

CIO Registration No. 1179578

Company Registration No. CE014895 (England and Wales)

BRITISH GAS ENERGY TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

BRITISH GAS ENERGY TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	H Bhogal	(Appointed 19 May 2021)
	H Charlton	
	A Chong	
	S Deacon CBE	(Appointed 19 May 2021)
	W Gillis	
	L Lee	
	M McGillicuddy	(Appointed 19 May 2021)
	C Thwaite	(Appointed 19 May 2021)
	S Wheeler	
Chief Executive Officer	Jessica Taplin	
CIO registration number	1179578	
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BRITISH GAS ENERGY TRUST

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BRITISH GAS ENERGY TRUST

CHAIR'S INTRODUCTION

FOR THE YEAR ENDED 31 MARCH 2021

In the financial year to March 2021 the Covid-19 pandemic disrupted all our lives, bringing illness, bereavement, and financial distress to so many. The huge economic and societal effects were immediate: pushing many people into poverty for the first time, exacerbating existing challenges for those already in poverty, creating a new cohort of people with low financial resilience. Such impacts, and their devastating effects on lives, are likely to endure, lasting long into an uncertain future. So, the Trust's mission - *to alleviate the detrimental impact of poverty: helping people in, or at risk of, financial hardship meets their energy needs, and manage their energy costs, through support, education and raising awareness of sound money management* - feels more relevant than ever.

The Trust's activities, and its ability to fulfil this mission, are funded by British Gas under the statutory Warm Home Discount scheme. The Government's recent proposal to extend, expand and reform the Scheme to 2026 is significant and very welcome: it means that, with the continued support of our funder British Gas, the Trust should be in a position to continue to provide the help and support so desperately needed over the planned four-year period.

As to the year ended March 2021: in response to the pandemic, in July 2020 the Trust launched its Covid-19 Response Fund, providing grants to charities and not for profit organisations specifically to help deliver support in communities hardest hit by COVID. Our approach was underpinned by research to identify where the need for support was among the highest but help and support was lacking. Rollout began soon after, with the first grants being made in October 2020 in time for the winter period. By the financial year end the programme had already delivered £515,780 of funding to support front-line advice provision in high advice need areas. The households supported through the Covid Response Fund were particularly vulnerable to the negative economic and health impacts caused by the pandemic; with 79% having an annual household income of under £16,160 and 62% reporting a disability or long-term health condition.

Our COVID Response Fund complements our main grants programme, SCARP (Supporting Communities at Risk), which has been running since October 2018. The programme provides grants to charities and projects in England, Wales, and Scotland to support people who are struggling to pay their energy, priority, and other household bills, with funded organisations providing holistic money and energy advice, including household budgeting exercises and comprehensive financial advice. Despite the significant problems faced by funded organisations in providing support usually given personally and face-to-face, and all the challenges of Covid-19 restrictions, the projects continued to deliver, supporting more than 24,400 people with benefits advice, income maximisation and household money management support. This led to over £20 million of debt managed, £6.6 million of debt written-off and £2.1 million of energy efficiency measures supported. Such results are remarkable, and on behalf of the Board I wish to thank our funded organisations for their hard work and dedication throughout the period, in difficult circumstances.

Similarly, throughout the year the Trust continued to deliver our Individuals and Families programme, awarding grants to 2,474 vulnerable, fuel poor households to assist with energy debt. In addition, 2,697 people were supported with emergency fuel vouchers, and 27 households had warmth restored to their homes with a new boiler, thanks to our condemned boiler replacement grants. This was achieved despite there being a transition to a new grant administration service, provided by Auriga Services Limited, the new contract coming into effect at the start of the financial year just as the first lockdown took effect.

During the reporting period the Trust was active in many other ways. In September 2020 we adopted our new Strategic Framework, this set a fresh strategy for the Trust - our mission to alleviate fuel poverty being framed in the context of wider challenges such as the transition to net zero. Our strategic objectives are supported by a Theory of Change tool¹ to guide us in ensuring the work we do really does change lives for the better.

We have continued collecting and collating data from our programmes to measure our impact, enabling us to evolve and, in collaboration with the sector, to improve the support and services available to the people we serve. In July 2020 we began contributing to NPC's² innovative 'Coronavirus data for charities and funders' project, providing a dashboard of places most affected by Covid-19, underlying risk factors, and charity demand across the UK. This in turn aids our understanding of areas of need and likely demand for our services. Throughout all this we have continued to develop and improve our internal processes, systems, and reporting, and have made good progress in this area as verified by an external audit exercise of the new finance, grant making and risk systems and processes.

¹ <https://britishgasenergytrust.org.uk/news-and-research/>

² <https://www.thinknpc.org/resource-hub/update-interactive-covid-19-data-for-charities-and-funders/>

BRITISH GAS ENERGY TRUST


CHAIR'S INTRODUCTION

FOR THE YEAR ENDED 31 MARCH 2021

None of what we have achieved over the year would have been possible without the vision, dedication and positive enthusiasm of our CEO Jessica Taplin, and the support of her small, hard-working and committed team. As a virtual organisation the Government's working from home edict was less disruptive for the Trust; despite this there have been challenges, and as a Board we are very grateful for how hard the contracted executive has worked, and in good heart, to overcome them.

I would also like to express the Board's gratitude to our former colleague Colin Trend, who stepped down at the end of March 2021 after seven years of service as a Trustee of the CIO and its predecessor Trust. As an experienced and respected Money Adviser who knew and understood so well the problems faced by the people we serve, Colin made a huge contribution to the Trust over the years and was a valued Board member. We also extend a very warm welcome to our new Trustees Hardial Bhogal, Susan Deacon, Mark McGillicuddy, and Christina Thwaite, who joined the Board in May 2021.

To end, on behalf of all Trustees I must thank our funder, British Gas, and all those within the organisation who help to support us. It is British Gas' funding that makes possible all the work reflected in the pages which follow.

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H Charlton

Trustee 9/15/2021

Dated:

BRITISH GAS ENERGY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The Trustees are pleased to present their report, together with the financial statements for the Charitable Incorporated Organisation (CIO), British Gas Energy Trust, for the year 1 April 2020 to 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the CIO's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019).

