

THE ELECTRICAL SAFETY COUNCIL

England & Wales · Charity number 257376

Details

Other names	ELECTRICAL SAFETY COUNCIL, ELECTRICAL SAFETY FIRST
Status	Registered
Legal form	Charitable company
Company number	00570175
Registered	1973-03-01
Register	View on the Charity Commission register

Contact

Address	45 Great Guildford Street London SE1 0ES
Phone	02034635110
Email	enquiries@electricalsafetyfirst.org.uk
Website	http://www.electricalsafetyfirst.org.uk

Activities

Objects: TO PROTECT AND PROCURE THE PROTECTION OF CONSUMERS OF ELECTRICITY IN GREAT BRITAIN AND NORTHERN IRELAND, THE CHANNEL ISLANDS, THE ISLE OF MAN AND THE REPUBLIC OF IRELAND OR ANY PART OR PARTS THEREOF AGAINST FAULTY, UNSAFE AND DEFECTIVE ELECTRICAL INSTALLATIONS AND ELECTRICAL EQUIPMENT NOT FORMING PART OF FIXED ELECTRICAL INSTALLATIONS.

Activities: The Electrical Safety Council is an independent charity committed to helping people protect themselves and their families from faulty, damaged, substandard and poorly maintained electrical installations and products

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Acts As An Umbrella Or Resource Body, Other Charitable Activities
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, Other Charitable Purposes
- **Who:** Children/young People, Elderly/old People, Other Charities Or Voluntary Bodies, Other Defined Groups, The General Public/mankind

Geography

- Guernsey
- Isle Of Man
- Jersey
- Northern Ireland
- Scotland

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£7,171,910	£4,929,406	£38,149,450	26
2024-03-31	£9,243,618	£3,397,413	£35,834,243	23
2023-03-31	£7,074,929	£2,662,755	£31,275,998	19
2022-03-31	£5,624,745	£1,950,554	£28,357,580	16
2021-03-31	£5,773,375	£1,905,961	£30,235,082	18

Trustees

Name	Role	Appointed
Emma Hudson	Chair	2018-07-13
Armelle Boisset		2019-09-27
Martha Grace Desmond		2022-09-12
Nicholas Luke Guy		2024-10-10
Nicola Jayne Hussey		2022-09-12
Paul Adam Neville		2022-09-12
Rahul Bhalinge		2023-07-06
Rajeev Vagdia		2023-07-06
Richard Olszewski		2021-05-01
Robert Arthur Hudson Gosling		2023-07-06
Sarah Monica Loveday Philbrick		2025-06-16
Tom Connelly		2018-07-13

Accounts

THE ELECTRICAL SAFETY COUNCIL
(A Company Limited by Guarantee)

Company No. 570175
Charity (England and Wales) No. 257376: (Scotland) No. SC039990

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

THE ELECTRICAL SAFETY COUNCIL

ANNUAL REPORT YEAR ENDED 31 MARCH 2025

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THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION

Patrons

Lord Graham Tope

Board Members and Management

E Hudson	Chair from 1 November 2024
S Frost	Chair, resigned 31 October 2024
A Chaplin	Resigned 10 October 2024
A Williams	Resigned 10 October 2024
T Connelly	
A Wells	
A Boisset	
R Olszewski	
M Desmond	
N Hussey	
P Neville	
R Bhalinge	
R Gosling	
R Vagdia	
N Guy	Appointed 10 October 2024
S Philbrick	Appointed 16 June 2025

Senior Staff and Officers – Charity

Lesley Rudd	Chief Executive Officer
Jennifer Trim	Company Secretary

Senior Staff and Officers – Trading Subsidiaries

ESF Enterprises Ltd

E Hudson	Non Executive Director
L Rudd	Non Executive Director

ESC Partnerships Ltd

E Hudson	Non Executive Director
P Neville	Non-Executive Director
J Trim	Non-Executive Director

Registered Charity (England and Wales) No. 257376

Registered Charity (Scotland) No. SC039990

Registered Company No. 570175

THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION (Continued)

Financial Management Committee

E Hudson (Chair to 30 June 2025)	S Frost (to 31 October 2024)
A Chaplin (to 10 October 2024)	N Hussey
R Bhalinge	S Philbrick (from 16 June 2025, Chair from 1 July 2025)
R Olszewski	L Rudd
N Guy (from 12 December 2024)	J Trim (Secretary)

Electrical Installation Safety Forum

S Devine BEAMA (Chair)
R Harvey ESC (Secretary)
M Allen ESC
B F Walker (co-opted independent)
A Vassey EDA
M Coles IET
P Sayer BEAMA
B Cairney SELECT
F Bertie NAPIT
C Pugsley LFB
S Girling LFB
S Mason HSE
M Smith ECA
P Abreu ENA
T Connelly ESC
G Gundry (co-opted independent)
P Collins Certsure
Dr J Hodge BCA
A Wells ESC
L Osborne ESC
A Abdelwahab BASEC
C O'Neill IET
D Powell ESC
G Parker ECA
J Elliot Certsure
M Fitzsimons EDA
M Cullen LFB
N Hayler BEAMA
A Duffen NAPIT
C Stammers BEAMA
D Crannis ECA
S Khan BEAMA
S Humphries NAPIT

Electrical Safety of Products Committee

S Bounoua Tesco (Chair)
B F Walker (co-opted independent)
S Curtler ESC (Secretary)
M Dyer Intertek
N Hayler BEAMA
R Vagdia BEAMA
H Patel BEIS
C Heemskerk CTSI
P Hide AMDEA
D Lawson AMDEA
C Flynn ESC
G Capanna ESC
S Bounds BSI
A Boisset ESC
C Rose LFB
A Gordon Compliance Solutions
R Rashid Wickes
R Harris CPIN
P Cunningham SFRS
S Girling LFB
L Osborne ESC
R Hill LFB
C Pugsley LFB
R Gosling ESC/AMDEA

Remuneration & Appointments Committee

M Desmond (Chair)
E Hudson (from 1 Nov '24)
S Frost (to 31 Oct '24)
A Boisset
R Vagdia
L Rudd
J Trim

Certsure Committee (from 12 December 2024)

E Hudson
P Neville
T Connelly
A Wells
L Osborne
M Allen
L Rudd
J Trim

Bankers	HSBC, 28 Borough High Street, London SE11YB
Solicitors	Bristows, 100 Victoria Embankment, London EC4Y 0DH.
Auditor	Moore Kingston Smith LLP, 4 Victoria Square, St Albans, Herts AL1 3TF
Investment Managers	Cazenove Fund Management, 12 Moorgate, London EC2R 6DA Rathbone Investment Management Ltd, 1 Curzon Street, London W1J CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET
Registered Office	45 Great Guildford Street, London SE1 0ES

THE ELECTRICAL SAFETY COUNCIL

CHAIR'S STATEMENT 2024/25

This has been my first year as Chair, and it is a position I am immensely proud to hold. Having been a trustee of the charity since 2018, I have already seen up close the amazing and vital work that the whole team is doing. This current year has certainly been no exception.

We have continued to make significant progress towards the goals set out in our five-year strategy, A Safer Future for an Electric World. The influence we are having on policy right across the four UK nations and at local government level is higher than ever before in the charity's history.

The development of the Product Regulation and Metrology (PRaM) Bill, changes to the Circular Economy Act in Scotland, the implementation of electrical safety checks in private rented housing in Northern Ireland, and progress on safety in short-term lets in Wales all came about thanks to the persistent campaigning of all our departments.

The new legal framework to strengthen product safety in the UK, which PRaM potentially offers, includes powers to better regulate online marketplaces and tackle the growing risk of e-bike battery fires. I was proud to see that we secured changes to the Bill to guarantee consumer voices will be heard in shaping the new safety rules.

To echo the sentiments expressed at our annual Electrical Product Safety Conference back in October 2024 by Justin Madders, Minister for Employment Rights, Competition and Markets, it is vitally important that we deliver change now as the electrical world is already getting more complicated. And good regulation supports growth and supports businesses to bring new products to market.

I was also delighted to see our work continue to be recognised with several more awards for our high-profile Battery Breakdown campaign. Our new modern brand is now firmly established, and our new website is well on the way to completion.

The excellent levels of engagement being achieved via media, social media – including our Electrical Safety Pro channels, aimed at professional electricians – and email marketing all go to show our ambitious mission is clearly striking a chord with both the electrical industry and public audiences.

All of us working at Electrical Safety First are united in our desire to ensure everyone is protected as the UK moves towards increased electrification. By giving people the right support and guidance, by supporting the safety knowledge of the next generation of electrical professionals, and by working with political leaders to introduce improved legislation, we can all safely use electricity in our homes.

The team, being led so well by our Chief Executive Lesley Rudd, continues to grow and deliver work which we are all extremely proud of. Both I and my fellow Trustees want to thank everyone for their hard work and collaborative approach. Serving as the Chair of Electrical Safety First is a real privilege and I am certain we can continue to build on the successes achieved this year.



Emma Hudson
Chair The Electrical Safety Council
9 October 2025

THE ELECTRICAL SAFETY COUNCIL

CHIEF EXECUTIVE OFFICER'S REVIEW

The theme for our popular annual conference this year was Time for Change – and I am really pleased to say this sentiment has been ringing true thanks to the impact of the work done by our fantastic team.

As a charity dedicated to ensuring people can use electricity safely in their homes, we were delighted to see the new Labour Government include legislation on product safety in the King's Speech and launch a consumer awareness-raising campaign – both important steps which we had recommended.

Following the 2024 King's Speech, the Product Regulation and Metrology Bill was introduced to deliver a step-change in consumer safety. Now enacted, the Product Regulation and Metrology Act gives powers to tackle two of the most pressing issues we face: unsafe e-bikes and third-party sellers offering dangerous goods online.

Through our own advocacy and in partnership with the British Toy and Hobby Association, the Chartered Trading Standards Institute, and Which?, we secured amendments that significantly strengthen the Act's provisions on online marketplaces. In addition, we successfully advanced a specific amendment to quickly identify and classify high-risk products, ensuring that proportionate and timely safety measures can be applied.

Our ongoing work on the worrying numbers of e-bike and e-scooter fires across the UK due to poor quality or mistreated batteries – devastating fires which are killing people – has seen other important successes this year.

The UK Government committed to introducing a standard for conversion kits – a key recommendation in our groundbreaking Battery Breakdown report – this is underway through BSI/PEL/69/1 with the Charity as an active participant. Wish.com banned the private sale of e-bike and e-scooter chargers, motors and converter kits in the UK. E-Bay banned private sellers from listing e-bikes and e-bike batteries for sale in the UK.

Amazon worked with us to develop guidance accompanying the sales of electrical products as well as providing their distributors with electrical safety training developed by our expert technical team.

We have also continued our work ensuring safety is embedded at every stage of the UK's energy transition to protect consumers, as millions of homes are unable to handle the increased electrical load needed by low-carbon technology. I strongly believe in the need to transition to low-carbon energy, but safety must be at the heart of both technology and policy decisions.

The skills gap in the workforce is a pressing concern. Without enough properly trained electricians, we cannot safely deploy heat pumps, EV chargers, solar panels, and other emerging technologies.

Our team has continued to grow this year, and I am delighted to see the fresh energy and ideas we all bring to the cause. Electrical safety is vital, life-saving work and the talent of the people at the charity – and our network of valuable partners – is creating effective change for the whole country.

I want to thank our outstanding staff for their hard work, our dedicated Board of Trustees who give their time and valuable skills for free, and our stakeholders and partners for their support and collaboration.



Lesley Rudd
Chief Executive Officer, The Electrical Safety Council
9 October 2025

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025

The Directors, who are also the Trustees of the Charity, submit their annual report and the audited financial statements for the year ended 31 March 2025. The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* (2nd Ed. Oct. 2019) consistent with Financial Reporting Standard (FRS) 102 in preparing this report. The legal and administrative information on pages 1 and 2 form part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Electrical Safety Council is a company limited by guarantee and a registered Charity. The Charity is governed by its Articles of Association which were amended on 12 March 2020.

The Charity is not required to convene an AGM; engagement with stakeholders and representatives of beneficiary groups is undertaken through a variety of channels which include media and digital campaigns to encourage safer behaviours and address product safety. The Charity continued to work with the Government in Westminster and with the Welsh Assembly, Scottish Parliament and the Northern Ireland Assembly.

Board Members are Directors for the purposes of company law, are Trustees for charity purposes and also comprise the Charity's Members. All new director appointments are based on selection criteria which ensure that, collectively, the Board maintains a broad range of relevant skills and experience.

No monetary value has been attributed to the work of volunteers, which comprises mostly the unpaid time of the Charity's Board of Directors, although their contribution is significant and vital to the current activities and continued future success of the Charity and its subsidiaries. The Charity continued to utilise the Google adverts charity scheme and secured \$349k (2024: \$291k) worth of free advertising during the year.

An induction programme is offered to all new Trustees to ensure that they are briefed on the Charity's objects, strategy and activities. Directors are encouraged to attend relevant training seminars during the course of the year. Training is also provided on a group basis to the Board on relevant and topical issues.

The Charity's strategy is set by the Board of Directors – the Electrical Safety Board. The Board meets four times a year, plus other meetings as required. The Trustees keep the governance arrangements and the constitution of Charity Committees under review. The Directors are covered by indemnity insurance.

The Board delegates to the Charity's Executive Team the exercise of certain powers in connection with the management, administration and financial management of the Charity, with regular reporting on these matters to the Board.

Responsibilities delegated to the Board's sub-committees are ratified through the Board of Directors. The Chief Executive Officer and other members of executive management attend meetings of the Board of Trustees and the sub-committees.

The Board of ESF Enterprises Ltd includes a Trustee of the Charity. In addition to the appointment of this Trustee to the Board, oversight was achieved by the establishment of clear terms of reference in relation to the Trading Group's activities – alongside a scheme of delegated financial authority. The same scheme of oversight covers ESC Partnerships Ltd whose Board comprises two Trustees.

