmentally friendly travel option whilst considering time and safety considerations

- Where we need to stay in hotels, choose green hotels by checking the hotel is accredited to an organisation such as Green Key or Green Tourism
- Reduce our working from home carbon
 - To develop a way to measure the carbon impact from our people working from home
 - To consider options for staff to minimise their carbon impact whilst working from home
- Reduce our commuting carbon
 - To measure the carbon impact from our people travelling to and from our office
 - To encourage our people to travel in the most environmentally friendly way
 - To support flexible working, which allows a reduction in commuting
- Reduce carbon created by our suppliers
 - To encourage our current suppliers to adopt a net-zero carbon aim.
 - To expect new suppliers to have a net-zero carbon aim.
 - To expect our suppliers to provide a sustainability report in relation to the services provided.

Sustainable procurement

We support procurement that is open and competitive. Our standard terms and conditions require suppliers to ensure their operations comply with all applicable environmental Law and follow government best practice. Where we use Crown Commercial Service frameworks to procure our common goods and services, these embed the use of the Government Buying Standards.

Supply chain assurance

The CCC expects our suppliers to treat their supply chain fairly. 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

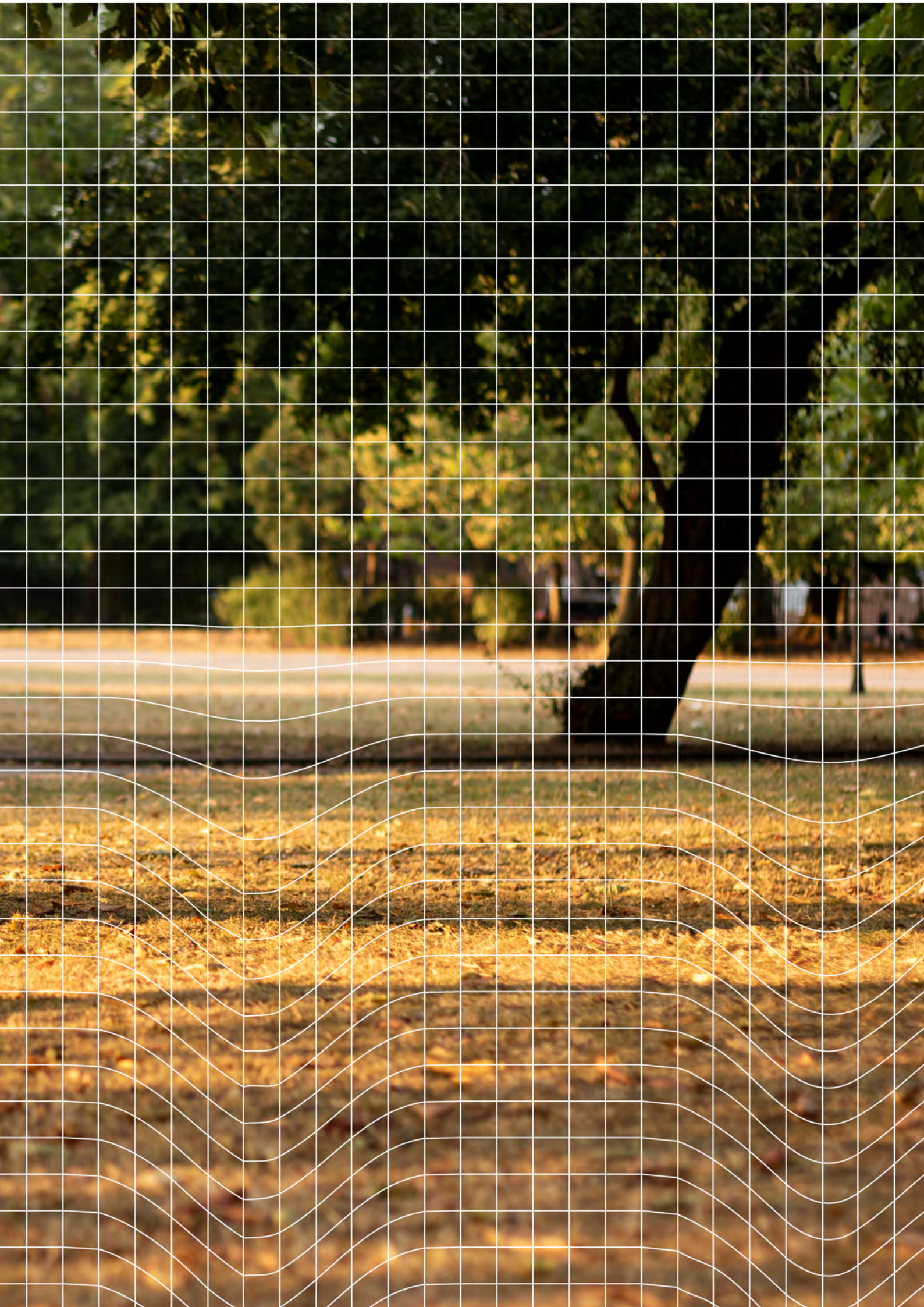
We have a business continuity plan in place for extreme weather and have information available for our staff on steps they can take to improve the resilience of their homes and workspaces, including guidance for working and staying well during periods of hot weather.



Chris Stark
Accounting Officer

12 July 2022

Section 2: Accountability Report



2.1 Corporate Governance Report

2.1.1 Statement of Accounting Officer's responsibilities

Under schedule 1, Section 24 (2) of the Climate Change Act 2008, the CCC is required to prepare for each financial year a statement of accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the CCC and its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

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

I confirm that the Annual Report and Accounts as a whole gives a fair, balanced and understandable view of the CCC's activities for the year ended 31 March 2022 and its financial position as at 31 March 2022.

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

2.2 Chief Executive's Report

2.1 Financial position

An overview of our expenditure

The CCC received a resource allocation of £4,929,095 (2020-21: £4,785,013) which was wholly funded by our Sponsor Organisations, BEIS, Defra and the devolved administrations. The Corporate and Business Plan, which is published on the CCC website, provides a split of the resource allocation provided by our Sponsor Organisations. The Grant-in-Aid funding drawn down during the year was £4,422,737 (2020-21: £4,595,073).

The CCC's net operating cost for the year were £4,539,666 (2020-21: £4,678,810).

Financial position

The accounts show a Statement of Comprehensive Net Expenditure of £4,541,779 for the year ended 31 March 2022 and net liabilities of £472,441 on the Statement of Financial Position (principally driven by our trade and other payables, which include liabilities falling due in futures years that may only be met by future grants-in-aid).

The CCC has non-current assets of £427,282 at 31 March 2022 (£103,635 at 31 March 2021). The increase in non-current assets is a result of the implementation of International Financial Reporting Standard (IFRS) 16 which has resulted in the lease on our office accommodation being recorded as a right of use asset.