Objectives and activities

British Gas Energy CIO exists for:

- (i) The relief of poverty particularly among those who are unable to meet or pay charges for the supply of energy provided to premises used or occupied by them; and
- (ii) The prevention and relief of poverty by educating the public in relation to debt awareness and prevention.

The CIO, while carrying out its activities is mindful of the legal requirement for all of its charitable aims to be for the public benefit. The public benefits provided by the CIO include:

- Provision of grants to charitable organisations to provide fuel debt advice services in communities.
- Provision of grants to individuals to alleviate fuel debt.
- Provision of other grants, aligned to the CIO's objectives, to help people manage indebtedness.

In September 2020, the Trustees approved a new Strategic Framework for the CIO. This sets the CIO's strategic intent for the coming years and directly informs our Theory of Change (ToC), this is the tool we use to ensure the CIO's programmes and activities are impactful and delivering positive change for those we support, it defines our mission, aims, objectives and the outcomes we seek to deliver.

Our mission: To alleviate the detrimental impact of poverty.

Helping people in, or at risk of, financial hardship meet their energy needs and manage their energy costs through support, education and raising awareness of sound money management

The Aim of the CIO is:

- To help people avoid the burden of energy debt, make informed energy choices and improve their money management skills. We envisage that this will lead to healthier homes and enhanced well-being.
- To enhance the capacity of the organisations we fund: enabling the development and provision of holistic support, money, energy & advice services; to provide breadth and depth of support to people in financial hardship.

The CIO intends to achieve the following objectives through its charitable activity work, to:

- Foster individual skills, capabilities and competencies so people can build financial stability and thrive.
- Help people in financial hardship maximise their income, avoid the burden of energy debt, meet their energy needs and manage their energy and other household costs, whilst informing their energy decisions and supporting choice in a changing world.
- Identify impactful interventions to improve the support services for those facing financial hardship.
- Effectively manage our funds and develop our organisation to be more impactful.

As a charity these are the values we seek to uphold: Kindness, empathy, respect, and working in an innovative, agile and collaborative way.

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Risk management & Management Controls

The CIO conducts its activities in two ways:

- making grants to organisations to provide money and energy advice and related support and services
- making grants to individuals and families to provide relief from energy debt and assistance with other energy & debt support measures.

The reporting period has seen a continued focus on building the CIO's financial processes and operational capacity and capability. This has included the ongoing focus on embedding enhanced processes, external audits of Data Protection, Risk Management, External Grant Making and Finance Operational Systems that have been developed and implemented for the CIO. As part of this process the CIO Board and executive team continued to examine and discuss the major external, reputational, regulatory and compliance, operational, financial and environmental risks which the CIO faces.

Over the financial year the Trustees and the CIO's executive team have undertaken significant work to implement new management and operational controls, contracts and systems. This has included closely examining the ongoing performance of the CIO, establishing a Memorandum of Understanding on funding, with the British Gas Energy Trust's sole funder British Gas Trading Ltd receiving the grant audits on a quarterly basis.

Following an open, competitive procurement process for the provision of grant administration services launched in Q3 2019/20, a new grant management administrator was appointed in Q4 2019/20, the new provider delivered grant administration services for the CIO over the financial year.

Internal process review work included a review of delegated responsibility for the management and oversight of organisations funded by the Trust. As a result of this review, the CIO's executive team piloted a new approach, bringing management and monitoring of the Trust's Covid Response Fund in-house on its launch in July 2020. This involved establishing a small team to assess, monitor and review 9 new grants and grantee relationships; the approach saw positive benefit to the CIO with reduced costs and a greater understanding of the challenges faced by the front-line advice services the CIO funds.

The appointment of the CIO's first full time Chief Executive in January 2020, has been a very positive move for the CIO. As hoped, she has effectively supported the Board to develop the new Strategic Framework, helping the CIO evolve as an efficient, outcomes-led charitable organization, ensuring operational and strategic rigour whilst identifying and implementing new systems and processes. These include developing a small executive team, which the CEO oversees together with the dedicated grant administration team within the third-party grant administrator. This combined approach has helped the CIO continue to enhance and embed management controls, as well as building operational capacity and expertise in-house. The approach has ensured greater visibility by the Executive and the Board, of the grant programmes that the CIO delivers; enabling improved management oversight and financial control together with an operational cost benefit to the charity.

The Board is confident that due to the hard work and diligence that has taken place, the CIO is now better aligned with sectoral best practice; new policies and procedures have been formalised and there are ongoing governance benchmarking reviews.

The Board commissioned an independent review of the Trust's own internal processes as well as systems and processes relating to Risk, Finance, and 3rd party grant making within the Grant Administrator and a selection of 3rd party grantee organisations. The Board can confirm that the independent audit stated that the processes for both Risk Management and Third Party Grantmaking were satisfactory and that financial systems were good. These reviews provided independent validation and reassurance to the CEO, Board and its Finance Audit & Risk Committee that the CIO was in a strong position with regards to financial and grant making systems, with processes in place required to run the CIO effectively and to proactively identify risks to help ensure the necessary mitigations are in place to manage or lessen these risks.

The main identified risks for the CIO for the accounting period were as follows: that charitable funding is via a single source and reliant on the continuation of the long-term relationship between the British Gas Energy Trust and British Gas; the impact on the relationship of changes to Government policy or legislation and reliance on the Warm Home Discount Scheme (due to be reviewed by Ofgem in the forthcoming year which will inform the period 2022 – 2026).

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British Gas has confirmed through its Memorandum of Understanding additional funding for the CIO in line with the Warm Home Discount Scheme, for the year 2021 / 2022. Given the current intentions of government relating to continuation of the Warm Home Discount scheme, the CIO hopes to have confirmation of 2022-2026 funding towards the end of the 2021/22 financial year. However, if there is a significant change in the eligibility or approach to the Industry Initiative element of the Warm Home Discount scheme from 2022-2026, this could potentially affect the funding from British Gas. This could then significantly impact on what the CIO can itself fund over the financial period from April 2022 onwards.