Certsure LLP, the joint venture with the Electrical Contractors Association from which a wholly owned subsidiary of the Charity, ESC Partnerships Ltd, is currently entitled to 75% of the profits, has a Management Board with responsibility for day to day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity with the other two being the Chief Executive Officer and Finance Director of the Charity which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

The Charity's Committees in operation during the year were:

- Electrical Safety of Products Committee
- Electrical Installation Safety Forum
- Financial Management Committee
- Remuneration and Appointments Committee

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

- Certsure Committee (to assist with the Charity's oversight of its stake in its Certsure Joint Venture in line with good charity governance principles and Charity Commission guidance)

The Charity does not raise funds from the general public and therefore does not undertake, or engage with or permit third parties to undertake on its behalf, fundraising activities to raise funds for the Charity.

The Charity believes that everyone has the right to be safe from the dangers that electricity can present. It is committed to a culture of inclusivity and equality and believes that the diversity of its team is what empowers it to campaign on behalf of everyone in the UK, to keep them safe from electrical risk. The Charity endeavours to ensure that every member of staff and Trustees voice is heard and that it is able to use individual experiences and unique talents in a truly collaborative approach to achieving the Charity's goals. The Charity's staff are valued and supported, and by acknowledging and respecting that we are all different, the Charity believes it is better able to represent all of the people it is working to protect.

PUBLIC BENEFIT

The Directors are mindful of their duties, and have paid due regard to the guidance provided by the Charity Commission, to ensure that the Charity continues to carry out its charitable aims being the advancements of health and the saving of lives with the aim of delivering public benefit activities which include:

- Dedicated campaigning activities targeted at increasing awareness and reducing risks to the general public.
- Parliamentary lobbying for changes to legislation to improve electrical safety for all.
- Participation on national and international committees overseeing and developing electrical standards which aim to maintain and improve the safety of all users of electricity.
- Maintenance of a website providing information and education on electrical safety.
- The operation of a free of charge email address providing advice and guidance on electrical safety matters to all members of the general public.
- Provision of grants focused on reducing risks posed by electrical products and/or installations.

STRATEGIC REVIEW

The Objectives of the Charity

The principal objective of the Charity remains the protection of users of electricity against the hazards of faulty, unsafe and otherwise defective electrical installations and products. Achievement of the charitable objective is undertaken by both the Electrical Safety Council and its Joint Venture with the Electrical Contractors' Association, Certsure LLP.

The Charity's mission is the safety of **all** users of electricity with a specific focus on:

- Improving the safety of electrical installations.
- Improving the safety of electrical products.
- Direct interventions and grants.

Charitable activities undertaken by the Charity's Joint Venture with the Electrical Contractors' Association, Certsure LLP, which supported the Charity's safety objectives included:

- Assessment, certification and registration of individuals and entities carrying out electrical work through:
 - Operating the Approved Contractors' Scheme which is a voluntary electrical safety self-regulating body.
 - Running the Part P CPS Scheme, a self-certification scheme for providers of electrical services and related ancillary trades to domestic dwellings under Part P of the Building Regulations.
- Distribution and retail of technical publications and certificates.
- Provision of electrical training courses.

Activities and Outcomes for the Year

During the year the Charity has continued working to ensure it fulfills the aims set out in its updated five year strategy running to 2028. The key strategic priorities of the Charity following the strategy review were agreed as:

- Be the recognised expert voice in electrical safety.
- Safer electrical installations.
- Safer products.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

Towards these key strategic priorities the Charity has identified specific actions. There are seven key performance indicators (KPI) that the Charity aims to have achieved by 2028- and 12-month goals for 2024-25 in relation to each KPI were identified. Progress is recorded and regularly reported to quarterly Trustee meetings.

The seven KPIs are that the charity will have by 2028:

1. Persuaded UK Government to legislate to ensure online marketplaces face same responsibilities for safety of products sold on their platforms as high street stores.
2. Ended “tenure lottery” by ensuring all UK regions have mandatory EICRs every 5 years in private & social rented sectors and made progress in achieving regular checks in owner occupied sector.
3. Established targeted support for those more vulnerable to harm caused by electricity through free electrical safety checks akin to those already established for gas, and a grant scheme which runs regularly and supports our objects and impacts 250,000 individuals.
4. Achieved government recognition of electrical safety as a key consideration in its policy making towards net zero.
5. Enhanced technical integrity by influencing the improved quality and consistency of electrotechnical installation work and reporting on existing installations.
6. Established a sustainable position for the organisation in terms of financial and human resources and infrastructure. Put in place a spending and reserves strategy, together with a people strategy to support our staff to achieve our objects.
7. Established Electrical Safety First as leading go-to organisation for advice, research, views and comment in the field of electrical safety amongst consumers, politicians and the media.

KPI 1

Goal 1: Continue engagement with political decision makers and industry partners to ensure effective implementation of improved regulation for online marketplaces.

- The Charity welcomed the introduction of the Product Regulation and Metrology (PRaM) Bill, which aims to strengthen the UK's product safety laws and enhance the regulation of online marketplaces. This Bill marks a significant milestone for the Charity, aligning with its ongoing campaign for stronger online marketplace (OMP) regulation. The Charity's sustained engagement with policymakers helped keep this issue high on the political agenda, likely contributing to its early inclusion in the Labour Government's first legislative programme.
- We worked to secure amendments to the Bill, which has now been enacted, strengthening key provisions to protect consumers. As an enabling Act, its detailed regulations will be set through secondary legislation. To ensure robust safeguards, we campaigned both independently and in coalition with Which?, the Chartered Trading Standards Institute, and the British Toy and Hobby Association to secure amendments that legally define online marketplaces within the Act and guarantee parliamentary scrutiny of the secondary regulations.
- Before the Bill's introduction, the Charity engaged extensively with key figures in the new government, holding 26 meetings with policymakers. This included discussions with Jonathan Reynolds MP, Secretary of State for Business and Trade, Justin Madders MP, Minister for Business and Trade, and Minister Lord Leong, among others. The Charity also engaged with civil servants from the Department for Transport, the Department for Business and Trade, and the Ministry of Housing, Communities and Local Government to address product safety concerns across the government.
- The substantial national media coverage the Charity secured on this topic, combined with social media and email marketing pushed the OMP issue up the national agenda throughout the year. Publicity achieved included:
 - A summer 2024 campaign, highlighting AliExpress' sponsorship of the football European Championships.
 - A 'Summer Shocker' campaign using outdoor living products Tech tested that were all bought from OMPs (including electric BBQs and paddling pool heaters).
 - Individual campaigns around Black Friday, Cyber Monday, and Christmas shopping.
 - Coverage of the Apple report into counterfeit phone chargers in February 2025.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

- 5,000 'Safer Shopping' guides covering OMPs were also produced and sent to Electrical Safety Fund recipients.

Goal 2: Secure national political support for our legislation on e-bike and e-scooter regulations, aiming to double stakeholder sign-up support from 40 to 80 while securing impactful parliamentary initiatives.

- The PRaM Act which the Charity successfully amended gives powers to address high-risk products through secondary regulations, including e-bike and e-scooter batteries. As part of engagement on the Bill, the Charity successfully worked with Lord Foster to secure a government amendment and commitment to publish a new Code of Practice. This will provide policymakers with a structured approach to assessing and regulating products such as lithium-ion batteries, ensuring emerging risks are effectively identified and addressed.
- Ahead of the Bill's introduction, strong momentum was built behind the Charity's campaign, far exceeding original targets. The Charity secured the backing of 100 national organisations and around 800 local parish councils, demonstrating widespread support for its key asks. Supporters actively engaged with MPs, local councillors, and community safety partnerships, further amplifying the impact of the Charity's campaign.
- The Charity took its campaign directly to policymakers, attending four Westminster political party conferences. At the Labour Party Conference, the Charity hosted a well-attended fringe event on e-bike battery regulations, bringing together the Active Travel Minister Simon Lightwood and industry representatives, including key figures from the bicycle manufacturing sector.
- Additionally, the Charity showcased its model house at the Liberal Democrat and Labour Conferences, engaging parliamentarians and local councillors on this area and more widely on the importance of electrical safety in homes.
- Beyond national government, the Charity secured unanimous support for its policy asks in a London Assembly plenary session, adding further weight to its case for robust consumer protections.
- Alongside political engagement, the Charity strengthened partnerships with the bicycle industry, working with Brompton Bicycle and the Bicycle Association. These collaborations have expanded the reach of the Charity and provided valuable industry insights, ensuring its policy proposals account for business needs while maintaining strong consumer protections.
- The Charity significantly raised awareness of the dangers associated with e-bikes and e-scooters through targeted campaigns and media engagement. In June 2024, the Charity ran a dedicated e-bike safety campaign to mark the first anniversary of Scott Peden's house fire tragedy, using owned (website, social media and e-newsletters) and earned (traditional broadcast, print & online) media channels. Throughout the year, the Charity secured widespread media coverage through newsjacking and reactive interviews, including features on BBC One's Rip Off Britain and key moments such as the Bristol Coroner's report, Black Friday, and the Hampshire e-bike fire. Safety advice on e-bikes and e-scooters was consistently shared across social media.
- To further reinforce the message of the Charity, it ran online adverts on e-bike battery risks targeting political audiences, redesigned its Battery Breakdown report to reflect its new brand, and produced new consumer safety animations. Additionally, the Charity placed advertorials in The House and Holyrood magazines and distributed briefing materials to local and parish councils, ensuring policymakers at all levels remained engaged with the issue.

KPI 2

Goal 3: Achieve the introduction of electrical safety checks in Northern Ireland's social housing sector and government commitments for these checks in short-term lets (STLs) across the entire UK.

Northern Ireland

- Electrical safety regulations for the private rented sector (PRS) came into effect in April 2025, following a delay due to the Assembly's backlog of regulatory business after its re-establishment. The Charity supported the introduction with publicity from March 2025. This also postponed the efforts of the Charity to push for similar measures in the social rented sector. However, the Charity leveraged its engagement during the PRS regulation development to reinforce the case for extending safety checks across all rented sectors.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

- The Charity's CEO and one of its Policy and Public Affairs Advisors were invited to present to the Northern Ireland Assembly's Communities Committee. This provided them with a key platform to highlight the need for consistent safety standards in private and social rented housing.
- Broader MLA engagement has also driven discussions on social housing safety. Over the past year, the Charity has engaged with 80% of the Communities Committee, including two meetings with its Chair, Colm Gildernew. The work of the Charity was referenced eight times in Assembly debates on PRS regulations, including by Minister Gordon Lyons, further strengthening the influence of the Charity and positioning it for future discussions with the department.

Wales

- Short-term let (STL) legislation is currently under consultation. Draft regulations are expected to be laid before the Senedd in 2025 with the potential for implementation later in the year. The Charity is confident these will include a requirement for five-yearly EICRs in STL properties across Wales.

Westminster

- Since the new Labour Government took office, there has been a focus on the private rented sector, laying the groundwork for future housing safety reforms. While progress in the STL policy area has been gradual, the Charity anticipates broader safety measures will be addressed in upcoming legislative agendas.
- Electrical safety checks will also now be extended to the social rented sector (SRS). It is anticipated that the requirements will come into force for new tenancies from November 2025 and from January 2026 for existing tenancies.

Goal 4: Advocate for regular electrical safety checks in owner-occupied homes, garner backing from parliamentarians, policymakers, and influential stakeholders, and implement a focused campaign in Scotland advocating for compulsory EICRs during property sales to encourage widespread adoption nationwide.

- Charity representatives met with Scotland's Housing Minister and key civil servants to advocate for regular electrical safety checks in the owner-occupied sector. During discussions, the Charity was directed to the Scottish Government's new Heat in Buildings Bill, which will propose mandating low-carbon heating installation at the point of property sale.
- This aligns with the policy ask of the Charity to ask for EICRs at the point of sale while ensuring the safe integration of low-carbon technologies into domestic electrical systems. To support this, the Charity submitted a response to the Heat in Buildings Bill Consultation, positioning electrical safety as a key policy consideration. Engagement will continue once the Bill is published to drive progress.

KPI 3

Goal 5: Grow the Charity's grant scheme programme by allocating an increased budget of £500,000 to reach 600,000 people and directly benefit 60,000, implementing measures to assess the broader social benefits.

Electrical Safety Fund 24/25

- The 2024/25 Electrical Safety Fund had another highly successful year, supporting 106 projects across the UK with a total allocation of £502K. A full evaluation of funded partners activities was undertaken and provided to the Board in 25/26, key highlights include the continued development of a virtual reality educational experience with Flosverse Techsphere, multiple electrical safety awareness events at institutions such as Blackburn College and East Norfolk Sixth Form College, and targeted support for vulnerable groups through organisations like Deafblind Scotland and ReviveFM.
- This year, the Charity also introduced social value metrics into project evaluations, enabling it to measure and report the broader impact. These insights were presented to the Board in Summer 25, demonstrating the fund's wider social benefits through a 'social return on investment' metric. This included a financial proxy to quantify the value generated by the initiatives, reinforcing the long-term impact of the work of the Charity.
- To drive engagement and ensure a strong response to the fund, the Charity produced a promotional video and ran targeted paid social media posts aimed at key community groups. This highly successful approach generated such high demand that the application window had to close early. The fund also secured widespread regional media coverage, further increasing awareness. Additionally, an email marketing campaign reached 18,102 local councillors, MPs, peers, MSPs, MLAs, and MSs, ensuring key stakeholders were informed.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

- Successful grant recipients received posters, flyers, and safety guides to support their projects, alongside access to a bespoke publicity portal on Frontify, which provided guidance and campaign assets. The Charity also delivered workshops to help projects maximise their impact, with individual initiatives receiving tailored PR support. As a result, the Charity secured significant media coverage driven by customised support packages for funded partners, toolkits, and targeted communications.

Home Improvement Grants (HIGs) Scheme

- The Charity completed and evaluated its Home Improvement Grants Scheme in Scotland, which provided essential electrical safety repairs to 126 vulnerable households, ensuring they could continue living safely at home.
- Building on this success, the Charity launched the UK-wide HIGs scheme with an increased budget of £350K following Board approval. During the year over 25 projects were approved with a total cost of £238K.