Going concern

Our indicative allocation for 2022-23 is assessed to be sufficient to enable the CCC to meet its statutory duties and contractual obligations. On this basis we consider it appropriate to prepare these financial statements on a going concern basis. The funding for 2022-23 covers the reported liabilities as at 31 March 2022 of £472,441.

Events since the end of the financial year

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

The Annual Report and Accounts were authorised for issue on the date shown in the certificate on page 54

Service arrangements

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

- Payroll, procurement, accounting and human resources through Shared Services Connected Limited (SSCL)
- IT infrastructure and services through the Defra IT contract
- Accommodation on the first floor of 1 Victoria Street London was entered into with effect from 1 April 2021.

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

Prompt payment

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

According to the statistics provided by SSCL 81.05% of valid invoices received between 1 April 2021 and 31 March 2022 by the CCC were paid within the 5-day target (82.14% in 2020-21).

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

There were no losses or special payments made by the CCC in the financial year (2020-21, none).

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

The Committee on Climate Change does not have any Remote Contingent Liabilities in 2021-22 (2020-21, none).

Register of Interests

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

2.3 Governance Statement

Introduction

This governance statement sets out how the CCC is governed and considers the risk management of the CCC and its internal controls. It applies to the financial year 1 April 2021 to 31 March 2022 and up to the date of the approval of the Annual Report and Accounts.

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

Specifically, I am tasked with ensuring that the CCC:

- Operates within the requirements of the Climate Change Act (2008) and the Concordat and Framework Agreements agreed jointly by the UK government and devolved administrations.
- Is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in HM Treasury's 'Managing Public Money'.
- Operates in line with the requirements of the Freedom of Information Act 2000 and complies with Data Protection legislation.

Our governance structure

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

The Framework Agreement is published on the CCC website <https://www.theccc.org.uk/about/>. Following recent updates to HM Treasury guidance the CCC's Sponsorship Group are reviewing both the Framework and Concordat agreements and expect to publish updated agreements later this year.

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

Table 4 The Committee	
Chair	Lord Deben
Frequency	Monthly
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 and the Committee meets regularly to assess progress against the work programme.	

Members of the secretariat attend committee meetings to hear relevant discussions, present evidence and answer questions.

Key activities during the year under review

The Committee heard evidence from a wide range of external stakeholders on subjects such as the economics of biodiversity, just transition and blue carbon. The Bank of England presented a summary of their Biennial Exploratory Scenario (BES exercise on financial risks from climate change). The Office for Budget Responsibility presented the key findings of the OBR's Fiscal Risks report covering public spending on reaching Net Zero. Additionally, the NAO presented information on their 'Achieving Net Zero' and summarised their work on Local Government and Net Zero.

The Secretariat provided regular updates to Committee on work completed in relation to six key themes, being:

- Public Engagement
- Just Transition: workers and skills
- Delivery & governance
- Business
- Trade, competitiveness & consumption emissions
- Distributional analysis

However, the key area of focus for the Committee remained the oversight and scrutiny of the statutory reports published this year which included the UK and Scottish Progress Reports and a range of briefing notes, such as the UK's Net Zero Strategy, the outcomes of COP26 and an independent assessment of the UK's Heat and Building Strategy.

Table 5
The Adaptation Committee

Chair	Baroness Brown of Cambridge
Frequency	Monthly

Role

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

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

Key activities during the year under review

During the first quarter of 2021-22 the Committee focussed on the finalisation and launch of the Climate Change Risk Assessment (CCRA3). The Risk Assessment, which included a 2000 page technical report, was the culmination of a three-year work programme. The Committee also provided its biennial Progress Report to the UK Parliament in June 2021.

The Committee provided oversight and scrutiny to two further reports published in 2021-22; the second Scottish Climate Change Adaptation Programme and an appraisal of reports from organisations on how they have factored climate change adaptation into their own business planning, through the Adaptation Reporting Powers contained in Climate Change Act.

Work is underway to develop a series of adaptation indicator hierarchies with feedback from key stakeholders on the structure and content of the proposed adaptation action pathways being sought.

A wide range of external stakeholders also attended Committee meetings to provide insight of topics such as the EU's Adaptation Strategy and the Defra Adaptation Economics Project. The Chairman of the Office for Environmental Protection attended to discuss how our organisations will work together in delivering our separate but related functions. A Memorandum of Understanding between the CCC and the OEP is under development.

Table 6
Audit & Risk Assurance Committee

Chair	Rosalyn Schofield
Frequency	Quarterly
<p>Role</p> <p>The Committee is responsible for advising the Accounting Officer on the adequacy of our internal control and risk management framework and the governance of the internal and external audit processes. The ARAC also provides assurance on the quality of the CCC's Financial Statements.</p> <p>Representatives from External Audit (the National Audit Office), Internal Audit (the Government Internal Audit Agency) and our Sponsor Group attend each meeting.</p>	
<p>Key activities during the year under review</p> <p>Focus was given to the following key areas:</p> <ul style="list-style-type: none"> • Reviewing the Annual Report and Accounts and providing independent oversight and challenge on its content • Considering the work of both Internal and External Audit • Approving a range of corporate policies for implementation • Challenging and gaining assurance around the CCC's management of key areas of reputation and operation risks, including reviewing the annual update from the Professional Standards Council • The attendance of the Deputy Director of IT at Defra to provide an assessment to the Committee on key areas of security and cyber risk in relation to the IT services the CCC receives from Defra 	

Table 7
Senior Management Team

Chair	Chief Executive
Frequency	Monthly
<p>Role</p> <p>Our Senior Management Team has responsibility of the overall management of the CCC. It is responsible for making any necessary and appropriate decisions relating to the day-to-day performance of the CCC's business, and for the effective management of our staff.</p>	
<p>Key activities during the year under review</p> <p>The Senior Management Team have reviewed the Corporate Risk Register at each meeting to update their assessment of significant risks and to agree and implement mitigating actions.</p> <p>There have been significant organisational changes during the year, with an increase in staffing and changes to our team structures. Following the opening of our office at 1 Victoria Street in September 2021 and the introduction of a new Flexible Working Policy there have also been changes to the way in which we work. The management team have fed back emerging concerns from their teams and have developed actions to address those.</p> <p>The management team agreed areas of focus for our annual staff survey and actions to address areas of concern. In March 2022 the Management Team completed a workshop on change management.</p> <p>New corporate policies have been developed, including a Rapid Response Plan, a Business Continuity Plan and Media Support policies with the management team provided valuable input to the development and approval of each policy.</p>	

The table below shows attendance at meetings held by the Committee, Adaptation Committee and the AC during 2021-22.