The CIO achieves its objectives by operating several grant giving programmes; these sit under two main funding streams; an "Individuals and Families Grants Programme Stream" and an "Organisational Grants Programme Stream". Over the financial year through these initiatives the CIO supported the provision of Energy Advice to 18,420 people; Non-Monetary Advice to 8,849 people; energy debt write-off grants to 1,781 households and Financial Assistance Payments which cover emergency interventions such as energy efficiency measures, temporary heating, debt reduction order fees and emergency utility credits supported 2,697 people.

Individuals and Families Grants Programme

The Individuals and Families programme provides direct grants or debt relief to people to clear their household energy debt. The programme is aimed at people who are experiencing financial difficulty and as such are unable to pay their outstanding energy debt. It is not directed towards any particular geographic area and is open to applicants from anywhere in England, Scotland and Wales.

Grant awards are made, in the form of credit applied to their energy account, to applicants who demonstrate that their situation means they are in or at risk of fuel poverty. British Gas Energy Trust is interested in funding applications where the applicant can show a sustainable position moving forward; believing that it is rarely in the person's best interest to seek a debt write-off, without dealing with the underlying problem of a deficit budget, due to this deficit budgets will only be considered in exceptional circumstances, there is some allowance for marginal exceptions. Where applicants would be eligible for a Bankruptcy or Debt Reduction Order (DRO), we expect this to have been explained to the client, applicants who are eligible for a DRO may not be successful in their application, as there is an alternative route to managing their debt.

The Trust expects that the money advice service who has supported the applicant, has ensured that all advice given and action taken by their agents or appointed representatives a) has regard to the best interests of the applicant b) is appropriate to the individual circumstances of the applicant c) is based on a sufficiently full assessment of the financial circumstances of the applicant.

The programme provides grants to both British Gas customers and customers of other energy suppliers.

Grant provision is aligned to the CIO's objectives and with providing a direct impact on recipients, as follows:

- Grants to clear domestic gas and electricity debts owed to British Gas or other suppliers.
- New Boilers – largely replacements of condemned or unfixable Gas Boilers (British Gas customers only).
- Emergency utility credit / Financial Assistance Payments (via organisations funded by the CIO through its Organisational Grant Programme and both British Gas and Non-British Gas Customers)

Applications are made via the CIO's online application form, there is also a helpline that can support clients to apply. Applications can be completed directly by the applicant or via appropriate third-party organisations on behalf of the applicant, including advice organisations funded by the CIO.

The CIO accepts applications from individuals and families needing help to clear energy debts who meet the following criteria:

- live in England, Scotland or Wales
- have not received a grant from the British Gas Energy Trust within the last 2 years
- have a current energy account in their name or be a member of that household
- have electric and/or gas debt
- do not have savings above £5,000
- have received help from a money advice agency
- are in or at risk of fuel poverty
- have a household income of less than £16,190
- Since April 2020 the CIO also considers applications from people with a higher household income if:
 - they have three or more children;
 - a household member is claiming PIP, DLA, or attendance allowance; [or]
 - a household member is a carer or claiming carers allowance.

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This has helped ensure the debt relief support goes to vulnerable families and households that may have previously been excluded from support; since April 2020 15% of grants awarded have gone to households where a household member is a carer or claiming carers allowance.

When assessing applications, the CIO considers an applicant's situation holistically in order to target those in greatest need. In most cases grants are awarded to individuals who find themselves in debt due to a life-changing experience, for example, job loss, bereavement or sudden illness or medical condition – during the pandemic significant numbers of applications have come from households who have been adversely affected by the pandemic.

Increasingly however, grants are also awarded to a new and growing population of customers on low incomes with multiple debts, and ever increasing bills, who cannot keep up to date with payments. Such applicants have no 'crisis' to explain falling into debt and no ability to pay and are in need of holistic help.

During assessment, the assessors look for evidence to show that, after clearing their debt with an energy grant, applicants would be able to manage their income to meet their outgoings longer term. Additional controls have been proactively introduced by the CIO to manage higher value grants and in turn more effectively monitor average grants.

An upper-level cap on grant size of £2,000 was established in April 2020, this was subsequently reduced to £1,500, so as to help ensure as many people as possible benefit from the Individuals and Families Grants Programme. In exceptional cases grant recommendations over this value are submitted by the grant administrator to the CEO and Financial Controller for consideration, with information on the circumstances and assessment the extra diligence in place assists the decision-making process and ensures that exceptional circumstances are evidenced.

The CIO believe there will continue to be exceptional cases where a higher value grant (in excess of £1,500) is appropriate and are keen to offer a fair assessment process for all applicants. However applicants need to evidence exceptional circumstances to be recommended for a grant over £1,500.

As well as grants for clearing household energy debts, the CIO also considers applications for boiler repairs/replacement and makes emergency awards to households on pre-payment meters who are in immediate need.

During 2020/2021 the CIO made 1,781 grants through the Individuals and Families programme, so benefitting people in or at risk of Fuel Poverty.

As an 'industry initiative' funded through the Warm Home Discount Scheme, the Trust is unique in that its programmes are aimed at supporting vulnerable customers who are in, or at risk of, fuel poverty regardless of their provider. In 2020-2021, in addition to grants for British Gas customers, the Trust awarded 573 debt write-off awards to fuel-poor households from 46 different energy providers, totalling £422,759 or, 30% of the total debt write-off grants awarded of £1.4 million.

Over the last 12 months, Money and Energy Advisers funded by the Trust have supported 24,460 unique beneficiaries. With over £20 million of debt managed, £6.6 million of debt written-off and £14 million of gains in household income. Over this period 126 Money and Energy Advisers funded by the CIO have supported 7,895 grant applications. Vulnerable customers have also saved c£350,000 switching supplier or changing tariff and reclaimed £223,000 for customers through challenging incorrect bills.