Goal 6: To persuade energy suppliers to offer free electrical safety checks for the Priority Services Register

- Following the new government's decision in summer 2024 to scrap the planned 2035 ban on new gas boilers, along with other policy changes in this area, progress on this goal has been delayed as the Charity reviews its cost-benefit analysis. Conducted by external economists, this analysis assessed the cost for energy suppliers to offer vulnerable customers on priority services registers a free EICR every five years, mirroring their existing obligation to provide a free annual gas safety check.
- The Charity's original analysis estimated costs based on the current uptake of gas safety checks, assuming a natural decline as customers transitioned away from gas in line with government heat in buildings targets. However, the Government's policy change altered these assumptions, requiring updated projections. This work is now underway, and the Charity will engage with energy suppliers and Ofgem later in 2025.

Goal 7: Prepare the groundwork for an electrical safety programme targeting primary school children across the UK, developing suitable materials and resources, including lesson plans.

- The Charity collaborated with an external agency specialising in educational materials for teachers and primary school children to develop lesson plans which will be promoted to UK primary schools as part of our wider plans to engage these key audiences.
- A cross-dept Youth Engagement Working Group was set up within the Charity in Autumn 2024. It has met in three separate workshops, identified the main risks facing primary, secondary, and student/young adult audiences, and brainstormed tactics and activities to engage them. The recommendations can feed into the Charity's broader Increasing Impact agenda.

KPI 4

Goal 8: Encourage local governments to include electrical safety in their green policy development.

- The Charity completed a freedom of information (FOI) investigation into rogue trader reports, uncovering a growing issue of unqualified traders installing net-zero technologies.
- Usable responses from 108 local authorities revealed concerning trends. Among 24 trade categories analysed, rogue traders conducting electrical work ranked sixth in the number of reports submitted to local authorities. Additionally, the investigation highlighted a significant and consistent rise in rogue traders operating in the renewable energy sector, particularly in solar PV installations.
- These insights will support the efforts of the Charity to highlight the importance of consumer protection and encourage local governments to incorporate electrical safety into their green policy development.
- In Scotland, the Charity successfully secured an amendment to the Circular Economy Act, requiring policymakers to consider electrical safety as a key factor when developing the circular economy strategy.

Goal 9: Investigate risks from Prosumer Electrical Installations (PEI), including Solar PV, Battery Storage, heat pumps, EV charge points, and other low-carbon technologies (LCT).

- An academic paper was created by the Deputy Technical Director of the Charity as a final project of an MSc in Renewable Energy Systems Technologies on the subject of '*Do 'Low Carbon Technologies' and the rise of 'Prosumers Electrical Installations' present an increased risk to safety?*' This included a comparison of solar PV incidences versus general electrical appliances, the content of which will feature in future projects.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

- The Charity completed a commissioned desktop analysis of 'balcony solar PV systems and the viability of these for being sold in the UK. This created test criteria for further physical testing.
- The Charity carried out in-house component testing on known system failure points, with external durability tests planned in 25/26.
- Installer surveys are underway to obtain qualitative data.
- The Charity had continued conversations regarding competent workforce for electric vehicle charge point (EVCP) installations with industry and the Department for Transport through its EVCP installation working group. This included bringing to attention concerns regarding understanding the complexities of vehicle-to-grid.
- A representative of the Charity now chairs the IET working group on cross-pavement charging solutions ensuring that the electric vehicle charge point installation working group discussions are reflected in this group.

Goal 10: Investigate how low carbon technology and household electronics like TVs, PCs, and chargers increase DC in home installations. Assess how this affects new and existing RCDs, including their ability to respond to faults under high DC levels.

- The Charity conducted phase 1 of a 'first of a kind' research on DC Earth leakage investigation, with results validating initial predictions. An industry paper was well received by JPEL and ESF committees, and the Charity is progressing to the second phase of the investigation with a wider rollout, using an alternative, easier-to-deploy approach.

KPI 5

Goal 11: Strengthen the influence of the Charity on UK wiring regulations by securing permanent positions on the BSI/IET BS7671 committees and sub-committees.

- The Charity gained full representation on JPEL sub-committees A/B/C/D, ensuring that the voice of consumer safety was adequately represented. Significant work includes analysis of all comments for the subsequent amendment of BS7671, The Wiring Regulations, due for release 2026.

Goal 12: Enhance electrical safety practices and awareness among installers by distributing safe isolation lock-out kits to apprentices nationwide. Integrate engaging content, such as video explainers accessible through hyperlinks and QR codes, into the Charity's guides, promoting its resources to broader audiences, including colleges.

- The Charity distributed over 2,500 ESF-branded lock-off kits to apprentices across the UK, working with Certsure in England and Wales, SECTT in Scotland, and ETT in Northern Ireland.
- The Charity incorporated our safe isolation guidance and flowchart into a National Industry Campaign used in multiple publications and events.
- The Charity filmed a Safe Isolation Masterclass delivered by its installation experts at an ELEX industry event. This has been shared with professionals, across the Charity's social media channels and in email marketing. The Charity redesigned its Best Practice Guides although filming of the QR code-linked bespoke video clips was delayed to 25/26.

Goal 13: Establish an Industry Futures Group to horizon scan and ensure the Charity is well placed to observe up-and-coming trends.

- BSI/L1 was deemed by the Charity's Technical Team to facilitate this, and a place was secured for the Charity in this committee, to avoid duplication of work. This will facilitate knowledge exchange between L1 and ESF working groups.
- The Charity undertook validation of scripts and technical content, provision of video recordings, and publicity for the Apprentice Channel of Excellence (ACE), its new collaboration with Learning Lounge, which provides free technical training content for all registered electrical apprentices throughout the UK.
- The Electrical Safety Professional sub-brand and new electrician-dedicated social media channels were launched.
- The Charity created a new Landlord's Guide for Northern Ireland, in line with new requirements for electrical safety checks in the private rented sector, and a brand refresh on the guides for Scotland and England & Wales.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

- The Charity created and chaired a working group under the Construction Leadership Council to raise the bar of 'Product installation and maintenance' competencies and qualifications.

KPI 6

Goal 14: Develop the longer-term spending strategy and related reserves policy.

- The financial management committee considered the current position and identified areas to develop in an updated strategy/policy.
- The Charity continued to expand its current activities and spend through 24/25 and into the 25/26 budget.
- A staff away day was held which identified a growth roadmap for further development in 25/26.
- An additional Certsure Committee was instigated to consider matters about Certsure.

Goal 15: Implement People Strategy second-year activities.

- Developed and issued Safeguarding Guidelines.
- Identified and trained a safeguarding lead.
- Presented a succession planning strategy to the Remunerations and Appointment Committee.
- Leadership-related training (external courses) has been provided to leaders to assist them with their development, and more is planned.
- New starters all undergo an induction process involving introductions across the Charity. Following feedback, further improvements to the induction process are being made in 2025/26.
- Additional stage of life staff guidelines were developed and the Charity staff were invited to participate in a Wellness week. This included meetings and webcasts on a variety of topics, including men's mental health, menopause, and finance.

KPI 7

Goal 16: Create an engaging main website and implement a marketing plan to attract more visitors and boost brand recognition.

- Significant progress was made throughout the year, including:
 - A comprehensive tender process was carried out.
 - In-depth pre-wireframe planning was undertaken. Wireframes were created and reviewed across the Executive and Board.
 - Page and section designs were created and reviewed across the Executive and Board.
 - User testing and optimum terminology testing was carried out.
 - Copy and content was reviewed by a content expert with a clear and consistent approach identified to inform rewrite of new website's pages.
 - The launch of the new website is expected during 25/26.
- Enhanced content was created, such as the 'lightning strike' animated infographic, redesign of the Best Practice Guides, and video content on Tech's Safe Isolation Masterclass, Amendment 3, Amendment 4, Intro to WRAG, National Apprenticeship Week and International Women in Engineering Day.
- The charity's enhanced marcoms led to a doubling of Best Practice Guide downloads in year.
- Advertorial features across all key electrical trade publications increased the Charity's e-newsletters and social media subscribers.
- Significant progress was made in developing dedicated new professionals' resources area on the new website – quantitative surveys and qualitative user testing were conducted with electricians to inform this.

Goal 17: Implement a new email marketing strategy, grow Charity distribution lists in compliance with GDPR and PECR regulations, and implement a preference centre for personalised content.

- Staff analysed, cleansed and segmented distribution lists.
- The Charity sent over 50 email marketing campaigns during the year – with 370,000 individual emails sent, achieving an average of 32% open rate.
- Distribution lists were grown by 25% – from 52K to 65K. Local and Parish councillors were added.
- The Charity relaunched Switched On publication, which was segmented and divided into two tailored e-newsletters: *Switched on Consumers* and *Switched on Electricians*.
- The Charity successfully re-engaged 4,000 subscribers who had not opened anything for three years.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

Goal 18: Utilise Certsure, the Electrical Contractors Association (ECA), and NICEIC registrants' channels for broader reach, leveraging the new Certsure LLP Marketing and Communications Working Group to amplify messages and ensure alignment where beneficial.

- This achieved an improvement in Certsure LLP partners' corporate channels sharing ESF content.
- Charity technical staff supported Certsure webinar 'The Wire', with two technical sessions.
- Joint LLP Marcoms working group was re-established.

Goal 19: Plan and execute a series of impactful events, including our inaugural installation safety event in April 2024, our annual product safety conference in November 2024, and partner with the UK Office of Public Safety and Standards (OPSS) and the International Consumer Product Health and Safety Organisation (ICPHSO) on a UK international product safety conference in 2025, with a dedicated focus on electrical safety.

- The Installation Seminar that the Charity ran in April 24 was successful and well attended.
- The Electrical Product Safety Conference 2024 facilitated debate across industry, political, and consumer stakeholders on the issue of online marketplaces (OMPs). The event featured the new government minister and representatives from eBay and Amazon, was attended by over 200 delegates, and featured the Safety Innovation Award.
- The Charity commenced planning for the 2025 Product Conference, in conjunction with OPSS and ICPHSO, with the new venue of The Mermaid being selected and preliminary discussions underway.

Goal 20: Research and develop various untapped areas: closing the skills gap for a safe transition to net zero, improving data collection on electrical injuries, evaluating safety standards in alternative housing, and testing smart home devices for safety.

Technical Integrity

- Collaborative work was undertaken, supporting industry partners, including The Electrotechnical Skills Partnership (TESP), National Electrotechnical Training (NET), The Electrical Contractors Association (ECA), and Certsure, to influence government and local authorities to increase support for apprenticeship schemes instead of stand-alone further education.
- Planned smart home device testing was not conducted as resources focused on wider, general electrical appliances including 'outdoor living', (known as presenting a direct risk to the end-user), along with the PV investigations.
- The Charity delivered multiple webinars and in-person training sessions at industry events, including Elex, Installer Show, Essex FRS, BSI, CTSI and Certsure 'The Wire', in addition to international presentations and panels at International Consumer Product Health and Safety Organisation (ICPHSO), EuropeOn (representing electrical installers across Europe) and The International Federation for the safety of users of electricity (Fisuel).
- The Charity provided an electrical safety webinar as part of PAS 7100 training (Producers responsibilities).
- The Charity advised Dunelm on a serious product recall campaign and delivered additional technical training.
- The Charity conducted a commissioned investigation and provided an 'expert-witness' report for Dudley City Council-Trading Standards on a substandard domestic installation.

Data strategy

- Further work was undertaken on developing a data strategy, ensuring alignment with GDPR compliance. This initiative will help the Charity identify the additional data needed to effectively achieve its goals and KPIs while ensuring transparent data management and storage processes.

Alternative housing research

- The Charity continued progressing its alternative housing safety research, using internal insights and external data to identify the most at-risk and relevant housing types.
- The Charity organised parliamentary written questions across each devolved legislature to assess current legal requirements, standards gaps, and improvement areas. These findings will help the Charity decide its next steps in this area.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

Certsure Joint Venture

Charitable objectives continued to be delivered through the Certsure LLP joint venture. Certsure offers industry-leading certification services, Building Regulations schemes, training, products and support to the construction industry and beyond. Profits from these activities provide a significant part of the Charity's income.

Certsure carries out assessments on businesses designed to verify the ongoing competency of these businesses and ensure technical integrity and safety standards are continuously upheld. Regular assessments are a condition of being certified by NICEIC, the operating name of Certsure. Split into two key areas, the assessments include on-site scrutiny of representative examples of work, and office audits – to verify effective record keeping and that the correct qualifications, insurances, and policies are in place. Evidence that employees are adequately supervised, and that they are undertaking continuous professional development, is also required. To help people find their nearest NICEIC certified business, Certsure's website hosts a 'Find a Contractor' tool, which allows consumers to search for local businesses by postcode.

The activities listed as part of the achievements under the goals for the year include activities in partnership with Certsure. Certsure has been actively promoting the Electrical Safety First Best Practice Guides and Wiring Regulations Advisory Group (WRAG) 'Q&A' to apprentices and training centres, through their outreach program. In 24/25 this included providing over 1,000 Electrical Safety First updated and rebranded 'Safe Isolation Lock-off kits'. Both Certsure and Electrical Safety First have been supporters of an industry-wide Safe Isolation campaign, through industry events such as Elex, media such as Professional Electrician (which from June 2024 featured the Charity's safe isolation flow chart), as well as being the subject of a NICEIC technical webinar, *THE WIRE*, featuring the Charity's Installation Safety Engineers. *The WIRE* is broadcast live and also available on demand as part of the on-demand library, a valuable resource for electricians with over 30 hours of CPD accredited webinars.

Along with other key stakeholders including Electrical Safety First, Certsure is represented on the BSI JPEL/64 committee, a cross-industry group responsible for maintaining BS 7671, the Institution of Engineering and Technology (IET) Wiring Regulations. Certsure was influential in Amendment 3 of BS7671 released in July 24 which addressed the issue of ensuring that bi-directional devices are installed where solar Photovoltaic and Electrical Energy Storage Systems (EESS) are installed. Collectively, Certsure and Electrical Safety First have a strong presence on the committee and sub-committees, working to improve safety, and practice whilst ensuring consistency and clarity throughout the Regulations.