Table 8 Attendance at meetings held by the Committee, AC and ARAC during 2021-22			
	Committee Meetings attended out of those eligible	AC Meetings attended out of those eligible	ARAC Meetings attended out of those eligible
Lord Deben	12 out of 12		
Professor Keith Bell	12 out of 12		
Professor Nick Chater	5 out of 9		3 out of 3
Professor Piers Forster	12 out of 12		3 out of 3
Dr Rebecca Heaton	3 out of 3		1 out of 1
Paul Johnson	7 out of 12		
Professor Corinne Le Quéré	11 out of 12		
Baroness Brown of Cambridge		12 out of 12	
Pete Betts (Expert Adviser to the Committee)	11 out of 12		
Professor Richard Dawson		11 out of 12	
Professor Michael Davies	12 out of 12	12 out of 12	
Ece Ozdemiroglu		11 out of 12	
Rosalyn Schofield		12 out of 12	3 out of 3
Professor Kate Jones (Expert Adviser to the Committee)		12 out of 12	

Compliance with the Corporate Governance Code

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

Risk management

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

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

Significant challenges and issues in 2021-22

The table below sets out further detail on key in-year challenges which have been actively managed and monitored during 2021-22.

Table 9 Challenges and Issues		
Topic	Detail	Key mitigations
Staffing	As anticipated following the completion of the Sixth Carbon Budget Advice. Following completion of recruitment activity over a third of our team comprises of staff who have joined the CCC during 2021-22. The high number of vacancies carried by the team whilst recruitment campaigns were completed, together with the loss in corporate knowledge and learning curve for new joiners created a delivery risk to our work programme. This has been exacerbated by a long period of remote-working and a transition to a new hybrid-style of working.	We have focussed on activity to re-build corporate knowledge through the development of a handbook on analysis, regular teach-ins and a guide on the in-house writing style. We have also re-structured our Corporate Team to provide additional HR support to reduce the burden on vacancy managers and make the on-boarding and induction process smoother.
Appointment of Committee Members	During 2022 there will be eight new Committee Member appointments across both Committees. This significant change in membership combined with any delays in the appointment and approvals processes create a risk that the effectiveness of both Committees could be adversely affected.	The appointment process is managed by our Sponsor Organisations, BEIS and Defra with involvement from the devolved administrations. We have engaged proactively with each organisation both at official and Ministerial level to encourage and monitor progress.
Scrutiny and challenge	The CCC's creditability as an independent advisor is negatively impacted by a perceived or actual failure to operate within environmental or other standards expected of our organisation or by real or perceived conflicts of interest. Additionally, the risk that increased levels of scrutiny evidenced through an increase in FOI requests, correspondence or legal challenges reduces our capacity to deliver our statutory work programme effectively.	The Professional Standards Council identified three key areas of emerging risk. A programme to address each area has been developed with substantial progress being made to implement the actions. For example, a Crisis Response Plan has been developed and implemented. We have restructured our Corporate Services team to provide additional resource to enable us to more effectively manage stakeholder engagement so that we are able to proactively manage the increase in correspondence and requests that we receive.
IT security	That IT security policies in place are not sufficient to withstand attacks especially given the heightened cyber security risks.	Our internal audit function has completed a review of Cyber Security during the year. Work has been completed to satisfactorily address the recommendations raised during the year. During this period of heightened risk we have sought assurance from our IT provider that advice and guidance issued by the National Cyber Security Centre have been complied with.

Other governance activity

Government Functional Standards

The introduction of Functional Standards represents an important step forward in our ability to provide assurance to our Accounting Officer regarding the provision and delivery of a wide range of corporate services.

We have completed a self-assessment against just over half of the fourteen standards. Self-assessments for the remaining standards will be completed by October 2022. Actions plans will be agreed for each standard which we anticipate will enable us to achieve a robust, but proportionate, level of assurance for each standard by 31 March 2023.

Some functions are not relevant to the CCC and 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 rather than "better" or "best" is acceptable for those standards.

Managing conflicts of interest

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

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

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

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 2021-22 and the CCC continues to take a proportionate approach to the management of security risks in line with the low volume of sensitive and personal information handled.

Shared Services

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

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

Quality assurance modelling

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

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

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

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

Independent oversight of assurance arrangements

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

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

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

The GIAA has provided an annual opinion on the adequacy and effectiveness of the CCC's framework for governance, risk management and control to me, as Accounting Officer, and the ARAC. The audit opinion was that the framework of governance, risk management and control provides moderate assurance.

Fraud awareness

Our Fraud Policy and Response Plan 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.

Whistle blowing

The CCC operates a whistleblowing policy which complies with the key elements of the Civil Service Employee Policy Whistleblowing and Raising a Concern. No reports under the whistleblowing policy have been made by employees during the year ended 31 March 2022.

**Chris Stark**

Accounting Officer

12 July 2022

2.4 Remuneration and staff report

2.4.1 Service contracts

Staff

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

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

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Chief Executive

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

Committee members

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

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

The remuneration for the Committee on Climate Change is determined jointly by all funders. In 2021-22, the Chairman of the Committee of Climate Change was paid £1,000 per day with an average time commitment of three days per month. Committee members were paid £800 per day with an estimated time commitment of two days per month.

The remuneration for the Adaptation Committee is made jointly by all funders. In 2021-22, 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.

2.4.2 Remuneration policy

The Chief Executive's remuneration is determined by the Committee. This is on the basis of a performance evaluation by the Chair of the Committee and with regard to recommendations by the Senior Salaries Review Body regarding senior civil service pay.

Up to 6% of the Chief Executive's remuneration is subject to meeting agreed performance criteria measured against delivery of objectives set by the Committee at the beginning of the year and is only triggered if all the main performance targets are exceeded.

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

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

The following sections provide details of the remuneration and pension interest of the Chief Executive and the Committee Members. Remuneration payments to Committee members during 2021-22.