Clients supported through the programmes were either assessed as being in fuel poverty or at risk of fuel poverty. All customers that received an energy efficiency appliance met the eligibility criteria in one or more categories

- In fuel poverty - 100%
- An income of £16,190 or less than - 74% Vulnerability through receipt of a means tested benefit - 85%

All customers that received a debt award met the eligibility criteria in one or more categories;

- In fuel poverty - 75%
- At risk of fuel poverty – 25%
- An income of £16,190 or less than - 70%
- Vulnerability through receipt of a means tested benefit - 91%

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Financial Assistance Payments:

CIO- distributed: The CIO issued 890 Emergency Fuel Vouchers in the scheme year, with some individuals receiving a maximum of £140. The vouchers redeemed at 31 March 2020 were 743 with a value of £26,800 (it has been assumed all outstanding 48 vouchers will be redeemed by the 30-day expiry date). A total of 376 vulnerable consumers have been helped in the period.

Funded Organisation-distributed: The Average value of Financial Assistance Payments provided to clients in the form of Emergency Fuel Vouchers was £52, with the total number of vouchers issued being 3,118, having a total value of £129,134.

Energy Efficiency Measures: The total number of people supported through receipt of energy efficiency measures, including thermal efficiency measures and energy efficient appliances was 4,633. A total of 9,703 energy efficiency measures, 1,977 thermal efficiency measures and 10,613 energy efficient appliances were provided – including 52 boilers, 898 room thermometers, 4,357 LED light bulbs, 1,908 shower timers, 1,481 tap aerators and draught proofing 237 households' windows.

Organisational Grants Programme:

The CIO funded a total of 26 advice projects across England, Wales and Scotland, during the reporting period, delivered through 49 not-for-profit grantee organisations.

In 2018, large multi-year grants were awarded to the following 17 lead grantee organisations, these projects continued to deliver in 2020/2021 entering the final year of the multi-year grants awarded in 2018.

- Auriga Services Limited
- Energy Projects Plus Limited
- Bromley by Bow Centre
- Income Max CIC
- Citizens Advice Cymru
- Money Matters Money Advice Centre
- Citizens Advice Manchester
- Riverside Advice Limited
- Northumbrian Citizens Advice Bureau
- St Anne's Advice Group
- Citizens Advice Preston
- Citizens Advice St Helens
- Community First Yorkshire
- Community Law Service
- Navigate Charity
- THAW-Orkney
- The Zinithya Trust (East Midlands: Leicester)

The funding focused on increasing specialist fuel debt advice, through one-to-one holistic support including:

- Resolving energy debt problems and negotiating with energy suppliers.
- Completing applications to the British Gas Energy Trust and other grant giving schemes.
- Making referrals to other grant making trusts or schemes or alternative specialist advice agencies for resolution of other debt issues.
- A range of other energy related advice including energy efficiency, how to read energy meters, setting up payment plans and monthly direct debits.
- Innovative programmes that balance energy efficiency measures with wider welfare benefits take-up and other interventions to improve the physical and mental health and well-being of vulnerable people.
- Generalist advice covering other areas including housing, employment and discrimination and therefore working to remove any other barriers to financial well-being.

BRITISH GAS ENERGY TRUST

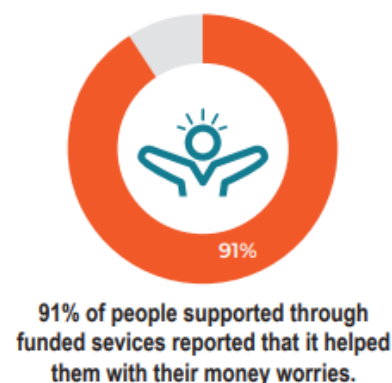
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Each organisation employs two or more full time specialist fuel debt advisors. They provide fuel debt advice to clients and assist them in submitting applications to the British Gas Energy Trust as well as checking benefit entitlement, advising on personal budgets and general energy efficiency advice.

The funded organisations are encouraged to promote the funded project widely and develop partnerships with local organisations to increase referrals to their specialist fuel debt advice services from vulnerable groups.

In addition to this the Board responded proactively to the unprecedented situation caused by Covid-19. In May 2020 the Board tasked the CEO with developing and launching a new £800,000 Covid Response Fund, to support money advice services and charities delivering projects aligned to the Trust's aims



- To help people avoid the burden of energy debt, make informed energy choices and improve their control over household finances. We envisage that this will lead to healthier homes and enhanced well-being.
- To enhance the capacity of the organisations we fund, enabling the development and provision of holistic support, money, energy and advice services; for the benefit of people in financial hardship.

To ensure the Covid Response Fund supported services in areas facing the most heightened need, the Trust commissioned The Centre for Sustainable Energy (CSE) to build an understanding of the areas of England, Scotland and Wales most in need of advice services during and after the pandemic. The resulting Advice Need Index (ANI) combined a number of indicators that suggest a higher need for advice including the prevalence of household indebtedness, employment in the most affected sectors, lone parents and indicators suggesting high fuel costs.

The CIO used the ANI to identify nine areas in greatest need of support, and opened the funding programme to not-for-profit organisations operating free money and energy advice services within these specific localities.

As a result of this process the CIO funded 9 additional projects through the Covid Response Fund:

- Citizens Advice Rossendale & Hyndburn and Citizens Advice Blackpool (North-West: Rossendale, Hyndburn and Blackpool)
- Citizens Advice Sandwell and Walsall (West Midlands: Sandwell & Walsall)
- Citizens Advice in Sunderland, Hartlepool and Middlesbrough (North East: Sunderland, Hartlepool and Middlesbrough)
- Dundee Citizen's Advice Bureau (Scotland: Dundee)
- Groundwork North Yorkshire (Yorkshire: Hull)
- Hastings Welfare, Benefits and Energy Advice project (Kent: Hastings and South Coast)
- Money A+E (Inner and East London, with a focus on the boroughs of Barking & Dagenham, Hackney, Islington and Tower Hamlets)
- South East London Community Energy (London: Lambeth, Southwark, Lewisham, Greenwich and Croydon)
- The Zinithya Trust (East Midlands: Leicester)

These organisations provide a wide range of impartial and independent specialist fuel debt advice services including:

- Budget planning
- Benefit / income maximisation checks
- Energy supplier / tariff switching exercises
- Resolution of energy debt problems
- Negotiating with energy suppliers
- Completing applications to and other grant giving schemes, e.g., Warm Home Discount and ECO schemes
- Desktop home energy efficiency surveys and specific energy efficiency advice
- Generalist advice on subjects including housing, employment and discrimination, helping to overcome other barriers to financial well-being

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The CIO's programme has focused on building the capacity and resilience of the advice sector as a specific outcome in addition to the number of people supported by the funded organisations. As a result of the CIO's funding, advice providers report having built new partnerships, trained their staff and partners, added to their holistic service offerings and gained extra funding from other sources.