The Certsure technical helpline continues to assist contractors with their real-life queries. As a leading training provider for the electrotechnical industry, Certsure offers a wide range of highly regarded industry-recognised training, delivered via various platforms. As technologies and demand have evolved, their offerings have also developed, particularly with the provision of Electrical Energy Storage Systems courses. Through both formal training courses and free CPD, Certsure is helping thousands of electrical contractors keep their technical knowledge and skills up to date – and helping to ensure they deliver safe, compliant, installations to consumers.

Future Plans for 2025-26

The plan is to continue working to ensure the Charity fulfills the aims set out in its updated five-year strategy running to 2028. The key strategic priorities of the Charity following the strategy review were set out on page 6 along with the seven key performance indicators that the Charity will aim to have achieved by 2028. New 12-month goals for 2025-26 in relation to each KPI have been identified. Progress will be recorded and regularly reported to quarterly Trustee meetings.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

Financial Position and Reserves

The Group has recorded an increase in funds during 2024/25 of £2,315K consisting of net income of £2,116K and a £199K actuarial gain recorded on the Pension Scheme where the £200k liability at 31 March 2024 as the difference between the Scheme Assets and larger Defined Benefit Obligation has been eliminated (see note 17). The reserves at year end which are wholly unrestricted totaled £38,149K.

Gift aid of £6,235K (2024: £6,700K) has been received by the Charity from its subsidiaries. The Charity's subsidiaries include ESC Partnerships Ltd which is one of two members of Certsure LLP and which generated all of the 24/25 gift aid with none (2024:£700k) coming from ESF Enterprises Ltd. The other member of Certsure LLP is the Electrical Contractors' Association Ltd which is a wholly owned subsidiary of the Electrical Contractors' Association, a members' association.

Income

Total Charity income was £7,508k (2024: £7,939K), the main component of which was £6,235k (2024: £6,700K) received from subsidiaries in gift. Other incoming resources are income payable to the Charity by Certsure LLP for use of its properties together with investment income and income generated by Charitable Activities.

Expenditure

Total expenditure for the year was £4,929K (2024: £3,397K), a significant increase on the prior year. The biggest single cause is increasing the grants paid from £250k in 23/24 to £704k paid out in 24/25. There was also increased activity in the areas of installation and product safety and to a smaller extent research which was reflected in higher spend in all these areas.

Fixed Assets

The majority of the Charity's tangible fixed assets comprise the land, buildings, furniture, equipment and IT hardware used daily. Changes in tangible fixed assets are shown in note 10 to the financial statements.

Pension Scheme

The scheme assets of the closed final salary pension scheme are larger than the liabilities by £0.2m when measured in accordance with FRS 102. This surplus is not recognized under FRS 102 Section 28.22 as the employer has limited rights to benefit from it. Since October 2023 when the Trustee purchased a bulk annuity policy with an insurer securing members' benefits in the scheme in full, the asset value and funding basis are more aligned to the previous buy out funding position which had been a lower level of funding. The purchase of the bulk annuity policy significantly reduced the level of risk the Scheme is to the Charity.

Outlook

The Group's financial position overall remains healthy. The Charity holds significant reserves and now the risk of further significant funding being required for the Pension Scheme is almost eliminated, the Trustees are actively considering the best use of additional available resources to deliver on its objectives.

Cash, Investment Policy and Returns

Group cash and investment balances excluding joint ventures have increased over the last year to £26,525K (2024: £22,920K). Investments have decreased in value due to market conditions, but bank balances have increased.

The Charity's investment policy has as its objective "to produce returns and be a vehicle for holding the agreed level of Charity reserves". The investment target return is once any income required has been taken to maintain and where possible enhance the real value of the portfolio without taking unnecessary risks. A total return approach to investment is taken i.e. generating return from income and capital gains and losses.

An investment portfolio of £12.6M of funds with a long-term investment horizon was managed by three fund managers, Rathbones, Cazenove and CCLA. Poorer conditions in the financial markets over the course of the year resulted in a smaller return of £96K being delivered on the portfolio, comprising a £329K capital loss combined with £437K of income (which was paid out to the Charity) and £12k of management fees.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

The investment policy is maintained under ongoing review in light of changing Group funding requirements and all portfolios are now balanced between equities, fixed interest investments, alternative investments and cash based on an intermediate risk profile. All income generated is being paid to the Charity to fund current spending.

The balance of the Charity's investments relate to the joint venture of Certsure LLP and property. Properties leased to group companies (including joint ventures) are not treated as investment properties. Therefore the investment property held by the Charity reflects the proportion of a property leased to a third party.

Reserves and Risk Assessment

Risk management processes are embedded in the day-to-day operations of the Charity and its trading activities which have their own separate risk register. Risk registers are reviewed regularly by management to ensure completeness and that the risk ratings and impacts remain appropriate.

Significant changes in the Charity's risk register are reported at the Electrical Safety Council's Board meetings. The full Board reviews the Charity's risk register. The risk register relating to Certsure LLP is reviewed by the Certsure Management Board which includes two Charity Trustees along with the Charity Chief Executive and Finance Director.

The Financial Management Committee, on behalf of the Board, conducts an annual review of the level of unrestricted reserves by considering the risks associated with the various income streams, expenditure plans and Balance Sheet items. In setting the reserves target the Committee considers the future resources needed for the Charity to continue meeting its charitable objectives. The Committee also recognises that assets such as fixed assets are not easily or quickly realised.

This review enables an estimate to be made of the level of reserves that will be sufficient to allow time to re-organise and dispose of long term assets in the event of a down turn whilst maintaining core charitable activities including the Charity's:

- consumer awareness and campaigning activities;
- objectives to improve electrical product and installation safety;
- commitment to technical excellence

The reserves policy is kept under review and states that reserves, which are defined as the charity's and its wholly owned subsidiaries' cash and investment portfolio, amounting to at least two years pure /discretionary charitable expenditure be maintained after provision for the next three years' pension deficit payments.

The policy goes on to state that if the level of reserves exceeds the minimum amount, the Trustees will consider the best use of the "excess" funds. Matters to be taken into account include the progress of the defined benefit pension scheme to self-sufficiency, the merits of holding or investing the additional amount to fund future spend and the merits of undertaking additional charitable activities. Now that significant further funds are unlikely to be required for the pension scheme, the Trustees are continuing to actively consider the Charity's position, how/if the policy should be amended and how any difference between actual reserves and policy should be dealt with.

The Trustees have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to Senior Management. Trustees are unremunerated and the remuneration of the Key Management Personnel is determined by the Remuneration and Appointments Committee who take into consideration general pay increases awarded under the collective agreement which covers the majority of staff as well as external comparatives.

Financial Instruments

The Group's policy including Joint Ventures is to finance working capital through retained reserves and in the case of the Certsure Joint Venture, monies received in advance from customers as a result of its annual fee cycle.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

The Group does not actively use other financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. It is exposed to minimal foreign exchange risk as the customer base is mostly within the UK. The nature of the Group's financial risk instruments means that they are not subject to price or liquidity risk.

The Board does not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or results.

Employee Training and Recruitment

The Group including Joint Ventures has an active personal development training programme to ensure that all employees have the skills and knowledge necessary to achieve the business and personal goals to which they aspire. The Group is an equal opportunity employer that values diversity in its employees and it has recruitment policies directed to ensure that it is open to all.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' annual report incorporating a strategic review and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Charity and of the incoming resources and application of resources, including its income and expenditure, of the Group for the year. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Charity will continue in business.

The Directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Directors' Awareness Statement

Each of the Directors has confirmed that so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware, and that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Auditor

A resolution to appoint Moore Kingston Smith LLP as auditor will be proposed at a future Board meeting.



By order of the Board
Jennifer Trim, Company Secretary, 9 October 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL

Opinion

We have audited the financial statements of The Electrical Safety Council (the “parent charitable company”) and its subsidiaries (the “group”) for the year ended 31 March 2025 which comprise the consolidated and charity statement of financial activities, consolidated and charity balance sheets, consolidated statement of cash flows, charity statement of cash flows and 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 FRS 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 group’s and the parent charitable company’s affairs as at 31 March 2025 and of the groups incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006, the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 group 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 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 audit 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 charitable company'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 directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report and Strategic Review for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report or Strategic Review.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 17, the directors 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 directors 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 directors are responsible for assessing the group's and parent charitable company'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 liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We 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 we identify during our audit.

Explanation as to what extent 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act and with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members and the charity's trustees those matters we are required to state to them in an auditor's 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 charitable company, the charitable company's members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Roger Ogden, *Senior Statutory Auditor*

For and on behalf of Moore Kingston Smith LLP, Statutory Auditor
4 Victoria Square
St Albans
Herts AL1 3TF

Date: 10 October 2025

Moore Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2025 (incorporating Consolidated Income and Expenditure Account)

				2025	2024
	Note	Unrestricted Charity Funds	Trading Subsidiaries	Total Funds	Total Funds
		£'000	£'000	£'000	£'000
<u>INCOME FROM:</u>					
Investment Income – Investments	5	725	81	806	785
Investment Income – Properties		461	-	461	461
Other Trading activities - Share of profits in Joint Ventures	12	-	5,818	5,818	7,907
Income from Charitable Activities		87	-	87	90
TOTAL INCOME		1,273	5,899	7,172	9,243
<u>EXPENDITURE ON:</u>					
Raising funds					
Continuing trading operations		-	3	3	4
Discontinued trading operations		-	2	2	4
Investment Management Costs		12	-	12	11
Fundraising Costs		59	-	59	62
Subtotal - Raising Funds	4	71	5	76	81
Charitable Activities					
Installation Safety		1,348	-	1,348	1,059
Product Safety		2,152	-	2,152	1,671
Grants and Direct		704	-	704	250
Research		218	-	218	190
Subtotal - Charitable activities	4	4,422	-	4,422	3,170
Other Expenditure	4	431	-	431	146
TOTAL EXPENDITURE		4,924	5	4,929	3,397
Net Investment (Losses) / Gains - Investments	12	(329)	-	(329)	877
Net Investment (Losses) / Gains – Property		202	-	202	(71)
NET (EXPENDITURE) / INCOME		(3,778)	5,894	2,116	6,652
Actuarial Gain / (Loss) on Pension Scheme					
	17	399	-	399	(11,600)
Effect of non-recognition of Pension Asset /					
Change in irrecoverable surplus	17	(200)	-	(200)	9,506
Transfer of Gift Aid					
		6,235	(6,235)	-	-
NET MOVEMENT IN FUNDS		2,656	(341)	2,315	4,558
Total Funds at 1 April 2024				35,834	31,276
Total Funds at 31 March 2025				38,149	35,834

All Charitable funds are unrestricted. All recognised gains and losses are included above.

The notes on pages 26 to 41 form part of these financial statements.

THE ELECTRICAL SAFETY COUNCIL

BALANCE SHEETS AS AT 31 MARCH 2025

	Note	<u>Group</u> 2025 £'000	<u>Charity</u> 2025 £'000	<u>Group</u> 2024 £'000	<u>Charity</u> 2024 £'000
FIXED ASSETS :					
Tangible Assets – used	10	4,516	4,516	4,625	4,625
Tangible Assets - investment properties	11	914	914	712	712
Investments	12	12,600	12,600	12,941	12,941
Investments in Joint Ventures	12	6,627		7,907	
		<u>24,657</u>	<u>18,030</u>	<u>26,185</u>	<u>18,278</u>
CURRENT ASSETS :					
Debtors	13	342	344	433	437
Cash at Bank and in Hand		13,925	10,688	9,979	7,681
		<u>14,267</u>	<u>11,032</u>	<u>10,412</u>	<u>8,118</u>
CURRENT LIABILITIES :					
Amounts Falling Due Within One Year	14	775	769	563	559
NET CURRENT ASSETS/(LIABILITIES) :		13,492	10,263	9,849	7,559
TOTAL ASSETS LESS CURRENT LIABILITIES :		38,149	28,293	36,034	25,837
DEFINED BENEFIT PENSION SCHEME LIABILITY					
	17	-	-	(200)	(200)
		<u>38,149</u>	<u>28,293</u>	<u>35,834</u>	<u>25,637</u>
RESERVES					
UNRESTRICTED INCOME FUNDS		38,149	28,293	36,034	25,837
PENSION RESERVE	17	-	-	(200)	(200)
TOTAL RESERVES		<u>38,149</u>	<u>28,293</u>	<u>35,834</u>	<u>25,637</u>

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. For the purposes of the Companies Act, net income of the Charity for the year is £2,243K (2024: £5,846K).

The notes on pages 26 to 41 form part of these financial statements.