	Salary		Bonus Payments		Benefit in kind		Pension Benefit		Total	
	£'000 2021-22	£'000 2020-21	£'000 2021-22	£'000 2020-21	£ 2021-22	£ 2020-21	£'000 2021-22	£'000 2020-21	£'000 2021-22	£'000 2020-21
Chief Executive										
Chris Stark	135 - 140	135 - 140	5 - 10	5 - 10			39	56	180 - 185	200 - 205
Committee on Climate Change Committee Chair										
Lord Deben	35 - 40	35 - 40	-	-	-	-	-	-	35 - 40	35 - 40
Members										
Baroness Brown of Cambridge	-	15 - 20	-	-	-	500	-	-	-	15 - 20
Professor Nick Chater**	5 - 10	20 - 25	-	-	-	400	-	-	10 - 15	20 - 25
Dr Rebecca Heaton***	0 - 5	15 - 20	-	-	-	300	-	-	0 - 5	15 - 20
Paul Johnson	5 - 10	10 - 15	-	-	-	-	-	-	5 - 10	10 - 15
Professor Corinne Le Quéré	5 - 10	10 - 15	-	-	-	-	-	-	0 - 5	10 - 15
Professor Piers Forster	15 - 20	20 - 25	-	-	200	600	-	-	15 - 20	20 - 25
Professor Keith Bell	15 - 20	15 - 20	-	-	100	2,400	-	-	15 - 20	20 - 25
Professor Michael Davies*	15 - 20	0 - 5	-	-	-	-	-	-	15 - 20	0 - 5
Adaptation Sub- Committee Committee Chair										
Baroness Brown of Cambridge	20 - 25	10 - 15	-	-	-	-	-	-	20 - 25	10 - 15
Members										
Professor Michael Davies	10 - 15	15 - 20	-	-	100	400	-	-	10 - 15	15 - 20
Professor Georgina Mace	-	5 - 10	-	-	-	-	-	-	-	5 - 10
Ece Ozdemiroglu	10 - 15	20 - 25	-	-	100	-	-	-	10 - 15	20 - 25
Rosalyn Schofield	10 - 15	5 - 10	-	-	-	-	-	-	10 - 15	5 - 10
Professor Richard Dawson	15 - 20	15 - 20	-	-	500	-	-	-	15 - 20	15 - 20

Dr Rebecca Heaton - Salary full year equivalent 15 -20. Total full year equivalent 15 - 20.

Professor Nick Chater - Salary full year equivalent 15 -20. Total full year equivalent 15 - 20.

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

**Nick Chater ceased being a member of the Committee on Climate Change in December 2021.

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

Salary

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

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2021-22 relate to performance in 2021-22 and the comparative bonuses reported for 2020-21 related to performance in 2020-21.

Benefits in kind

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

Fair Pay Disclosures

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 2021-22 was £140k-£145k (2020-21, £140k-£145k). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2021-22	25th Percentile	Median	75th Percentile
Total remuneration £	41,010	53,540	59,401
Pay ratio	3.6	2.8	2.5

2020-21	25th Percentile	Median	75th Percentile
Total remuneration £	-	53,652	-
Pay ratio	-	2.7	-

The 2021- 22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required and the 2021-22 Financial Reporting Manual does not require comparative figures to be disclosed for 2020-21.

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.

The values for the salary component of remuneration for the 25th percentile, median and 75th percentile were £41,010, £53,540 and £59,401 respectively.

In 2021-22, no (2020-21, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from the following bands £30,000 - £35,000 to £140,000 - to £145,000 (2020-21: £20,000-£25,000 to £140,000-£145,000).

Percentage Change in Remuneration

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

- a) salary and allowances, and
- b) 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:	2021-22 v 2020-21	2020-21 v 2019-20	2021-22 £	2020-21 £
Average employee salary and allowances	0.2%	N/A	50,000 - 55,000	50,000 - 55,000
Highest paid director's salary and allowances	0.0%	N/A	135,000 - 140,000	135,000 - 140,000
Average employee performance pay and bonuses*	48.1%	N/A	1,000 - 1,500	500 - 1,000
Highest paid director's performance pay and bonuses	0.0%	N/A	5,000 - 10,000	5,000 - 10,000

* Average employee performance pay and bonuses increased 48% from 2020-21 to 2021-22, the average performance payments fell within the following bands 2020-21 £500 - £1,000 and 2021-22 £1,000 - £1,500. The increase reflects a change in the distribution between the two bands.

The 2021- 22 financial year is the first year disclosures in respect of the percentage changes in salary and allowances and performance pay and bonuses payable are required, and the 2021-22 Financial Reporting Manual does not require comparative figures to be disclosed for 2020-21.

Pension benefits (this section has been subject to audit)

	Accrued pension at 31/3/22 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/22 £'000	CETV 31/3/21 £'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 60 - 65	2.5 – 5 plus a lump sum of 0	541	498	10	–

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

Civil Service Pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annual in line with Pension Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. The pension figures quoted show pension earned in PCSPS or alpha as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

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

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

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

Employers' contributions to all pension schemes in 2022-23 is expected to be in the region of £486,270.

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

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

For 2021-22, employers' contributions of £486,270 were payable to the PCSPS (2020-21, £473,240) at one of four rates in the range 26.6% to 30.3% (2020-21 26.6% to 30.3%) of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021-22 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 £0 (2020-21, £8,950) were paid to the appointed stakeholder pension provider. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £0 (2020-21, £1,175), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £0 (2020-21, £330). Contributions prepaid at that date were £0 (2020-21, £0).

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value for the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment

made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement with the members leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown related to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangements with the member transfers to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVS are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take into account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

2.4.4 Staff report

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

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

** Remuneration for Committee members are fees paid for attending meetings and other work performed on behalf of the Committee during the period 1 April 2021 to 31 March 2022.

*** Wages and salaries include an accrual of £53,820 (2020-21 £40,000) for total performance payments relating to 2021-22 and a movement of (£5,650) in staff leave accrual (2020-21, £7,009).

Staff Costs (this section has been subject to audit)

	2021-22 Total	2021-22 Permanent staff*	2021-22 Other*	2021-22 Committee members	Year to 31 March 2021 Total
	£	£	£	£	£
Committee Members' remuneration**	195,148	–	–	195,148	244,518
Wages and salaries***	2,126,223	1,622,134	504,089	–	1,932,362
Social security costs	222,132	187,466	16,007	18,659	234,241
Other pension costs	486,841	446,303	40,538	–	483,031
Sub total	3,030,344	2,255,903	560,634	213,807	2,894,152
Less recoveries for secondments	(50,400)	(50,400)	–	–	–
Total net costs	2,979,944	2,205,503	560,634	213,807	2,894,152

Exit packages (this section has been subject to audit)

No severance payments were made in the financial year (2020-21, £nil).

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

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

Off-payroll engagements

The CCC did not have any off-payroll engagements in the financial year (2020-21, £nil).

Expenditure on consultancy

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

Health, safety and wellbeing

During the period ended 31 March 2022 the average number of working days lost due to sickness absence was 2.11 days per full time equivalent (2020-21, 0.54 days). The CCC has a good record in providing a safe and supportive work environment, and there are no accidents to report in accordance with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

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

Equality, Diversity and Inclusion

The CCC has developed an Equality, Diversity and Inclusion (EDI) Strategy which is for all CCC employees and also to be applied to all our statutory duties, to the extent that is reasonable and practicable.

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 2022 (2020-21, nil).

Health and safety incidents

There were no health and safety incidents for the year ended 31 March 2022 (2020-21, nil).