The Impact of CIO funding:

Understanding the needs of the CIO's beneficiaries and the challenges they face, and how the CIO can help to bring about positive changes to their lives, is integral to providing meaningful support to them.

This is particularly important in view of the severe adverse impacts of the COVID-19 pandemic, which has already hit hardest those households with least financial resilience. The CIO also wants to improve the understanding of the particular challenges households face in the transition towards net zero and adoption of smarter energy systems, to enable us to provide effective support and guidance in a changing world.



For the main Funded organisation programme of a total of 21,436 unique beneficiaries - 64% (13,654) were claiming benefits

To this end the CIO commissioned development of a Collective Impact framework (CIF) a new outcomes matrix to enable the CIO to collect data to evidence the immediate and longer-term outcomes of its programmes. This supports the new strategic framework and also shapes how the CIO reports on impact now and in the future.

The approach was piloted in 2020 and already offers a more rounded picture of what the organisations funded by the CIO have achieved, how people have benefitted from the support and what differences the programmes have made collectively to the wider sector. Understanding the needs of the CIO's beneficiaries, the challenges they face and how funding can help to bring about positive changes to their lives, is integral to providing meaningful support.

This is particularly important in view of the severe adverse impacts of the COVID-19 pandemic, which has already hit hardest those households with least financial resilience. The Trust extended the pilot and has embedded the CIF within the funded organisations programme and Individual & Families grant programme monitoring; so seeking to capture and reflect a more detailed understanding of the immediate and longer-term outcomes of the programmes.

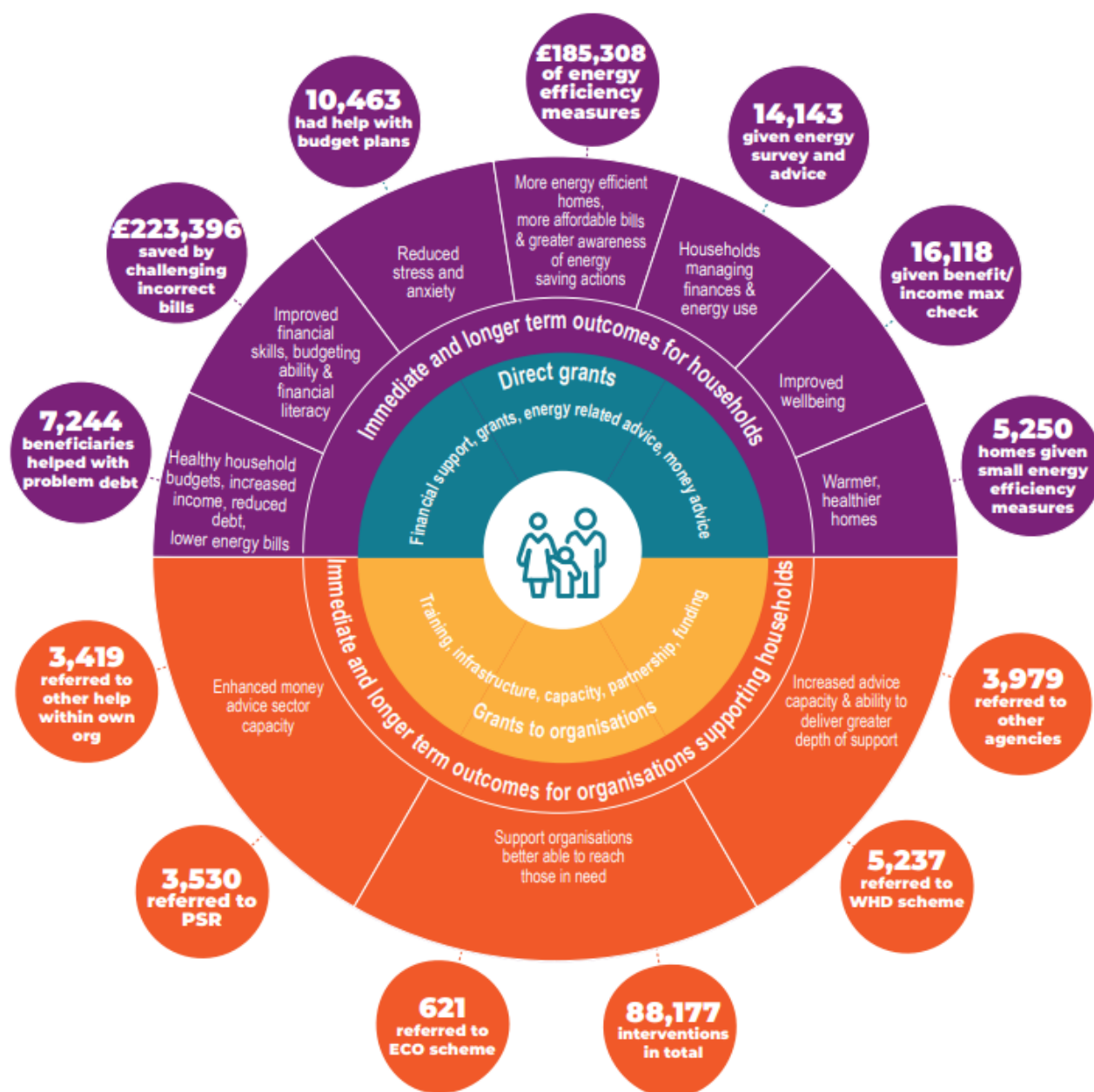
Through the CIF the CIO continues to develop a more nuanced understanding of the particular challenges facing fuel-poor households, this enables the CEO and executive Team to give more effective support and guidance to grantee organisations, adapt grant funding streams and develop further grant opportunities in response to a changing world.