Approved by the Board of Directors and authorised for issue on 9th October 2025, and signed on their behalf by:



E Hudson - Chair

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

				TOTAL FUNDS 2025 £'000	2024 FUNDS £'000
Net cash (used in) operating activities (Note A)				(4,430)	(5,287)
Net cash provided by investing activities (Note B)				8,376	7,264
Cash flows from financing activities				-	-
				3,946	1,977
Analysis of Net Funds £'000	At 1 Apr 2023	23/24 Movement	At 31 Mar 2024	24/25 Movement	At 31 Mar 2025
Cash at bank and in hand	8,002	1,977	9,979	3,946	13,925

CASHFLOW STATEMENT NOTES

A. Net cash used in operating activities

Net income for the reporting period	2,116	6,652
Share of profits in Joint Ventures	(5,818)	(7,907)
Depreciation	109	109
Dividends, interest and rents from investments	(806)	(785)
Rents from properties	(461)	(461)
Losses / (Gains) on investments	127	(806)
Loss on disposal of fixed assets	-	-
FRS 102 Pension operating movement	-	(1,894)
(Increase) / Decrease in debtors	91	(177)
(Decrease) / Increase in creditors	212	(18)
Net cash used in operating activities	<u>(4,430)</u>	<u>(5,287)</u>

B. Net cash provided by investing activities

Dividends, interest and rents from investments	806	785
Rents from properties	461	461
Distributions from Joint Ventures	7,098	6,012
Purchase of property, plant & equipment	-	-
Proceeds from the sale of investments	12	6
Purchase of investments	(1)	-
Net cash provided by investing activities	<u>8,376</u>	<u>7,264</u>

Analysis of changes in net debt

£'000	At 31 Mar 2024	Cashflow	At 31 Mar 2025
Cash	9,979	3,946	13,925
Cash equivalents	-	-	-
Total	<u>9,979</u>	<u>3,946</u>	<u>13,925</u>

THE ELECTRICAL SAFETY COUNCIL

CHARITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

				TOTAL FUNDS 2024 £'000	2024 FUNDS £'000
Net cash (used in) operating activities (Note A)				(4,425)	(5,995)
Net cash provided by investing activities (Note B)				7,432	7,855
				3,007	1,860
Analysis of Net Funds £'000	At 1 Apr 2023	23/24 Movement	At 31 Mar 2024	24/25 Movement	At 31 Mar 2025
Cash at bank and in hand	5,821	1,860	7,681	3,007	10,688

CASHFLOW STATEMENT NOTES

A. Net cash (used in) operating activities

Net income for the reporting period	(3,778)	(1,344)
Depreciation	109	109
Dividends, interest and rents from investments	(725)	(688)
Rents from properties	(461)	(461)
Losses / (Gains) on investments	127	(806)
Loss on disposal of fixed assets	-	-
FRS 102 Pension operating movement	-	(1,894)
(Increase) /Decrease in debtors	93	(181)
(Decrease) /Increase in creditors	210	(730)
Net cash provided by (used in) operating activities	<u>(4,425)</u>	<u>(5,995)</u>

B. Net cash provided by investing activities

Dividends, interest and rents from investments	725	688
Rents from properties	461	461
Gift aid from trading activities	6,235	6,700
Purchase of property, plant & equipment	-	-
Proceeds from the sale of investments	12	6
Purchase of investments	(1)	-
Net cash provided by investing activities	<u>7,432</u>	<u>7,855</u>

Analysis of changes in net debt

£'000	At 31 Mar 2024	Cashflow	At 31 Mar 2025
Cash	7,681	3,007	7,681
Cash equivalents	-	-	-
Sub-Total	<u>7,681</u>	<u>3,007</u>	<u>10,688</u>
Loans due in 1 year	3	-	3
Total	<u>7,684</u>	<u>3,007</u>	<u>10,691</u>

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The Electrical Safety Council is a company limited by guarantee (No. 570175) and a registered Charity (England and Wales No. 257376; Scotland No. SC039990).

The financial statements are prepared in compliance 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) (effective 1 January 2019) – (Charities SORP (FRS 102) (second edition – October 2019)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, and the Charities Act 2011. The Electrical Safety Council meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared on the historical cost basis and presented in GBP£, rounded to the nearest thousand, which is the functional currency of the Charity.

(b) Basis of Consolidation

The consolidated accounts include the results of the charitable company and its subsidiaries, ESF Enterprises Ltd and ESC Partnerships Ltd from the date of acquisition, together with a share of the results, assets and liabilities of jointly controlled entity (joint venture) Certsure LLP using the equity method of accounting, where the investment is carried at cost plus post-acquisition changes in the share of net assets of the joint venture, less any provision for impairment.

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. The Charity's gross income for the year was £7,508K (2024 - £7,939K) and the result was £2,457K surplus (2024 - £5,356K surplus).

(c) Income

Fees and other income are accounted for on the provision of the service and are exclusive of VAT.

(d) Investment Income

Investments listed on a recognised stock exchange are included in the balance sheet at market value. Unrealised gains and losses arising during the year are included in the Statement of Financial Activities. Investment income is the amount receivable by the group in the year.

(e) Basis of Expenditure Allocation

Charities SORP requires that support costs are allocated where appropriate to direct charitable activities. The analysis provides an understanding of the nature of the activities undertaken and the resources expended on their provision.

(f) Operating Leases

Costs arising under operating lease agreements have been charged to the Statement of Financial Activities as incurred.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

1. ACCOUNTING POLICIES (Continued)

(g) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical and deemed cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Computer software	- Between 3 and 5 years
IT equipment	- Over 3 years
Office equipment	- Between 2 and 5 years
Freehold buildings	- 2% on cost
Freehold refurbishment	- 10% on cost
Leasehold buildings	- Over the life of the lease

(i) Foreign Exchange

Assets and liabilities are translated into sterling at rates ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling on the date of the transaction.

(j) Valuation of Fixed Asset Investments

Investments in Group undertakings are carried at historical cost, adjusted in the case of the joint ventures to reflect the Group's share of the underlying results. The Council considers this to be the most appropriate method of valuation of these holdings for the purpose of the consolidated financial statements.

Financial investments are valued at mid market value at the year end.

(k) Valuation of Investment Property

Investment properties are valued at market value. The investment property owned by The Electrical Safety Council was valued at 1 April 2025 by a professional valuer in accordance with the Royal Chartered Surveyors Valuation – Global Standards (The Red Book) effective from 31 January 2025 (which incorporate the International Valuation Standards) and the UK National supplement. No departures were made from this standard. Gains or losses arising on revaluation are taken to the statement of financial activities. No depreciation is provided on investment properties. The property rented to group companies (including joint ventures) is treated as not being held for investment so the value of investment properties is less material.

(l) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and short term deposits with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

1. ACCOUNTING POLICIES (Continued)

(m) Pension Costs

For the Defined Benefit Scheme, the Statement of Financial Activities is charged with the current service costs and the net return on assets. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown in aggregate. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The Defined Benefit Scheme is funded, with the assets of the scheme held in a fund administered by the NICEIC Pension Scheme. Pension scheme assets are measured at fair market value and liabilities are measured on an actuarial basis using the projected unit credit method of valuation and discounted at a rate based on the yield of an AA rated Corporate Bond. For benefits covered by a bulk annuity policy, the fair market value of the policy (asset) is considered as equal to the value of the benefits covered. Actuarial valuations for the purposes of FRS 102 are updated at each balance sheet date.

The resulting defined benefit asset or liability is presented separately after total assets less current liabilities on the face of the balance sheet. Where by virtue of FRS102 Section 28.22 the employer is not entitled to a refund of a surplus, an asset is not recognized.

The Defined Contribution Scheme is a “Group Personal Pension” whereby participating employees have individual contracts with an insurance company providing a range of investment alternatives. Employer contributions are charged to the Statement of Financial Activities in the year to which they relate.

(n) Financial Instruments

a. Financial assets

The Charity and Group’s financial assets comprise basic financial instruments, being trade and other debtors and cash and bank balances. Trade and other debtors are measured at transaction price less any impairment. Any impairment loss is recognised in the statement of financial activities.

The impairment loss is measured as the difference between an asset’s carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

b. Financial liabilities

The Charity and Group’s financial liabilities comprise basic financial liabilities, being trade and other creditors. These are initially recognised at transaction price and are measured subsequently at amortised cost. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

c. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

1. ACCOUNTING POLICIES (Continued)

(o) Going Concern

The financial statements are drawn up on the going concern basis which assumes the group will continue in operational existence for the foreseeable future. The Trustees have given due consideration to the working capital and cash flow requirements of the group for at least 12 months from the date of signature on the accounts.. The Group and the Charity have a strong cash and reserves position at the time of approval of these financial statements and the Trustees have concluded that there is a reasonable expectation that the Group and the Charity have adequate resources to continue in operational existence for at least 12 months from the date of the audit report of these financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Charity and Group's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions which affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for income and expenditure during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, the nature of the estimation means that actual outcomes could differ from these estimates.

Defined benefit pension and other post-employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, group management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions relevant to the defined benefit pension and other post-employment benefit obligations are based in part on current market conditions. Additional disclosures concerning these obligations are given in note 17.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes being recognised in income and expenditure. The trustees review the valuation of the properties on an annual basis and, taking the market conditions into account, consider the values included in the accounts to be the fair value of the properties.

3. FINANCIAL RISK MANAGEMENT

The Trustees have overall responsibility for the establishment and oversight of the Charity and Group's risk management framework. The full Trustee Board retains responsibility for developing and monitoring the Charity and Group's risk management strategy and policies. The senior leadership team maintain a risk register which is considered regularly by all the Trustees. There have been no changes to the Charity and Group's exposures and risks or methods used to measure and manage these risks during the year. The Charity and Group seeks to minimise these risks as detailed below:

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

3. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group aims to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Group has financial investments available. The Group maintains a long term (up to five years) monthly cash forecast and is currently in a position to meet its commitments and obligations as they come due.

The Group is significantly dependent on Certsure, its Joint Venture with the Electrical Contractors Association for its income, it is entitled to 75% of the profits. The Charity also leases three properties to Certsure. Certsure has a Management Board with responsibility for day to day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity and the other two are the Chief Executive Officer and Finance Director of the Charity, by which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

Market risk

The Charity is exposed to market conditions affecting the size of its investment portfolio. The value is regularly monitored and investment managers are required to attend meetings of the Financial Management Committee at least annually. The Trustees maintain the investment policy under review. The portfolio is spread across three managers to help mitigate the risks of manager underperformance. Investments are not made for a period of under five years and cash deposits are held to manage short term requirements rather than divesting investments.

The Charity is also exposed to the effect of market conditions on the position of the closed defined benefit pension scheme. The Trustees of the Charity and the Pension Scheme work closely together and the Trustees of the Pension Scheme have been working on a journey plan based on self-sufficiency leading to being able to buy the liabilities out with an insurance company. During the year ended 31 March 2024 the Trustees of the Pension Scheme arranged a bulk annuity policy with Just Retirement that covers all the current members.

The Trustees do not feel the Charity is exposed to any other significant financial risk.

4. NET INCOME FROM TRADING ACTIVITY OF SUBSIDIARIES

Support costs totalling £464k (2024: £480k) have been allocated to Charitable Activities in accordance with the level of direct spend on those activities which is considered the fairest method of apportionment. Support costs comprise the costs of Charity premises, finance, governance and other overhead costs and are not separately identified by function.

	2025 £'000	2024 £'000
Installation safety	165	170
Product safety	263	268
Research	27	30
Fundraising	9	12
Total	<u>464</u>	<u>480</u>

Other costs are the costs of administration and the interest on the net defined benefit liability of the defined benefit scheme that is closed to future accrual. These costs therefore do not contribute to the current cost of charitable activities.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

5. INVESTMENT INCOME AND INTEREST

	<u>2025</u> £'000	<u>Group</u> <u>2024</u> £'000
Bank interest	369	347
Investment income	437	438
	<u>806</u>	<u>785</u>

6. STAFF COSTS

	<u>2025</u> £'000	<u>Charity</u> <u>2024</u> £'000	<u>2025</u> £'000	<u>Group</u> <u>2024</u> £'000
Staff costs				
Wages and salaries	1,476	1,271	1,476	1,271
Agency salaries	-	-	-	-
Social security costs	184	147	184	147
Pension costs	154	131	154	131
Healthcare plan	9	6	9	6
	<u>1,823</u>	<u>1,555</u>	<u>1,823</u>	<u>1,555</u>

The average number of staff employed during the period was 26 (2024: 23).

As a Charity, Trustees who are unremunerated and receive no other benefits from employment, have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to senior management who are also considered to be key management personnel. Total remuneration paid to key management personnel in the year was £532,739 (2024: £487,382). Details of reimbursed expenses incurred by Trustees are set out in note 18.

7. EMOLUMENTS OF EMPLOYEES AND DIRECTORS

Employees who received employee benefits (excluding pension contributions) of greater than £60,000 fell into the following bands. All of these employees were participating in the group personal pension scheme:

	<u>2025</u>	<u>2024</u>
£60,001 to £70,000	4	2
£70,001 to £80,000	1	-
£80,001 to £90,000	-	1
£90,001 to £100,000	1	1
£100,001-£110,000	1	-
£110,001-£120,000	1	-
£120,001-£130,000	-	1
	<u>8</u>	<u>5</u>

Aggregate pension contributions paid on behalf of the above higher paid employees were £67,386 (2024: £46,072).

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

8. NET INCOMING RESOURCES	2025 £'000	2024 £'000
The Group's net incoming/(outgoing) resources are stated after charging/(crediting):		
Audit fees		
Parent	15	16
Subsidiaries	2	5
Non audit fees paid to auditors	40	55
Depreciation of tangible fixed assets	109	109

9. TAXATION

The Electrical Safety Council is a Charity with the registration number 257376. No UK taxation is therefore due on profits, income and gains arising from the charitable activities of the company. The subsidiaries pay over most of their taxable profits to The Electrical Safety Council, under a Gift Aid Scheme. The tax charges in relation to subsidiaries, if applicable, are disclosed in Note 8.