Staff numbers (this section has been subject to audit)

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

	2021-22 Total	2021-22 Permanent staff	2021-22 Others	2020-21 Total	2020-21 Permanent staff	2020-21 Others
Chief Executive Office	1.0	1.0	–	1.0	1.0	–
Adaptation Committee	6.0	5.7	0.3	5.0	4.3	0.7
Committee	21.4	14.8	6.6	20.3	16.5	3.8
Corporate Team	7.4	6.3	1.1	7.4	5.9	1.5
Total	35.8	27.8	8.0	33.7	27.7	6.0

Staff composition

The composition of staff as at 31 March 2022 is shown below:

	Female	Male
Directors - Chief Executive and Committee Members	3	7
Senior Civil Servants (pay bands 1 & 2)	1	2
Secretariat	18	14
Corporate Team	2	5
Total	24	28

Staff turnover

The staff turnover rate for 2021-22 was 3% (2020-21, 29%).



Chris Stark
Accounting Officer

12 July 2022

2.5 Certificate & Report of the Comptroller & Auditor General

To to the Houses of Parliament, the Scottish Parliament, The National Assembly for Wales 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 2021 under the Climate Change Act 2008. The financial statements comprise the Committee on Climate Change's

- Statement of Financial Position as at 31 March 2022;
- 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 Committee on Climate Change's financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Committee on Climate Change's affairs as at 31 March 2022 and its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards as adapted by HM Treasury's Government Financial Reporting Manual; and
- have been properly prepared in accordance with the Climate Change Act 2008.

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 Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Committee on Climate Change in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Committee on Climate Change's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

My responsibilities and the responsibilities of the Committee and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Committee on Climate Change is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Committee and Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the requirements of HM Treasury's Government Financial Reporting Manual:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements 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 and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- 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
- 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 the Accounting Officer, are responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- the preparation of the Annual Report in accordance with HM Treasury Government Financial Reporting Manual;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Committee and the Accounting Officer determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; 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 anticipates that the services provided by the Committee on Climate Change will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Climate Change Act 2008.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Committee on Climate Change's accounting policies.
- Inquiring of management, 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 relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Committee on Climate Change's controls relating to the Committee on Climate Change's compliance with Managing Public Money, the Climate Change Act 2008.
- discussing among 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 and complex transactions. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Committee on Climate Change's framework of authority as well as other legal and regulatory frameworks in which the Committee on Climate Change operates, focusing 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 Managing Public Money, the Climate Change Act 2008 and Accounts Act 2000 and Employment Law.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing 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;
- enquiring of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I also communicated relevant identified laws and regulations and potential fraud risks 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 evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

12 July 2022

Comptroller and Auditor General

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

Section 3: Financial Statements



Statement of Comprehensive Net Expenditure

For the year ended 31 March 2022

	Note	£ 2021-22	£ 2020-21
Expenditure			
Staff costs	2,3	2,979,944	2,894,152
Depreciation, amortisation and loss on disposal	5,7	55,240	114,071
Depreciation on right of use assets	6	124,163	–
Other expenditure	4	1,380,319	1,670,587
Total operating expenditure		4,539,666	4,678,810
Net operating expenditure		4,539,666	4,678,810
Interest payable	6	2,113	–
Net expenditure for the year		4,541,779	4,678,810

Other Comprehensive Expenditure

	Note	£ 2021-22	£ 2020-21
Other Comprehensive Expenditure		–	–
Total Comprehensive Expenditure		4,541,779	4,678,810

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 61 - 79 form part of these accounts.

Statement of Financial Position

As at 31 March 2022

	Note	£ 2021-22	£ 2020-21
Non-current assets			
Property, plant & equipment	5	239,597	99,720
Right of use assets	6	186,244	–
Intangible assets	7	1,441	3,915
Total non-current assets		427,282	103,635
Current assets			
Trade and other receivables	9	20,230	23,159
Cash and cash equivalents	10	1,039,792	630,679
Total current assets		1,060,022	653,838
Total assets		1,487,304	757,473
Current liabilities			
Trade and other payables	11	(1,735,671)	(1,071,772)
Lease liability	6	(125,433)	–
Total current liabilities		(1,861,104)	(1,071,772)
Non-current assets plus/less net current assets/liabilities		(373,800)	(314,299)
Non-current liabilities			
Provisions	12	(39,100)	(39,100)
Lease liability	6	(59,541)	–
Total non-current liabilities		(98,641)	(39,100)
Total assets less total liabilities		(472,441)	(353,399)
Taxpayers' equity			
General reserve		(472,441)	(353,399)
Total Equity		(472,441)	(353,399)

The financial statements on pages 57 – 60 were approved by the Committee on 12 July 2022 and signed on its behalf by:



Chris Stark
Accounting Officer

12 July 2022

The notes on pages 61 - 79 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2022

	Note	£ 2021-22	£ 2020-21
Cash flows from operating activities			
Net operating expenditure after interest		(4,539,666)	(4,678,810)
Adjustments for depreciation and amortisation	5,6,7	179,403	114,071
Decrease in trade and other receivables	9	2,929	17,335
Increase in trade payables	11	663,899	74,885
Net cash (outflow) from operating activities		(3,693,435)	(4,472,519)
Cash flows from Investing activities			
Purchase of property plant and machinery	5	(192,643)	5,707
Purchase of Intangibles	7	-	1,857
Net cash (outflow) / inflow from investing activities		(192,643)	7,564
Cash flows from financing activities			
Grant from sponsoring department		4,422,737	4,595,073
Repayments of principal on leases	6	(125,433)	-
Interest charged on leases	6	(2,113)	-
Net cash inflow from financing activities		4,295,191	4,595,073
Net cash increase in cash and cash equivalents in the period	10	409,113	130,118
Cash and cash equivalents at the beginning of the period		630,679	500,561
Cash and cash equivalents at the end of the period		1,039,792	630,679

The notes on pages 61 - 79 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2022

	£
	General Reserve
Balance at 31 March 2020	(269,662)
Changes in Taxpayers' Equity 2020-21	
Grants from sponsoring department	4,595,073
Comprehensive Expenditure for the year	(4,678,810)
Balance at 31 March 2021	(353,399)
Changes in Taxpayers' Equity 2021-22	
Grants from sponsoring department	4,422,737
Comprehensive Expenditure for the year	(4,541,779)
Balance at 31 March 2022	(472,441)

The notes on pages 61 - 79 form part of these accounts.

1. Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2021-22 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. While the FReM defers adoption of IFRS 16 until 2022-23, it permitted departments to adopt it from 1 April 2021 where approval had been received from the relevant authority. The Department took this option.