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Output Impact Diagram aligned to the Theory of Change and the CIO's Strategic Framework, further information on the outcomes can be found in the Trust's 2020 Impact Report.



The introduction of the CEO, small executive team and the attendant initiatives in 2019/20, has continued to permit the Trustees to step back from needing to be involved in operational issues and over the last year the Board has been focusing more appropriately on non-executive issues such as the new strategic framework and governance. The CEO has delegated authority to oversee & manage the day-to-day operation of the CIO, within the parameters of the scheme of delegation.

Performance objectives for the CEO are established on an annual basis under the direction of the Chair. These provide clear strategic direction for the CEO, who then ensures operational focus on delivering against these over the financial year. The Board provide relevant Trustee challenge and support both at Board, through the Finance, Audit and Risk Committee and through response to the regular CEO report.

BRITISH GAS ENERGY TRUST

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Financial review

Reserves Policy

At 31 March 2021, the audited accounts indicate that the CIO has unrestricted reserves of £2,623,365.

The Reserves Policy was slightly modified for 2020/21 to reflect that more operations were dealt with in-house from 1 April 2020. The modified policy is to set aside a designated fund for a wind-down of the CIO on the basis that the CIO can meet:

- 2 months of grants to funded organisations (previously nil);
- 6 months of operating costs (previously only the outsourced contract); and
- An amount sufficient to meet obligated legal and statutory costs of winding up the charity.

At 31 March 2021, the designated fund for this purpose amounted to £791,012, represented by the 3 elements of expenditure outlined above.

The CIO focuses on achieving the greatest value for money impact through the activities it undertakes. The operational environment continues to be subject to external pressures and review; as such the Finance Audit and Risk Committee will continue to review the Reserves Policy on an annual basis.

Investment policy

The Trustees have an existing policy that monetary assets surplus to that needed for day-to-day operations would be held in a reserve account with a competitive rate of interest.

Plans for future periods

British Gas, as the CIO's principal funder, has committed £6 million to the CIO in 2021/22. There remains a longer-term funding uncertainty at the time of this report.

Covid-19 impact on the CIO's activities

Government measures to control the spread of Covid-19 did not directly affect the charity's in-house operations during the reporting period due to the organisation being established for remote working as its normal operating model. However, the Covid-19 pandemic has had a significant impact on vulnerable people across England, Scotland and Wales, and both the grantee organizations and many of those applying for debt write-off grants have been adversely affected.

As the CIO's funding from British Gas to March 2022 is secure, the Covid-19 pandemic has not caused any direct financial uncertainties regarding the charity's immediate financial sustainability and there is no impact on consideration of whether the CIO is a going concern.

The Charity's Trustees (as the CIO's sole volunteers) continued to assist the charity in its work in managing in the changed circumstances by making themselves fully available through digital channels (which is permitted by the constitution).

All executive team, grants administration and stakeholder meetings have taken place using digital channels, and grant giving was able to continue uninterrupted throughout the period using the application portal online and cloud-based or digital systems.

The CIO has considered the likely impact of the Government's virus control measures and their potential duration on the future aims and activities of the charity; as well as the impact of the virus-related control measures on any wider network of which the charity is a part and how this affects the charity's operations. It is clear that the outbreak of the virus has impacted on the organisations that the CIO currently funds. This has an impact on beneficiaries and may affect funded activities for the coming year.

To help the CIO understand the impact of the virus-related control measures on the wider network of organisations that the CIO funds all funded organisations were asked to provide additional information with their quarterly monitoring forms for the period, on how each project was coping with the impact of Covid-19 and what were their plans going forward. The CIO executive team have worked flexibly with grantee organisations to permit the re-allocation of funding between grant budget lines, the majority of changes have been in the movement of funding intended for travel or training, this has been utilised for IT systems and in some cases mobile facilities.

BRITISH GAS ENERGY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The feedback showed that Covid-19 affected service delivery. With the exception of a few funded organisations, all organisations closed their premises following Government guidelines to stay at home. Staff continued to provide services by working remotely from home. The remaining organisations who stayed open had to do so in order to assist individuals in crisis situations, whilst adhering to recommended distancing guidelines.

Organisations reported that the Covid-19 pandemic continues to have a detrimental effect on their ability to deliver the full range of support services, they have reported:

- Reduced number of individuals accessing services
- Less debt being presented - energy companies / creditors not chasing debtors
- Home visits suspended
- Difficulties supplying energy efficiency measures
- Fewer referrals made to other agencies due to them being closed or with restricted opening
- External events postponed

As the stages to the restrictions begin to lift, the funded organisations have confirmed that they expect to resume any services that were suspended and most have advised that they expect a surge in demand.

The CEO continues to work with the CIO's Programme Manager(s), Financial Controller and Grant Administrator and directly with the CEOs of the funded organisations to ensure there has been support, flexibility and adaptability to funding over this period.

Structure, governance and management

The CIO, British Gas Energy Trust, was entered onto the Charity Commission's Register of Charities on 16 August 2018 with the registered charity number 1179578. On 28 February 2019 all assets from "British Gas Energy Trust", charity number 1106218, were transferred to the new CIO.

The CIO is governed by a Constitution approved by the Board of Trustees on 20 June 2018.

In selecting individuals for appointment as Trustees, the Trustees have regard to the skills, knowledge and experience needed for the effective administration of the CIO. The following Trustees were on the Board during this financial period:

Helen Charlton
Albert Chong
Laurie Lee
Sheila Wheeler
William Wright Gillis
Colin Trend (appointment expired 31 March 2021)

In addition, the following Trustees were appointed to the Board on 19 May 2021:

Hardial Bhogal
Susan Deacon
Mark McGillicuddy
Christina Thwaite

Trustees set the policy, and control and monitor the CIO's activities and provide good governance, challenge and oversight of the CEO in line with the principles of the Charity Governance Code 2017. As explained in the introduction to this report and elsewhere, the reporting period has seen an intensive focus on governance, with the implementation of enhanced processes and new governance and operational systems being developed and implemented for the CIO.