10. TANGIBLE FIXED ASSETS

Group & Charity	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Office & IT equipment £'000	Computer software £'000	TOTAL £'000
<u>COST</u>					
B/fwd	5,824	-	222	-	6,046
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
C/fwd	5,824	-	222	-	6,046
<u>DEPRECIATION</u>					
B/fwd	1,219	-	202	-	1,421
Charge	100	-	9	-	109
Disposals	-	-	-	-	-
C/fwd	1,319	-	211	-	1,530
<u>NET BOOK VALUE</u>					
As at 31 March 2024	4,605	-	20	-	4,625
As at 31 March 2025	4,505	-	11	-	4,516

Land, which is not depreciated, amounting to £2,308K (2024: £2,308K) is included in net book value

11. FREEHOLD INVESTMENT PROPERTY, Group & Charity

	£'000
B'fwd	712
Change in market value	<u>202</u>
C'fwd	<u>914</u>

THE ELECTRICAL SAFETY COUNCIL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025**

12. INVESTMENTS - GROUP

Group	<u>2025</u> £'000	<u>2024</u> £'000
Joint Ventures:		
At 1 April 2024	7,907	6,012
Share of profit for the year	5,818	7,907
Less: remitted to the Group	(7,098)	(6,012)
At 31 March 2025	<u>6,627</u>	<u>7,907</u>
Share of Joint Ventures represented by:		
Fixed assets	3,346	2,299
Current assets	18,469	20,650
Creditors	(15,188)	(15,042)
	<u>6,627</u>	<u>7,907</u>
Other Investments	<u>2025</u> £'000	<u>2024</u> £'000
Market value as at 1 April 2024	12,901	12,028
Purchases (at cost)	1	-
Disposal proceeds	(13)	(4)
Net investment gains / (losses)	(329)	877
	<u>12,560</u>	<u>12,901</u>
Cash balances held by investment managers	40	40
Market value at 31 March 2025	<u>12,600</u>	<u>12,941</u>
Other investments are represented by:		
UK Equities	1,136	1,168
Overseas Equities	7,265	7,741
UK Bonds & Fixed Interest	1,060	949
Global Bonds & Fixed Interest	679	688
Hedge Funds	268	233
Portfolio Funds	-	-
Property	553	584
Infrastructure	377	534
Cash funds	668	444
Commodities	341	371
Others	213	218
Cash securities	40	40
Market value as above	<u>12,600</u>	<u>12,941</u>
Investments Total (Group)	<u>19,227</u>	<u>20,848</u>
Charity	<u>2025</u> £'000	<u>2024</u> £'000
Subsidiaries (See Note 20)	-	-
Other Investments	12,600	12,941
Investments Total (Charity)	<u>12,600</u>	<u>12,941</u>

ESC Partnerships Ltd holds member rights in Certsure LLP.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

13. DEBTORS	Group 2025 £'000	Charity 2025 £'000	Group 2024 £'000	Charity 2024 £'000
Trade debtors	148	148	329	329
Prepayments	85	85	54	54
Amount due from subsidiary undertakings	-	3	-	5
Other debtors	7	6	1	-
Social Security and Other Taxes	<u>102</u>	<u>102</u>	<u>49</u>	<u>49</u>
	<u>342</u>	<u>344</u>	<u>433</u>	<u>437</u>

Trade debtors and amounts due from related companies included in the above are held at amortised cost.

14. CREDITORS	Group 2025 £'000	Charity 2025 £'000	Group 2024 £'000	Charity 2024 £'000
Amounts falling due within one year				
Trade creditors	381	381	162	162
Social security and other taxes	48	48	43	43
Amount due to subsidiary undertakings	-	-	-	-
Accruals and deferred income	<u>346</u>	<u>340</u>	<u>358</u>	<u>354</u>
	<u>775</u>	<u>769</u>	<u>563</u>	<u>559</u>

Deferred income comprises of payments received on account and income relating to services not yet delivered. Trade creditors, amounts due to related companies and accruals are held at amortised cost.

15. OPERATING LEASES

The Group has no financial commitments in respect of non-cancellable operating leases payable. Non-cancellable operating lease rentals are receivable as follows:

	Charity		Group	
	2025 £000	2024 £000	2025 £000	2024 £000
Not later than one year	398	398	105	105
Later than one and not later than five years	796	1,194	211	-
Later than five years	-	-	-	-
Total commitment	<u>1,194</u>	<u>1,592</u>	<u>316</u>	<u>105</u>

The operating lease receivables are in respect of the properties held by the Charity and the Group which are leased to third parties, or in the case of the Charity, to either third parties or group companies (including joint ventures). Two of the properties held by the Charity were leased to Certsure LLP, its joint venture for a minimum period of five years commencing 1 April 2013 on a fully tenant repairing basis, with a rent review date that has expired with the leases running on at the same rental figure on a rolling basis. A further property is leased by the Charity to Certsure on a lease which commenced on 1 April 2023 and runs for a minimum period of five years on a fully tenant repairing basis. Certsure lease a portion of this property to NQA under a lease which was agreed for five years from 29 March 2023 and had a mutual break date of 28 February 2025 which was not exercised. The other property owned by the Charity is occupied by the Charity.

16. INSURANCE

Insurance costs charged to the revenue account include professional indemnity cover in respect of the Board of Directors. It is not possible to separately identify the cost of this from the total insurance premium for the Group.

17. PENSION SCHEME

The Group operates a pension scheme providing benefits based on final pensionable pay. The Scheme

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The assets of the scheme are held by the Trust and during the year were invested with Towers Watson Investment Management. The Trust also holds a bulk annuity policy (“buy-in”) with Just Retirement that covers all current members.

The Scheme was closed to new members with effect from 31 December 2006 and was closed to future accrual of benefits on 28 February 2013.

The Scheme is a funded scheme and the Trustee’s funding objective is to hold assets which are at least equal to the technical provisions, i.e. to meet the statutory funding objective. The contributions paid to the Scheme are agreed by the Trustee and Employer every three years, after obtaining the actuarial advice of the Scheme Actuary. Principal factors in determining the level of contributions include the covenant offered by the sponsor, the level of risk in the Scheme, the expected return on the Scheme’s assets and the discontinuance funding level.

The main risks to the Scheme prior to the purchase of the buy-in policy are included in the list below, these have either been eliminated or significantly reduced following the buy-in:

- Investment returns insufficient to pay for the Scheme benefits
- Significant deterioration in the Employer’s covenant
- Increase in the life expectancy of members
- Significant changes in the market yields on high quality UK non-government corporate bonds, which are used to determine the discount rate

The focus for the Trustee is now to mitigate the risks in respect of meeting the cashflow requirements as they fall due and the possibility of the Insurer not meeting their agreed obligations, either entirely or on time.

The most recent comprehensive actuarial valuation was carried out by the Trustee of the Scheme as at 31 March 2023 for funding monitoring purposes. The Employer has employed an actuary who is not the Scheme Actuary to approximately update that actuarial valuation allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the Employer to measure the defined benefit obligation (DBO), as well as adjusting for benefits paid from Scheme.

It was agreed following the latest formal actuarial funding valuation as at 31 March 2023, that no regular contributions were required from the Employer as there was a technical provisions surplus. Special contributions of such amounts as agreed between the Trustee and the Employer, are payable within three months of the date of the agreement. The Employer paid £1.5m at the time of the buy-in transaction in October 2023. The Employer meets the administration expenses of the Scheme and levies of the Pension Protection Fund. The scheme rules were amended in October 2022 to allow the scheme to pay administration and levy costs.

Scheme Asset Information	Allocation Percentage 31-Mar-25	Allocation Percentage 31-Mar-24
Debt securities	0%	0%
Diversified fund	0%	0%
Buy-in policy	98%	99%
TW Secure Income Fund	2%	7%
Cash / liquidity	<1%	<1%
Loan of outstanding premium	(<1)%	(6)%
Total	100%	100%
Fair value of Scheme assets (£ million)	55.7	61.7
	31-Mar-25	31-Mar-24
Included in the above:		
Value of entity’s own financial instruments	0	0
Value of property and other assets used by the Employer	0	0

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

17. PENSION SCHEME (Continued)

The figures stated are in line with the requirements of FRS 102. All figures in this note are in £ million.

Defined Benefit Cost - Period Ending	31-Mar-25	31-Mar-24
A Profit & Loss (P&L)		
1 Effect of employee service in the current period	-	-
2 Net interest on net defined benefit liability/(asset)	-	(0.4)
3 Scheme introductions, changes, curtailments and settlements	-	-
4 Defined benefit cost recognised in P&L	-	(0.4)
5 Cost of termination benefits (1)	-	-
6 Administration costs incurred during the period	-	-
7 Cost recognised in P&L	-	(0.4)
B Other Comprehensive Income (OCI)		
1 Actuarial (gain)/loss arising during period	(5.9)	(2.3)
2 Return on Scheme assets (greater)/less than discount rate	5.5	13.9
3 Change in irrecoverable surplus (2)	0.2	(9.5)
4 Remeasurement effects recognised in OCI	(0.2)	2.1
C Total Defined Benefit Cost		
1 Cost recognised in P&L	-	(0.4)
2 Remeasurement effects recognised in OCI	(0.2)	2.1
3 Defined benefit cost	(0.2)	1.7
D Assumptions Used to Determine Defined Benefit Cost ⁽³⁾		
1 Discount rate	4.8%	4.8%
2 Price inflation (RPI)	3.4%	3.5%
3 Price inflation (CPI)	3.0%	3.1%
4 Pension increases for in-payment benefits		
CPI maximum 5%	3.0%	3.1%
- CPI maximum 2.5%	2.3%	2.3%
5 Pension increases for deferred benefits	2.8%	2.9%

The fair value of assets is used to determine the expected investment return during the year.

The demographic assumptions are consistent with those chosen by the Trustee for the 31 March 2023 valuation. In particular, the mortality assumptions are consistent with the 2023 valuation assumptions but with margins for prudence removed and updating to use the latest version of the CMI future improvements model. That is, using 100% of the SAPS “S3” all pensioner retirements table with future improvements in longevity in line with ‘CMI core projection model’ (2023 version) subject to a long term improvement rate of 1.25% pa, using the core value of the smoothing parameter, an initial addition to mortality improvements of 0.5% pa and the default weightings to mortality data after 2020.

-
- 1 Includes only termination benefits to be paid from the Plan.
 - 2 Excludes amounts included in net interest/(income) on the defined benefit liability/(asset).
 - 3 These beginning of year assumptions were used to calculate the defined benefit cost recognised through P&L.

THE ELECTRICAL SAFETY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025

17. PENSION SCHEME (Continued)

Under the mortality rates assumed as at 31 March 2025 the implied life expectancy for a member currently aged 63 is 23.8 years for a male and 26.4 years for a female. The life expectancy at age 63 for a member currently aged 43 is 25.2 for males and 27.8 for females.

An allowance has been made for non-pensioner members to commute 25% of their pension at retirement for tax free cash on terms that were in force at the valuation date (31 March 2023).

The proportion of member's deaths assumed to give rise to dependants' pension varies with age but is typically 93% for males and 80% for females at age 63. Male participants are assumed to be 3 years older than their spouses and female participants are assumed to be 3 years younger than their spouses.

Net Balance Sheet Position - Period Ending		31-Mar-25	31-Mar-24
A Development of Net Balance Sheet Position			
1	Defined benefit obligation (DBO) of Scheme	56.5	61.9
2	Fair value of assets (FVA) of Scheme	55.7	61.7
3	Surplus/(deficit) of Scheme	0.2	(0.2)
4	Irrecoverable surplus (effect of asset ceiling)	(0.2)	0.0
5	Net defined benefit asset/(liability)	0.0	(0.2)
B Reconciliation of Net Balance Sheet Position			
1	Net defined benefit asset/(liability) at end of prior period	(0.2)	0
2	Effect of employee service in the current period	-	-
3	Net interest on net defined benefit asset/(liability)		0.4
4	Remeasurement effects recognised in OCI	0.2	(2.1)
5	Scheme introductions, changes, curtailments and	-	-
6	Employer contributions	-	1.5
7	Benefits paid directly by the Employer	-	-
8	Transfer payments	-	-
9	Net defined benefit asset/(liability) at end of current period	0.0	(0.2)
C Assumptions and Dates Used for Measurements(3)			
1	Discount rate	5.7%	4.8%
2	Price inflation (RPI)	3.3%	3.4%
3	Price inflation (CPI)	2.9%	3.0%
4	Pension increases for in-payment benefits		
	- CPI maximum 5%	2.9%	3.0%
	- CPI maximum 2.5%	2.3%	2.3%
5	Pension increases for deferred benefits	2.9%	2.8%
6	Scheme participant census date	31-Mar-23	31-Mar-23

An allowance of 1% of the liabilities has been allowed for the cost of GMP equalisation which is consistent with the assumption used at 31 March 2024. The Actuary preparing these figures believes this continues to be an appropriate allowance. A loading of £0.1m has been added to the DBO to reflect the estimated additional liability in respect of a statutory minimum benefit rectification exercise, which was carried out in 2024 and resulted in a small uplift in some members benefits (which is not reflected in the underlying data received for the 2023 valuation). Neither of these additional liabilities are covered by the buy-in policy and therefore no adjustment is required to the asset side of the calculation for this exercise.

3 These assumptions are at the end of the fiscal year

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

17. PENSION SCHEME (Continued)

Investigations into the potential impact of the Virgin Media case on the Scheme have not yet been completed, and so the position is currently uncertain. Therefore no allowance has been made for any potential impact from the Virgin Media case within the disclosures.

The employer meets the cost of administrative expenses and no inclusion of these is made in the disclosures.

The Projected Unit Credit Method is used to determine the present value of the DBO. Under this method, a “projected accrued benefit” is calculated based upon service as at the date of valuation. In normal circumstances, the DBO is based upon the Scheme's benefit formula.

Changes in reported benefit obligations & assets - Period Ending		31-Mar-25	31-Mar-24
A Change in Defined Benefit Obligation (DBO) (including URB)			
1	DBO at end of prior period	61.9	64.2
2	Effect of employee service in the current period	-	-
3	Interest cost on the DBO	2.9	3.0
4	Remeasurement of the DBO	(5.9)	(2.3)
5	Scheme introductions, changes, curtailments and settlements	-	-
6	Scheme participants' contributions	-	-
7	Benefits paid from Scheme assets	(3.4)	(3.0)
8	Benefits paid directly by the Employer	-	-
9	Taxes paid	-	-
10	Acquisitions	-	-
11	Divestitures	-	-
12	Termination benefits	-	-
13	DBO at end of current period	55.5	61.9
B Change in Scheme Assets			
1	Fair value of assets at end of prior period	61.7	73.8
2	Interest income on Scheme assets	2.9	3.4
3	Return on Scheme assets greater/(less) than discount rate	(5.5)	(13.9)
4	Scheme introductions, changes, curtailments and settlements	-	-
5	Employer contributions	-	1.5
6	Scheme participants' contributions	-	-
7	Benefits paid from Scheme assets	(3.4)	(3.0)
8	Administrative costs paid	-	(0.1)
9	Taxes paid	-	-
10	Acquisitions	-	-
11	Divestitures	-	-
12	Fair value of assets at end of current period	55.7	61.7
C Return on Scheme Assets			
1	Total return on Scheme assets	(2.6)	(10.5)

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

17. PENSION SCHEME (Continued)

The DBO is based on an update of the results of the Trustee's actuarial valuation as at 31 March 2023, with the basis changed to reflect the assumptions set out above. Liabilities are projected to the measurement date by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the situation at the period end date and adjustments in respect of actual benefit payments and known inflation over the projection period. The objective of this calculation is to produce an estimate of the actuarial values required by FRS 102.