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

a) Changes in accounting policies

The CCC has adopted IFRS 16 'Leases' from 1 April 2021. IFRS 16 represents a significant change in lessee accounting by removing the distinction between operating leases (off-statement of financial position financing) and finance leases (on-statement of financial position financing) and introducing a single lessee accounting model. IFRS 16 requires the recognition of all leases as finance leases with exemption given to low value leases and short-term leases, i.e. those with lease terms of less than 12 months, resulting in the recognition of a right-of-use asset and a lease liability in the Statement of Financial Position (SoFP). Please refer to note 1.13 Leases for further information.

b) Applicable accounting standards issued but not yet adopted and FReM changes for 2021-22

IFRS 17 Insurance Contracts

IFRS 17 requires a discounted cash flow approach to accounting for insurance contracts. Subject to EU adoption, it may come into effect for accounting periods commencing on, or after, 1 January 2023. This standard is not expected to have a material impact on the CCC's financial statements because the CCC does not have, or plan sign to sign any insurance contracts in the foreseeable future.

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

1.3 Significant judgements and estimates

The CCC has had no significant accounting judgements during financial year 2021-22. The provision for the dilapidations remained at £39,100 pending future decisions.

1.4 Property, plant and equipment

Assets are capitalised as property, plant and equipment if they are intended for use on a continuing basis and their original purchase cost, on an individual or group basis, is £4,000 or more, including VAT. These assets are reported at fair value.

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

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

In accordance with the FReM, the CCC has opted to value the remaining non-property assets on a depreciated historical cost (DHC) basis, as a proxy for fair value as these assets have short useful lives or are of low value or both.

Internally developed property, plant and equipment are recognised as assets under construction (AUC) and treated as capital expenditure but not depreciated until the completed asset is brought into service. AUC are not revalued.

1.5 Depreciation

Property, plant and equipment assets are depreciated at rates calculated to write them down to their estimated residual value on a straight-line basis over their estimated useful lives. Depreciation is not charged on assets under construction. Assets are normally depreciated over the following periods:

- Furniture and fittings: 18 months – 5 years
- Information technology: 3–5 years

A full month's depreciation is charged to the net expenditure account in the month following acquisition and in the month of disposal.

Management reviews the residual values and estimated lives of property, plant and equipment at least annually at each reporting date.

1.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and net of accumulated impairment losses as a proxy for fair value. The cost of intangible assets comprises the purchase cost and any directly attributable costs incidental to their acquisition. Intangible assets are capitalised where expenditure of £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 BEIS, Defra and the devolved administrations for its cash requirements and is therefore not exposed to liquidity risks. All material assets and liabilities are denominated in sterling therefore it is not exposed to currency risk.

1.8 Grant-in-aid

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

1.9 Income

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

1.10 Pensions

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

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

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

1.11 Employee Benefits

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

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

1.12 Value added tax (VAT)

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

1.13 Leases

Leases – prior to 1 April 2021

The CCC applied IAS 17 'Leases' up to 31 March 2021, recognising lease assets as either operating or finance leases. Leases were classified as finance leases when the risks and rewards of ownership were transferred substantially to the lessee; all other leases were classified as operating leases.

Rentals payable under operating leases, including benefits received and receivable as incentives to enter into leases were expensed on a straight-line basis over the term of the lease.

Leases - from 1 April 2021

The CCC has adopted IFRS 16 on the cumulative catch-up basis as mandated in the FReM, and therefore the cumulative impact on previous years' results has been recognised within reserves at the beginning of the period. As such, the prior year comparative information has not been restated. Under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16, a right-of-use asset and lease liability has been recognised for all relevant leases not previously recognised as finance leases for accounting purposes under IAS 17.

Practical expedients on transition

The CCC has elected to adopt the following practical expedients mandated in the FReM:

- Not reassess whether contracts are or contain a lease or not at the date of initial application
- Apply the 'cumulative catch-up' approach for adopting IFRS 16
- Not make adjustments for leases for which the underlying asset is of a low value. The CCC has used a de minimis threshold of £4,000, consistent with the CCC's capitalisation threshold
- Rely on onerous lease provision for impairment assessments rather than conducting an impairment review
- Recognise all short-term leases through the Statement of Comprehensive Net Expenditure. The CCC has determined short-term leases to be less than 12 months from the date of adoption of IFRS 16
- Use hindsight to determine lease terms in contracts which contain options to extend or terminate or are rolling

The definition of a contract is expanded to include intra-UK government agreements where non-performance may not be enforceable by law. This includes, for example, Memorandum of Understanding (MOU) agreements.

The CCC has expanded the definition of a lease to include arrangements with nil consideration. Peppercorn leases are examples of these, they are defined by HM Treasury as lease payments significantly below market value. These assets are fair valued on initial recognition. On transition, any differences between the discounted lease liability and the right-of-use asset are included as part of the adjustment to the opening balance of taxpayers' equity. Any differences between the lease liability and right-of-use asset for new leases after implementation of IFRS 16 are recorded in income as required by IAS 20 as interpreted by the FReM.

Measurement of right-of-use asset on transition

On initial application, the right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position immediately before the date of initial application.

Measurement of lease liability on transition

On initial application, the lease liability is measured at the present value of the remaining lease payments using the incremental borrowing rate at the date of initial application. The incremental borrowing rate is either:

- The interest rate implicit in the lease
- HM Treasury discount rate where interest rates implicit in the lease cannot be readily determined
- Another discount rate where the CCC can demonstrate that this would more accurately represent the incremental borrowing rate

Impact on transition

The table below reconciles the operating lease commitments under IAS 17 to the lease liability calculated under IFRS 16 on 1 April 2021:

Description of adjustment	£ Value
Operating lease commitment at 31/3/21	1,317,415
Adjustment to reflect change of end of lease	- 658,708
Adjustment to remove non-rental charges within lease	- 282,408
Prepayment	- 31,358
Adjustment for irrecoverable VAT	- 62,717
Discounted using discount rates	- 3,175
Adjustment to reflect that asset was not in use until 1 April 2021	279,049
Position as at the 31 March 2021	-

Recognition

For contracts entered into, or changed, on or after 1 April 2021, at inception of a contract, the CCC assesses whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This includes contracts for which there is no consideration. Where the contract has or contains a lease, the CCC recognises a right-of-use asset and a lease liability at the commencement date.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the CCC assesses whether, throughout the period of use, the CCC has both:

- The right to obtain substantially all of the economic benefits from the use of the identified asset
- The right to direct the use of the identified asset

Lease term

The lease term is the non-cancellable period of the lease, together with both periods covered by an option to:

- Extend the lease if the CCC is reasonably certain to exercise that option
- Terminate the lease if the CCC is reasonably certain not to exercise that option

The CCC considers all relevant facts and circumstances that create an economic incentive for the CCC to exercise the option to extend the lease or not to exercise the option to terminate the lease.