The Trustees provide details of any potential conflicts of interest in a central register, which is reviewed annually. If a Trustee has a personal interest in a matter to be discussed at a meeting the Trustee declares their interest prior to discussions beginning.

BRITISH GAS ENERGY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The Trustee Board meets quarterly to review overall progress of all activities including grants to individuals and families, the funded organisations, and the financials of the CIO and performance. Board papers are prepared in advance and retained for audit purposes. The Trustees' main Board and Finance Audit and Risk sub-committee meetings are minuted, with minutes retained and centrally archived in a secure cloud-based system.

The CEO, Jessica Taplin, leads the Operational Management of the CIO under delegated authority and supports the Board in delivering the CIO strategy through a robust Governance and policy framework. The CEO oversees operations, communications, finance and manages relationships with the grants' administrator, funded organisations, British Gas and other key stakeholders.

General reporting & authorisation controls:

Reporting

The Board meets 4 times per annum on a quarterly basis, with an additional Annual Meeting; the Finance Audit and Risk Committee meets on a quarterly basis with papers feeding in to the subsequent Board meeting. The budget is set and agreed annually by the Board, covering all agreed income and expenditure allocation. Each month, management accounts are prepared comparing actual vs budget and any material variances are investigated and action taken where necessary. The CEO's reports to the Board include financial performance. In addition, every quarter the CEO reports to the Finance Audit and Risk committee. All BGET management accounts are shared on a monthly basis with the Board. The annual financial statements are independently audited.

The CIO works with its funder British Gas so that they are able to see the allocation of Warm Home Discount funds that they award to the CIO, via the sharing of Quarterly Activity reports from the Grant administrator and other reporting mechanics.

Funded Organisations

The CIO pays grants to third party organisations on a quarterly basis or in accordance with signed funding agreements.

Boilers

Following the application and assessment process, the recommendation for funding is reviewed and the payment is made directly from the CIO to British Gas and overseen in line with the banking mandate & policies. Prior to this the Grant Administrator sanctions payment.

Legal Advisors

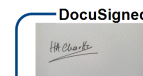
The CIO's legal advisors are Farrer & Co, appointed on 1 April 2021 following a competitive process. Prior to this Russell Cooke were the CIO's legal advisors, appointed in June 2018.

Auditor

Trustees agreed to appoint Baldwins Audit Services – now known as Azets Audit Services - as Auditor of the CIO for a three-year period from February 2019.

The Trustees' report was approved by the Board of Trustees.

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H Charlton

Trustee
Dated: 9/15/2021

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BRITISH GAS ENERGY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2021

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BRITISH GAS ENERGY TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF BRITISH GAS ENERGY TRUST

Opinion

We have audited the financial statements of British Gas Energy Trust (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity'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.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BRITISH GAS ENERGY TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF BRITISH GAS ENERGY TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity'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 trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our 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 an auditor's report that includes our 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BRITISH GAS ENERGY TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF BRITISH GAS ENERGY TRUST

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

BRITISH GAS ENERGY TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF BRITISH GAS ENERGY TRUST

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Chartered Accountants Statutory Auditor

DocuSigned by:

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Ruthlyn House
90 Lincoln Road
Peterborough
United Kingdom
PE1 2SP

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

BRITISH GAS ENERGY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds 2021 £	Unrestricted funds 2020 £
<u>Income and endowments from:</u>			
Donations and legacies	3	6,000,848	6,005,400
Investments	4	1,975	7,026
Other income	5	-	225,101
Total income		<u>6,002,823</u>	<u>6,237,527</u>
<u>Expenditure on:</u>			
Charitable activities	6	<u>6,182,633</u>	<u>5,781,911</u>
Net (expenditure)/income for the year/ Net movement in funds		(179,810)	455,616
Fund balances at 1 April 2020		<u>2,803,175</u>	<u>2,347,559</u>
Fund balances at 31 March 2021		<u><u>2,623,365</u></u>	<u><u>2,803,175</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

BRITISH GAS ENERGY TRUST

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Current assets					
Debtors	12	43,684		171,040	
Cash at bank and in hand		4,200,263		2,798,216	
		<u>4,243,947</u>		<u>2,969,256</u>	
Creditors: amounts falling due within one year	13	<u>(1,620,582)</u>		<u>(166,081)</u>	
Net current assets			<u>2,623,365</u>		<u>2,803,175</u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	15	791,012		292,652	
General unrestricted funds		<u>1,832,353</u>		<u>2,510,523</u>	
			<u>2,623,365</u>		<u>2,803,175</u>
			<u>2,623,365</u>		<u>2,803,175</u>

9/15/2021

The financial statements were approved by the Trustees on

DocuSigned by:



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H Charlton

Trustee

BRITISH GAS ENERGY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	19	1,400,072		663,707	
Investing activities					
Investment income received		1,975		7,026	
		<hr/>		<hr/>	
Net cash generated from investing activities			1,975		7,026
Net cash used in financing activities			-		-
			<hr/>		<hr/>
Net increase in cash and cash equivalents		1,402,047		670,733	
Cash and cash equivalents at beginning of year		2,798,216		2,127,483	
		<hr/>		<hr/>	
Cash and cash equivalents at end of year		4,200,263		2,798,216	
		<hr/> <hr/>		<hr/> <hr/>	

BRITISH GAS ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

British Gas Energy Trust is a charitable incorporated organisation registered on 16 August 2018 in England and Wales. The principal address is Farrer & Co LLP, 66 Lincoln's Inn Fields, London, WC2A 3LH.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements, including the anticipated impact of COVID-19. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

1.3 Charitable funds

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects.

Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose. Designated funds are shown separately in the accounts for clarity.

Restricted funds are funds which are to be used in accordance with specific instructions imposed by the donor or Trust Deed.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income received in advance for future years has been treated as deferred income.