This approach introduces an element of approximation relative to the result of a hypothetical full actuarial valuation at the measurement date. The advantage of this approach is that it simplifies the computation required. The disadvantage is that this approach is inherently less accurate than fully detailed calculations and the loss of accuracy is difficult to quantify without carrying out the same detailed calculations.

Circumstances where the difference between the results obtained using a projection approach rather than a full actuarial valuation may be material include:

- where there is a long period of projection between the preceding actuarial valuation and the fiscal year end;
- where there are substantial differences between the assumptions used at this fiscal year end and the preceding actuarial valuation;
- where there are significant elements of Scheme experience which are not allowed for in the update, for example membership movements such as the rates of retirement or death; and
- where the assets at the end of the fiscal year have been estimated based upon unaudited financial information from the Scheme's investment managers at an effective date before the fiscal year end.

The calculations are based on the assumption that no asset ceiling restrictions apply. No allowance has been made in the assumptions for the future award of any discretionary benefits.

The Actuary preparing these figures has advised that the results documented are estimates based on data that may be imperfect and on assumptions about future events. She also stated that certain Scheme provisions may be approximated or deemed immaterial and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately. The Actuary preparing the figures advised he believed that the use of approximations in these calculations, if any, has not resulted in a significant difference relative to the results that would have been obtained by using more detailed calculations or more precise data.

A range of results, different from those presented in this report, could be considered reasonable. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as:

- Scheme experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- changes in Scheme provisions or applicable law; and
- significant events such as restructurings, acquisitions and divestitures.

No analysis was performed of the potential range of such future measurements.

The surplus (asset) indicated by the difference between the value of the Scheme assets and the DBO at 31 March 2025 has not been recognised on the Balance Sheet in accordance with FRS102 Section 28.22. The employer does not have a right to a refund of the surplus.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

18. RELATED PARTY TRANSACTIONS

The charity rents three of its buildings to Certsure LLP. As part of its support activities (including IT, HR and facilities), Certsure LLP provided support to the Charity but the cost is not separately identified or charged.

	<u>Certsure LLP</u>	
	<u>2025</u> £'000	<u>2024</u> £'000
Charged by ESC		
Rent	467	469
Life Assurance	152	139
Staff recharges	-	-
Charged to ESC - Reimbursable expenses	76	32

At 31 March 2025 Certsure was owed £22k (2024: £nil) by ESC and owed £138k (2024: £nil) to ESC

The Charity received Gift Aid from ESC Partnerships Ltd, a wholly owned subsidiary, amounting to £6,235,000 during the year (2024: £6,000,000). It received Gift Aid from ESF Enterprises Ltd, a wholly owned subsidiary, amounting to £nil during the year (2024: £700,000)

During the year expenses were reimbursed to ten Trustees amounting to £4,162, (2024 – eight Trustees amounting to £3,630). These payments were to cover travel, subsistence and accommodation costs incurred.

19. STATUS OF COMPANY

- The Electrical Safety Council is a Charity in England and Wales with the registration number 257376. It also has Charity status in Scotland with the registration number SC039990. No UK taxation is due on profits, income or gains arising from the charitable activities of the company.
- The Electrical Safety Council is registered as a company in England and Wales with the number 570175 and is limited by guarantee.

20. GROUP UNDERTAKINGS

The following were the principal subsidiaries and joint ventures during the year, and have all been included in the consolidated financial statements for the whole year.

<u>Subsidiaries (& Cos Hse Registration)</u>	<u>Country of Incorporation</u>	<u>Class of share</u>	<u>Parent Company's Interest</u>	
			<u>Direct</u>	<u>Indirect</u>
(1)ESF Enterprises Limited (02513162)	Great Britain	Ordinary	100%	-
(2) ESC Partnerships Ltd (08281269)	Great Britain	Ordinary	100%	-

Financial information for the year and at the year end is shown below:

<u>Company</u>	<u>£'000 at 31 March 2025</u>			<u>£'000 for year ended 31 March 2025</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Funds</u>	<u>Turnover</u>	<u>Expenditure</u>	<u>Profit/(Loss)</u>
ESF Enterprises Limited	15	7	8	-	2	(2)
ESC Partnerships Ltd	9,849	1	9,848	-	3	(340)

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2025

20. GROUP UNDERTAKINGS (Continued)

<u>Joint Ventures</u>	<u>Country of Incorporation</u>	<u>Class of share</u>	<u>Parent Company's Interest</u>	
			<u>Direct</u>	<u>Indirect</u>
(1) Certsure LLP (OC379918)	UK	-	-	75%

Certsure LLP carries out certification and training and activities. The accounting date is the year to 31st March 2025.

The Charity during the year owned the entire issued share capital of the following subsidiary undertakings which are registered in England with a registered office at 45 Great Guildford Street, London, SE1 0ES and are dormant:

Electrical Safety Summit Ltd	8551833
Electrical Industry Safety Summit	8551701
Plugsafe UK Ltd	8565296
Electrical Safety First Ltd	8531140
Energy Safety First Ltd	8773701
Product Safety Round Table Ltd	8821644
Electrical Product Safety Round	8822216
Fire Safety First Ltd	8776272
Electrical Fire Safety First Ltd	8776489
Fire Safety First (UK) Ltd	8776490
Utilities Safety First Limited	8773777
Utility Safety First Limited	8773812

With the exception of Electrical Safety First Ltd (no. 8531140), applications to strike the above companies off the register were made on 16 January 2024. These 11 companies were all struck off on 2 April 2024 and dissolved on 9 April 2024.

Accounts

THE ELECTRICAL SAFETY COUNCIL
(A Company Limited by Guarantee)

Company No. 570175
Charity (England and Wales) No. 257376: (Scotland) No. SC039990

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

THE ELECTRICAL SAFETY COUNCIL

ANNUAL REPORT YEAR ENDED 31 MARCH 2024

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THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION

Patrons

Lord Graham Tope

Board Members and Management

S Frost	Chair, resigned 31 October 2024
A Chaplin	Resigned 10 October 2024
A Williams	Resigned 10 October 2024
S Bounoua	Resigned 5 October 2023
E Hudson	Chair from 1 November 2024
T Connelly	
A Wells	
A Boisset	
R Olszewski	
M Desmond	
N Hussey	
P Neville	
R Bhalinge	Appointed 6 July 2023
R Gosling	Appointed 6 July 2023
R Vagdia	Appointed 6 July 2023
N Guy	Appointed 10 October 2024

Senior Staff and Officers – Charity

Lesley Rudd	Chief Executive Officer
Jennifer Trim	Company Secretary

Senior Staff and Officers – Trading Subsidiaries

ESF Enterprises Ltd

R Orton	Non Executive Director	Resigned 8 September 2023
E Hudson	Non Executive Director	
L Rudd	Non Executive Director	Appointed 8 September 2023

ESC Partnerships Ltd

E Hudson	Non Executive Director
P Neville	Non-Executive Director
J Trim	Non-Executive Director

Registered Charity (England and Wales) No. 257376

Registered Charity (Scotland) No. SC039990

Registered Company No. 570175

LEGAL AND ADMINISTRATIVE INFORMATION (Continued)

E Hudson (Chair)	S Frost (to 31 October 2024)
A Chaplin (to 10 October 2024)	N Hussey
R Bhalinge (from 25 September 2023)	L Rudd
R Olszewski	J Trim (Secretary)

Bankers	HSBC, 28 Borough High Street, London SE11YB
Solicitors	Bristows, 100 Victoria Embankment, London EC4Y 0DH.
Auditor	Moore Kingston Smith LLP, 4 Victoria Square, St Albans, Herts AL1 3TF
Investment Managers	Cazenove Fund Management, 12 Moorgate, London EC2R 6DA Rathbone Investment Management Ltd, 1 Curzon Street, London W1J CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET
Registered Office	45 Great Guildford Street, London SE1 0ES

THE ELECTRICAL SAFETY COUNCIL

CHAIR'S STATEMENT 2023/24

It has been wonderful to be part of such an excellent year for the charity, as we see our updated five-year strategy – A Safer Future for an Electric World – start to bear fruit. Significant progress was made across all seven key performance indicators (KPIs), enhancing electrical safety across all parts of the UK.

We have influenced government policy, particularly in advancing protections for rented homes and contributing to developing online marketplace regulations. And our groundbreaking Battery Breakdown report, developed by our technical experts, raised huge awareness of the growing dangers around lithium-ion batteries especially used in e-bikes and e-scooters.

The successful launch of our new brand identity represents a fresh era of ambition for our charity and resonates with electricity increasingly playing a bigger role in people's lives, due to the UK's climate objective of net zero carbon emissions by 2050. In an increasingly electric world, the Charity's mission has taken on even greater significance than ever before.

The new strapline "Powering change + saving lives" firmly addresses the life-and-death nature of our work and showcases the charity's three key pillars – campaigning for legislative change, improving industry standards, and influencing consumer behaviour.

I am delighted that we have also laid the foundation for developing a new engaging website, with audience analysis, marketing needs, and a plan for the migration all feeding into a detailed invitation to tender document.

Our campaigns and communications work this year was recognized through a clutch of major industry awards, including a PR Week 'Gold' category 'In-house Team of the Year', two UK Content Awards and a CorpComms Award. We are now reaching larger and broader audiences and achieving our highest ever levels of media coverage and social media engagement.

Our 2023 Electrical Product Safety Conference also achieved a record number of attendees and an increased number of high-quality speakers from across industry and government. And we developed a major new event exploring key trends in the electrical installation industry.

We are putting in place all the elements to ensure Electrical Safety First is a major resource for everyone to enable them to safely enjoy the new electric age. We aim to be the go-to for expert guidance, to protect users of electricity and electrical products, and to save lives. Because armed with the right information, people can avoid the dangers of electric shocks and fires.

The focus of our strategy is on growing the charity and addressing increased electrical safety risks brought about by the cost-of-living crisis. Our Chief Executive Lesley Rudd is building a team which is meeting these challenges head-on and is successfully delivering a significant increase in our activity.

As the annual report shows, this financial year has seen the charity go from strength to strength across all areas of our work. Lesley's team, with a supportive Board, has once again put in a remarkable effort and I thank everyone for their hard work and collaboration.

Since the last annual report was issued, we have sadly said goodbye to three trustees, Andy Chaplin, Adam Williams and Samy Bounoua, who I would personally like to thank for all their support and hard work for the charity over many years and wish them well in their new adventures. We have also just recently welcomed a new trustee, Nick Guy, who I am sure will be a welcome addition to the trustee board.

Serving as Chair of this charity has been a real pleasure, and as I have now ended my time as a trustee, I know both the new Chair and her fellow Trustees look to the future with growing excitement as they can see the enormous potential the charity has to help everyone safely enter the electric future.



Sarah Frost
Chair The Electrical Safety Council (to 31 October 2024)
31 October 2024

THE ELECTRICAL SAFETY COUNCIL

CHIEF EXECUTIVE OFFICER'S REVIEW

I am delighted that the past year has seen some significant progress towards the delivery of our five-year strategy.

Our lithium-ion battery campaign, founded on the Battery Breakdown report which was developed by our technical experts, attracted widespread attention from national media and garnered significant support.

We engaged extensively with parliamentarians and industry stakeholders across the UK to secure political support for the recommendations within the report, and for the legislation we drafted to enhance e-bike battery safety regulations.

We took part in 11 party conferences, hosted government ministerial meetings and visits, met with Shadow Ministers, presented at various parliamentary groups and stakeholder conferences, and provided feedback to several consultations, including the Product Safety Review.

Since our campaign launch, the UK Government has committed to implementing an industry standard for e-bike conversion kits, addressing one of our key policy recommendations, and Wish.com has now banned the sale of e-bike chargers on its platform.

We continued to highlight the dangers of dangerous electrical goods being sold on online marketplaces and campaign for better regulation.

Following our call for electrical checks in social housing we were pleased to see the Social Housing Regulation Act received Royal Assent in July 2023. This Act mandates five-yearly electrical installation condition reports (EICR) in England's social rented sector; associated regulations are anticipated in 2024.

In Northern Ireland, approval from the Assembly to introduce legislation to mandate the requirement for five-yearly electrical safety checks in the private rented sector (PRS) is imminent and we are now advocating for these measures to be introduced across the social housing sector.

Using the expertise of our expanded electrical installation safety team and our long-held position as a thought leader in the electrical industry, we launched a new best practice guide to help electricians and landlords keep tenants safe, promoting it widely via live events, podcasts, videos, and industry press. We now aim to make this guide part of the UK government's official guidance for the private rented sector.

We continue to increase our work on the ground with communities, fire and rescue services, and schools across the UK. Our Electrical Safety Fund awarded £250,000 in grants to 57 diverse projects with innovative ideas to promote electrical safety – such as repair cafes, virtual reality learning, workshops, and stage performances.

We also launched a Home Improvement Grants Scheme to improve electrical safety in vulnerable households, helping older and disabled people address safety issues such as faulty wiring and broken sockets.

We have pilot schemes running in Scotland and Wales gathering data to better understand UK homes' readiness to transition to net zero and whether new technologies such as heat pumps, solar PVs, and electric charging points can be safely installed.

We commissioned research in more than 500 UK primary schools to examine how electrical safety is taught and how to best support the next generation's learning. The research revealed only a limited amount of electrical safety is being taught, and that educational visits to fire stations have significantly declined since the COVID-19 pandemic because of funding restrictions.

We now plan to increase our direct engagement with schools and to provide new materials for parents, teachers and children.

THE ELECTRICAL SAFETY COUNCIL

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

The successful launch of our new brand identity represents a fresh era for us. The new modern branding has been well received and will help facilitate our engagement going forward.