Measurement of right-of-use assets

Initial measurement

At the commencement date, the CCC measures the right-of-use asset at cost, which comprises:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs incurred
- An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lease terms and conditions

Subsequent measurement

Right-of-use assets are subsequently measured in line with the class of PPE asset to which the lease relates. The cost model for IFRS 16 is used as a proxy for valuation except where:

- A longer-term contract that has no provisions to assess lease payments for market conditions
- There is a significant period of time between these assessments
- The valuation of the underlying asset is likely to fluctuate significantly due to changes in market prices

Depreciation of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis from commencement date to the earlier of the end of:

- Useful life of the right-of-use asset, assessed as the same as the class of PPE asset to which the lease relates
- Lease term

Impairment of right-of-use assets

The CCC applies IAS 36 'Impairment of Assets' to determine whether a right-of-use asset is impaired and to account for any impairment loss identified.

Measurement of lease liabilities

Initial measurement

At the commencement date, the CCC measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are discounted using either:

- The interest rate implicit in the lease
- HM Treasury discount rate where interest rates implicit in the lease cannot be readily determined
- Another discount rate where the CCC determines it more accurately represent the interest rate

The weighted average discount rate applied to the lease liabilities is 0.91%. The CCC has applied the HM Treasury discount rate prevailing at the time of adoption (1.99% from 1 April 2019 to 31 December 2019, 1.27% from 1 January 2020 to 30 December 2020, 0.91% from 1 January 2021 to 31 December 2021 and 0.95% for leases that commence or are remeasured between 1 January 2022 to 31 March 2022).

At the commencement date, lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the term not paid at the commencement date:

- Fixed payments, including any in-substance fixed payments less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date, for example, payments linked to a consumer price index or a benchmark interest rate
- Amounts expected to be payable by the CCC under residual value guarantees
- The exercise price of a purchase option if the CCC is reasonably certain to exercise that option
- Payments of penalties for terminating the lease if the lease term reflects the CCC exercising the option to terminate the lease and the CCC is reasonably certain to exercise this option

Subsequent measurement

The lease liability is remeasured to reflect changes to the lease payments. The CCC remeasures the lease liability by discounting the revised lease payments using a revised discount rate if there is a change in:

- Lease term
- The CCC's assessment of an option to purchase the underlying asset, assessed considering events and circumstances in the context of a purchase option. The CCC determines the revised lease payments to reflect the change in amounts payable under the purchase option
- Amounts expected to be payable under a residual value guarantee
- Future lease payments resulting from a change in the index or rate used to determine these future lease payments, including a change to reflect changes in market rental rates following a market rent review. The CCC remeasures the lease liability to reflect those revised lease payments only when there is a change in the cash flows (this will be when the adjustment to the lease payments takes effect)

The amount of remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset, where there is a balance on the right-of-use asset. However, if the carrying amount of the right-of-use asset is £nil and there is a further reduction in the measurement of the lease liability, the CCC recognises the remaining amount of the remeasurement of the lease liability in the Statement of Comprehensive Net Expenditure.

2. Analysis of net expenditure by segment

	Committee on Climate Change £ 2021-22	Adaptation Committee £ 2021-22	Total £ 2021-22	Committee on Climate Change £ 2020-21	Adaptation Committee £ 2020-21	Total £ 2020-21
Staff Costs						
Committee members	114,525	80,623	195,148	157,860	86,658	244,518
Staff	2,188,562	596,234	2,784,796	2,107,321	542,313	2,649,634
Total Staff Costs	2,303,087	676,857	2,979,944	2,265,181	628,971	2,894,152
Other Costs						
Research	490,950	208,968	699,918	242,899	412,157	655,056
Rentals under operating leases	–	–	–	400,049	83,703	483,752
Occupancy	88,055	30,482	118,537	20,084	36,174	56,258
Shared services	58,658	26,498	85,156	(4,878)	1,007	(3,871)
IT service costs	92,717	23,176	115,893	101,489	25,664	127,153
Communications	60,182	42,670	102,852	65,729	11,422	77,151
Travel and subsistence	41,975	2,022	43,997	137	91	228
Corporate services	69,491	77,759	147,250	134,191	98,336	232,527
Learning and development	23,033	13,577	36,610	20,620	929	21,549
Telephony	3,578	743	4,321	637	339	976
Auditor's remuneration	20,000	5,000	25,000	14,800	3,700	18,500
Other	642	143	785	1,046	262	1,308
Total	949,281	431,038	1,380,319	996,803	673,784	1,670,587
Non-Cash Items						
Depreciation / amortisation	179,403	–	179,403	103,667	–	103,667
Loss on disposal	–	–	–	10,404	–	10,404
Increase/(decrease) in provision	–	–	–	–	–	–
Total Other Costs	1,128,684	431,038	1,559,722	1,110,874	673,784	1,784,658
Total Net Operating Costs	3,431,771	1,107,895	4,539,666	3,376,055	1,302,755	4,678,810

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

3. Staff numbers and related costs

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

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

4. Other expenditure

	£	£	£	£
	2021-22		2020-21	
Administration costs				
Research	699,918		655,056	
Rentals under operating leases	–		483,752	
Occupancy	118,537		56,258	
Shared services	85,156		(3,871)	
IT service costs	115,893		127,153	
Communications	102,852		77,151	
Travel and subsistence	43,997		228	
Corporate services	147,250		232,527	
Learning and development	36,610		21,549	
Telephony	4,321		976	
Auditor's remuneration	25,000		18,500	
Other	785		1,308	
		1,380,319		1,670,587
Non-Cash Items				
Depreciation / amortisation		179,403		103,667
Loss on disposal		–		10,404
Total Expenditure		1,559,722		1,784,658

5. Property, plant and equipment

2021-22	Furniture and Fittings £	Technology £	Total £
Cost			
At 1 April 2021	127,797	13,257	141,054
Additions / transfers	192,643	–	192,643
Disposals	–	–	–
At 31 March 2022	320,440	13,257	333,697
Depreciation			
At 1 April 2021	(37,789)	(3,545)	(41,334)
Charged in year	(50,115)	(2,651)	(52,766)
Disposals	–	–	–
At 31 March 2022	(87,904)	(6,196)	(94,100)
Net Book Value at 31 March 2022	232,536	7,061	239,597
Net Book Value at 31 March 2021	90,008	9,712	99,720
Asset financing			
Owned	232,536	7,061	239,597
Finance leased	–	–	–
Net Book Value at 31 March 2022	232,536	7,061	239,597
2020-21	Furniture and Fittings £	Technology £	Total £
Cost			
At 1 April 2020	258,949	11,417	270,366
Additions	(7,547)	1,840	(5,707)
Disposals	(123,605)	–	(123,605)
At 31 March 2021	127,797	13,257	141,054
Depreciation			
At 1 April 2020	(52,448)	(894)	(53,342)
Charged in year	(98,542)	(2,651)	(101,193)
Disposals	113,201	–	113,201
At 31 March 2021	(37,789)	(3,545)	(41,334)
Net Book Value at 31 March 2021	90,008	9,712	99,720
Net Book Value at 31 March 2020	206,501	10,523	217,024
Asset financing			
Owned	90,008	9,712	99,720
Finance leased	–	–	–
Net Book Value at 31 March 2021	90,008	9,712	99,720