BRITISH GAS ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1.5 Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure and it is probable that settlement will be required and the amount of the obligation can be measured reliably. In particular the following policies apply to grants payable:

- Unconditional grants are accrued once the recipient has been notified of the grant award.
- Conditional grants, which are subject to performance conditions, are only accrued when the recipient has been notified of the grant award and any remaining unfulfilled conditions attached to the grant are outside the control of the charity.
- Provisions for grants are made when the recipient has been notified of a grant award, but the timing of the grant or the amount payable remains uncertain.

All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees, together with an apportionment of overhead and support costs.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

BRITISH GAS ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.8 Contingent liabilities

A contingent liability is identified and disclosed for those grants resulting from:

- a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the trustees' control; or
- a present obligation following a grant offer where settlement is either not considered probably; or
- the amount has not been communicated in the grant offer and that amount cannot be reliably estimated.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Donations and gifts	6,000,848	6,005,400

BRITISH GAS ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Investments

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Interest receivable	1,975	7,026

5 Other income

	Total 2021 £	Unrestricted 2020 £
Repayment of grant underspend from prior year	-	170,571
Income from settlement agreement	-	54,530
	-	225,101

6 Charitable activities

	2021 £	2020 £
Direct charitable expenditure	693,251	154,375
Grant funding of activities (see note 7)	5,248,265	4,660,111
Share of support costs (see note 8)	121,367	692,076
Share of governance costs (see note 8)	119,750	275,349
	6,182,633	5,781,911

7 Grants payable

	2021 £	2020 £
Grants to institutions:		
Organisational grants	3,559,415	3,139,910
Release of prior year accrual	-	(1,477)
Grants to individuals:		
Energy payments	1,565,035	1,385,572
Further assistance payments	123,815	136,106
	5,248,265	4,660,111

BRITISH GAS ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Support and governance costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020	Basis of allocation
	£	£	£	£	£	£	
Outsourced management fees	-	-	-	690,321	166,177	856,498	Grant making as % of total expenditure
Recruitment fees	75	17,110	17,185	1,755	-	1,755	Type of cost
CEO consultancy costs	32,802	10,934	43,736	-	-	-	% of time spent
Other consultancy fees	84,493	-	84,493	-	-	-	Support
Other support costs	3,997	-	3,997	-	-	-	Support
Audit fees	-	5,040	5,040	-	6,361	6,361	Governance
Legal and professional	-	44,405	44,405	-	46,406	46,406	Governance
Trustee expenses	-	1,952	1,952	-	19,425	19,425	Governance
Trustee insurance	-	1,309	1,309	-	500	500	Governance
Impact report	-	-	-	-	36,480	36,480	Governance
Evaluation of funded organisations programme	-	25,140	25,140	-	-	-	Governance
Internal audit fees	-	13,860	13,860	-	-	-	Governance
	<u>121,367</u>	<u>119,750</u>	<u>241,117</u>	<u>692,076</u>	<u>275,349</u>	<u>967,425</u>	
Analysed between							
Charitable activities	<u>121,367</u>	<u>119,750</u>	<u>241,117</u>	<u>692,076</u>	<u>275,349</u>	<u>967,425</u>	

Governance costs includes payments to the auditors of £5,040 (2020 - £6,361) for audit fees.

BRITISH GAS ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but 1 of them was reimbursed a total of £110 travelling expenses (2020 - 7 were reimbursed £6,021).

10 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Total	-	-

11 Financial instruments

	2021 £	2020 £
Carrying amount of financial assets		
Bank and cash	4,200,263	2,798,216
Measured at cost	4,200,263	2,798,216
Carrying amount of financial liabilities		
Trade creditors	50,980	91,651
Accruals	69,602	74,430
Measured at cost	120,582	166,081

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Prepayments and accrued income	43,684	171,040

13 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Deferred income	14	1,500,000	-
Trade creditors		50,980	91,651
Accruals		69,602	74,430
		1,620,582	166,081

BRITISH GAS ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Deferred income

	2021 £	2020 £
Other deferred income	1,500,000	-

Deferred income consists of a donation received in advance for the next financial year.

15 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2019 £	Transfers £	Balance at 1 April 2020 £	Transfers £	Balance at 31 March 2021 £
Operational contingency reserve	400,470	(127,818)	272,652	(67,121)	205,531
Cessation contingency reserve	20,000	-	20,000	15,000	35,000
E Learning voucher fund	282,847	(282,847)	-	-	-
Funded organisations reserve	-	-	-	550,481	550,481
	<u>703,317</u>	<u>(410,665)</u>	<u>292,652</u>	<u>498,360</u>	<u>791,012</u>

The operational contingency reserve represents an amount to cover the charity's obligations.

The cessation contingency reserve represents anticipated costs of winding up the charity, to cover legal and statutory costs not already included within other commitments.

The e learning voucher fund represented funds invested in a stock of e learning vouchers, which could therefore only be utilised on e learning in the year ended 31 March 2020. This fund was released back to unrestricted funds in the year ended 31 March 2020 as the e learning vouchers were no longer held.

The funded organisations reserve represents two months of budgeted grant expenditure.

16 Analysis of net assets between funds

	Unrestricted funds 2021 £	Designated funds 2021 £	Total 2021 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:				
Current assets/(liabilities)	1,832,353	791,012	2,623,365	2,803,175
	<u>1,832,353</u>	<u>791,012</u>	<u>2,623,365</u>	<u>2,803,175</u>

BRITISH GAS ENERGY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

17 Financial commitments, guarantees and contingent liabilities

The charity is committed to outsourced management fees due in:

Less than one year £nil (2020 - £45,442)

The commitment represents the anticipated cost, based on anticipated donations, of the contract between the CIO and Auriga Services Limited.

18 Related party transactions

There were no disclosable related party transactions during the year (2020 - none).

19 Cash generated from operations	2021 £	2020 £
(Deficit)/surplus for the year	(179,810)	455,616
Adjustments for:		
Investment income recognised in statement of financial activities	(1,975)	(7,026)
Movements in working capital:		
Decrease in debtors	127,356	112,104
(Decrease)/increase in creditors	(45,499)	103,013
Increase in deferred income	1,500,000	-
Cash generated from operations	1,400,072	663,707

20 Analysis of changes in net funds

The charity had no debt during the year.