6. Leases

The CCC has one lease relating to its office accommodation at 1 Victoria Street, London, SW1H 0ET, prior to this the CCC leased accommodation at 151 Buckingham Palace Road, SW1W 9SZ, this lease terminated on 31 March 2021. The current lease at 1 Victoria Street commenced on 1 April 2021 with a termination date of 30 January 2031. On 11 March 2022 the CCC was served with a formal notice that the lease would terminate on 30 September 2023. Under the terms of the lease rental payments are subject to rent reviews by the Holder in line with the Holder's head lease.

The CCC adopted IFRS16 as at 1 April 2021 on the cumulative catch-up basis as mandated in the FReM, and therefore the cumulative impact on previous years' results has been recognised within reserves at the beginning of the period. As such, the prior year comparative information has not been restated.

Right of Use Lease Assets

	Land & Buildings £
Cost or Valuation	
At 1 April 2021	–
Additions	310,407
At 31 March 2022	310,407
Depreciation	
At 1 April 2021	–
Charged in year	124,163
At 31 March 2022	124,163
Carrying Amount	186,244

Lease Liabilities

	£ 31 March 2022	£ 31 March 2021
Amounts falling due:		
Not later than one year	125,433	–
Later than one year and not later than 5 years	59,541	–
Later than five years	–	–
Total	184,974	–

Amounts recognised in the Statement of Comprehensive Net Expenditure

	£ 31 March 2022	£ 31 March 2021
Amounts falling due:		
Net operating expenditure	124,164	–
Finance expense	2,113	–
Interest expense	–	–
Total	126,277	–

Amounts recognised in the Statement of Cash Flows

	£ 31 March 2022	£ 31 March 2021
Amounts falling due:		
Net operating expenditure	125,433	–
Interest expense	–	–
Total	125,433	–

7. Intangible assets

2021-22	Software Licences £	Total £
Cost		
At 1 April 2021	12,368	12,368
Additions / transfers	–	–
Disposals	–	–
At 31 March 2022	12,368	12,368
Amortisation		
At 1 April 2021	(8,453)	(8,453)
Charged in year	(2,474)	(2,474)
Disposals	–	–
At 31 March 2022	(10,927)	(10,927)
Net Book Value at 31 March 2022	1,441	1,441
Net Book Value at 31 March 2021	3,915	3,915
Asset financing		
Owned	1,441	1,441
Finance leased	–	–
Net Book Value at 31 March 2022	1,441	1,441
2020-21	Software Licences £	Total £
Cost		
At 1 April 2020	14,225	14,225
Additions	(1,857)	(1,857)
Disposals	–	–
At 31 March 2021	12,368	12,368
Amortisation		
At 1 April 2020	(5,979)	(5,979)
Charged in year	(2,474)	(2,474)
Disposals	–	–
At 31 March 2021	(8,453)	(8,453)
Net Book Value at 31 March 2021	3,915	3,915
Net Book Value at 31 March 2020	8,246	8,246
Asset financing		
Owned	3,915	3,915
Finance leased	–	–
Net Book Value at 31 March 2021	3,915	3,915

8. Financial Instruments

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

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

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

9. Trade receivables and other current assets

	£ 31 March 2022	£ 31 March 2021
Amounts falling due within one year:		
Trade receivables and other receivables	–	5,589
Deposits and advances	6,314	3,360
Other receivables	–	90
Prepayments and accrued income	13,916	14,120
Balance at 31 March	20,230	23,159

10. Cash and cash equivalents

	£ 31 March 2022	£ 31 March 2021
Balance at 1 April	630,679	500,561
Net change in cash and cash equivalent balances	409,113	130,118
Balance at 31 March	1,039,792	630,679
The following balances at 31 March were held at:		
Government banking service accounts	1,039,792	630,679
Balance at 31 March	1,039,792	630,679

11. Trade payables and other current liabilities

	£ 31 March 2022	£ 31 March 2021
Amounts falling due within one year:		
Other taxation and social security	59,759	67,180
Trade payables	126,563	160,001
Capital creditors and accruals	12,927	12,927
Accruals and deferred income	1,395,279	684,871
Pension contributions	55,612	55,612
Staff unpaid leave accrual	85,531	91,181
Balance at 31 March	1,735,671	1,071,772

12. Provision for liabilities and charges

	£ 31 March 2022	£ 31 March 2021
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 2022	£ 31 March 2021
Expected timing of cash flows:		
No later than one year	–	–
Later than one year and not later than five years	39,100	39,100
Later than 5 years	–	–
Total	39,100	39,100

13. Capital and other financial commitments

	£ 31 March 2022	£ 31 March 2021
Other financial commitments comprise:		
Not later than one year	112,914	100,000
Later than one year and not later than 5 years	56,457	–
Later than five years	–	–
Total	169,371	100,000

The financial commitments are lease payments that represent the future lease commitments for 1 Victoria Street, through to 30 September 2023.

The CCC did not commit to any capital commitments in the financial year (2020-21, Nil).

14. Commitments under operating leases

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

	Land & Buildings £	Other £	Land & Buildings £	Other £
	2021-22		2020-21	
Obligations under operating leases comprise:				
Not later than one year	–	–	263,483	–
Later than one year and not later than 5 years	–	–	1,053,932	–
Later than five years	–	–	–	–
Total	–	–	1,317,415	–

15. Related-party transactions

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

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

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

	Grant in Aid		Project Funding		Purchased Services	
	£ 2021-22	£ 2020-21	£ 2021-22	£ 2020-21	£ 2021-22	£ 2020-21
Related parties:						
Department of Business, Energy and Industrial Strategy/ Department of Energy and Climate Change	4,422,737	4,595,073	–	–	–	–
Department for Environment, Food and Rural Affairs	–	–	–	–	115,893	127,153
Heritage Lottery Fund	–	–	–	–	–	–
Government Property Agency	–	–	–	–	301,582	405,085
London Shared Services Connected Limited	–	–	–	–	85,156	(3,871)

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

BEIS has provided a consolidated Annual Report and Accounts for the reporting period 2021-22 incorporating its NDPBs within the consolidation boundary. The Committee does not form part of this consolidation due to materiality.

16. Events after reporting period

There are no reportable events after the reporting period.

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

July 2022

Annual Report and Accounts
2021-22

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