I am proud of what we have achieved this year but also the way we have achieved it. We are all committed to our hugely important cause and work together in a supportive and trusting environment where ideas and creativity are encouraged. It is the unique skills, talent and knowledge of the people at the charity that makes it so effective. With our excellent team and partnership working with key stakeholders, we are implementing real and significant changes. But we are ambitious and the impact the charity is having is something we are determined to keep building on.

I want to thank our outstanding staff, our Board of Trustees who give their time and valuable skills for free, and our stakeholders and partners for their support. Working together, we can continue to bring about much needed change and save lives.



Lesley Rudd
Chief Executive Officer, The Electrical Safety Council
12 December 2024

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

The Directors, who are also the Trustees of the Charity, submit their annual report and the audited financial statements for the year ended 31 March 2024. The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* (2nd Ed. Oct. 2019) consistent with Financial Reporting Standard (FRS) 102 in preparing this report. The legal and administrative information on pages 1 and 2 form part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Electrical Safety Council is a company limited by guarantee and a registered Charity. The Charity is governed by its Articles of Association which were amended on 12 March 2020.

The Charity is not required to convene an AGM; engagement with stakeholders and representatives of beneficiary groups is undertaken through a variety of channels which include media and digital campaigns to encourage safer behaviour and address product safety. The Charity continued to work with the Government in Westminster and with the Welsh Assembly, Scottish Parliament and the Northern Ireland Assembly.

Board Members are Directors for the purposes of company law, are Trustees for charity purposes and also comprise the Charity's Members. All new director appointments are based on selection criteria which ensure that collectively the Board maintains a broad range of relevant skills and experience.

No monetary value has been attributed to the work of volunteers which comprises mostly the unpaid time of the Charity's Board of Directors, although their contribution is significant and vital to the current activities and continued future success of the Charity and its subsidiaries. The Charity continued to utilise the Google adverts charity scheme and further information is provided later in the report.

An induction programme is offered to all new Trustees to ensure that they are briefed on the Charity's objects, strategy and activities. Directors are encouraged to attend relevant training seminars during the course of the year. Training is also provided on a group basis to the Board on relevant and topical issues.

The Charity's strategy is set by the Board of Directors – the Electrical Safety Board. The Board meets four times a year, plus other meetings as required. The Trustees keep the governance arrangements and the constitution of Charity Committees under review. The Directors are covered by indemnity insurance.

The Board delegates to the Charity's Executive Team the exercise of certain powers in connection with the management, administration and financial management of the Charity, with regular reporting on these matters to the Board.

Responsibilities delegated to the Board's sub-committees are ratified through the Board of Directors. The Chief Executive Officer and other members of executive management attend meetings of the Board of Trustees and the sub-committees.

The Board of ESF Enterprises Ltd includes a Trustee of the Charity. In addition to the appointment of this Trustee to the Board, oversight was achieved by the establishment of clear terms of reference in relation to the Trading Group's activities – alongside a scheme of delegated financial authority. The same scheme of oversight covers ESC Partnerships Ltd whose Board comprises two Trustees.

Certsure LLP, the joint venture with the Electrical Contractors Association from which a wholly owned subsidiary of the Charity, ESC Partnerships Ltd, is currently entitled to 75% of the profits has a Management Board with responsibility for day-to-day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity with the other two being the Chief Executive Officer and Finance Director of the Charity which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

The Charity's Committees in operation during the year were:

- Electrical Safety of Products Committee
- Electrical Installation Safety Forum
- Financial Management Committee
- Remuneration and Appointments Committee
- Campaign Development Group

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

The Charity does not raise funds from the general public and therefore does not undertake or engage with or permit third parties to undertake on its behalf, fundraising activities to raise funds for the Charity.

The Charity believes that everyone has the right to be safe from the dangers that electricity can present. It is committed to a culture of inclusivity and equality and believes that the diversity of its team is what empowers it to campaign on behalf of everyone in the UK, to keep them safe from electrical risk. The Charity endeavours to ensure that every member of staff and Trustees voice is heard and that it is able to use individual experiences and unique talents in a truly collaborative approach to achieving the Charity's goals. The Charity's staff are valued and supported, and by acknowledging and respecting that we are all different, the Charity believes it is better able to represent all of the people it is working to protect.

PUBLIC BENEFIT

The Directors are mindful of their duties, and have paid due regard to the guidance provided by the Charity Commission, to ensure that the Charity continues to carry out its charitable aims being the advancements of health and the saving of lives with the aim of delivering public benefit activities which include:

- Dedicated campaigning activities targeted at increasing awareness and reducing risks to the general public.
- Parliamentary lobbying for changes to legislation to improve electrical safety for all.
- Participation on national and international committees overseeing and developing electrical standards which aim to maintain and improve the safety of all users of electricity.
- Maintenance of a website providing information and education on electrical safety.
- The operation of a free of charge email address providing advice and guidance on electrical safety matters to all members of the general public.
- Provision of grants focused on reducing risks posed by electrical products and/or installations.

STRATEGIC REVIEW

The Objectives of the Charity

The principal objective of the Charity remains the protection of users of electricity against the hazards of faulty, unsafe and otherwise defective electrical installations and products. Achievement of the charitable objective is undertaken by both the Electrical Safety Council and its Joint Venture with the Electrical Contractors' Association, Certsure LLP.

The Charity's mission is the safety of **all** users of electricity with a specific focus on:

- Improving the safety of electrical installations.
- Improving the safety of electrical products.
- Direct interventions and grants.

Charitable activities undertaken by the Charity's Joint Venture with the Electrical Contractors' Association, Certsure LLP, which supported the Charity's safety objectives included:

- Assessment, certification and registration of individuals and entities carrying out electrical work through:
 - Operating the Approved Contractors' Scheme which is a voluntary electrical safety self-regulating body.
 - Running the Part P CPS Scheme, a self-certification scheme for providers of electrical services and related ancillary trades to domestic dwellings under Part P of the Building Regulations.
- Distribution and retail of technical publications and certificates.
- Provision of electrical training courses.

Activities and Outcomes for the Year

Marketing communications

Electrical Safety First continued to help achieve its mission through securing extensive media coverage and engaging via digital channels. This raised awareness of dangers and conveyed best practice to the British public; it also supported the proactive influencing of governments, industry and other stakeholders on issues of electrical safety.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

All the Charity's media campaigns are supported by appropriate evidence-based research, including consumer surveys and technical investigations of products.

"Battery Breakdown", the Charity's report into dangerous lithium-ion batteries, was a major piece of work published during the year. This work reflected the growing concern over the rise in fatalities, injuries and devastating fires from electric bikes (e-bikes) and electric scooters (e-scooters). Lithium-ion batteries can pose a significant risk due to thermal runaway, which occurs when internal temperatures exceed safe limits. This can happen due to flawed design, low-quality components, or improper charging or discharging. The report provided recommendations for how safety can be improved. It raised widespread awareness of the issue and garnered extensive media coverage, including interviews with Charity spokespeople on BBC Breakfast and Sky News. 676 pieces of individual media coverage were secured, achieving 311 million opportunities to see or hear, with 99.85% of the coverage carrying a positive sentiment for the Charity. The campaign also captured the attention of parliamentarians, leading to the development of a bill (The Safety of Electric-Powered Micromobility Vehicles and Lithium-ion Batteries Bill), being introduced in the House of Commons in June 2024. Furthermore, the report received positive feedback through presentations and commentary at international conferences such as ICPHSO (International Consumer Product Health and Safety Organization) and FEEDS (Forum for European Electrical Domestic Safety).

The Charity also garnered regular national media coverage throughout the year, highlighting the dangers of electrical goods on online marketplaces (OMPs). Examples include the Daily Mail, Sky News, and ITV National Evening News coverage. The Charity's social media channels achieved more than 120,000 organic impressions without any boosting on OMPs by introducing video content tailored around high-profile discount retail awareness days, such as Black Friday.

The Charity managed to drive traffic to its "Don't Be Electricked" webpage, reaching over 3,160 users. Utilizing graphics, infographics, and videos across its social media channels, awareness of the risks of OMPs was raised effectively and safe shopping resources provided. The "Don't Be Electricked" campaign had been launched in December 2022 following an earlier investigation by the Charity that found a large number of dangerous electrical goods being sold in OMPs.

The Charity's social media strategy focused on adapting and repurposing existing content into video format, resulting in significant engagement growth. Key achievements include over 9.4 million impressions and 110k engagements from January to December 2023.

The third quarter of 2023 was the highest-performing quarter for social media engagement, driven by the extensive publicity achieved by the Battery Breakdown report, which garnered 1,014 new followers and 3,275 report downloads. The Charity recorded over 7.2 million post impressions and 77.2k engagements across all channels, with content directly reshared by 5,000 accounts.

The Charity successfully revived its TikTok account, seeing a significant increase in video views, reaching 27.1k views between January and February 2024, surpassing the total views for the entire year of 2023. The Charity produced specific industry content on installations, including safe isolation and the GS38 document for its YouTube audience, aligning with the Charity objective of providing free guidance to installers.

In March 2024, the Charity launched a new brand and redesigned website, with the latter also improved to show a consistent experience across devices. Every social media account was updated to reflect the new visual identity. E-newsletters were sent to 30,000 stakeholders across consumer, installation, product, and political audiences, achieving a more than 25% open rate in less than 24 hours. A press release was issued that was picked up by key trade media, including Third Sector and multiple electrical trade outlets.

The Charity's communications team was recognized at the PR Week Awards in October 2023, picking up one of their prestigious 'gold' awards as In-house Team of the Year (Public/Third sector). The Charity was shortlisted in three categories for the CorpComms Awards which took place in November 2023 winning "Best In-house Media Relations team" and being Highly Commended in "Best use of Video" for the Don't be Next Campaign.

Between 1st April 2023 and 31st March 2024 the charity's media relations team secured 4,080 pieces of media coverage mentioning "Electrical Safety First" across national and regional TV, radio, newspapers and their online channels. This compares with figures between 1st April 2022 and 31st March 2023 of 2,070 pieces of coverage secured.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

Key traditional media impact for the financial year ending 31 March, at-a-glance:

- 4,080 individual media pieces of media coverage secured (2,070 in previous financial year).
- This created 1.01 billion opportunities to see or hear our issues (1.14 billion in previous financial year).
- And had an advertising value equivalent to £27.4 million. (£27.1 million in previous financial year).
- Sentiment of this coverage was 97.7% positive and 2% neutral.

Website

The Charity continued to publish considerable pertinent information regarding electrical safety, associated media and political campaigns and industry-focused activity. Across the 12 months between 1 April 2023 and 31 March 2024, the Charity's website received more than 4.7 million page views by 3.3 million visitors.

Electrical Safety First website visits stats between 1 April 2023 and 31 March 2024

Metric	Count
Page views	4,723,945
Users (unique visitors)	3,283,259
New users	4,017,724
Sessions	4,574,080

Social media

More than 9.4 million impressions were achieved through activity across the Charity's X (formerly known as Twitter), Facebook, Instagram and LinkedIn channels in the financial year ending 31 March 2024.

Electrical Safety First social media stats between 1 April 2023 and 31 March 2024

Channel	Impressions	Engagements (likes, replies, retweets, link clicks)
Twitter	4,142,779	15,401
Facebook / Instagram	2,233,762	31,674
LinkedIn	3,045,691	183,797
Total	9,422,232	230,872

The Charity also increased its LinkedIn followers between April 2023 and March 2024 from 5,136 to 8,971 – an increase of 3,835 followers (74.7% increase).

Google adverts

The Charity's digital communications employees continued to harness the opportunity offered by the Google adverts charity scheme. Between 1 April 2023 and 31 March 2024, Electrical Safety First secured \$290,997.50 worth of complimentary advertising relating to search terms entered into Google, which generated 178,188 clicks through to our website.

Events

The Charity's annual Electrical Product Safety Conference entitled "To Market and Beyond", was held in November 2023 and achieved record attendance with 240 participants. It featured an expanded lineup of speakers compared to previous years. Virtually all delegates stayed engaged for the entire event, reflecting positively on its quality. Additionally, 83% of the audience actively participated via Slido, and an overwhelming 98% rated the day as 'excellent' or 'very good'. As in previous years the event included the announcement of the winner of the Charity's Safety Innovation Award. Launched in 2019, the Award was established to acknowledge an innovative and sustainable product or project, placing safety of consumers at the heart of its development. The winner of the award in 2023 was Hobsensus, a safety device that turns hobs off when left unattended. It is particularly useful for student accommodation (2022/23 saw a five-year high for electrical fires in student halls of residence), communal kitchens, and people living in sheltered or assisted-living property.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

The Charity's Inaugural Scottish Electrical Product Safety Conference took place in Edinburgh in May 2023 to a sold-out audience of manufacturers, retailers, trading standards, test houses and industry leaders. The event included presentations from a Member of the Scottish Parliament, Consumer Scotland, the Scottish Retail Consortium and the British Heart Foundation. The event was rated very highly with feedback of 100% stating that the conference met the audience's expectations.

The Charity's inaugural Installation Safety event entitled "Switch to the Big Issues", was held in April 2024 in London and included various speakers and topics centred around exploring the key trends impacting on the electrical installation industry. It is anticipated this event will become a regular fixture in the calendar.

The Charity had its first presence for many years at the Elex show at the end of February 2023. This gave an opportunity to explore how widely the Charity's technical guidance is known across the installation sector. The Charity's presence was positively received and its safe isolation technical presentation proved popular.

Working with governments

The Charity collaborates with parliamentarians and policymakers, shaping impactful electrical safety legislation. Our scope covers various regulatory areas, including housing, counterfeits, online sales, recalled products, electric vehicles, and the future home. As our world electrifies, the Charity's mission gains even greater importance: ensuring electrical safety for all. Despite this, its significance remains overlooked in low-carbon strategies. This past year, the Charity has continued to emphasize the importance of electrical safety in the evolving home of the future, supplementing its primary focus on safer products and installations.

The Charity is working on developing a clear rationale for energy suppliers to offer free electrical safety checks for those considered at most electrical risk as part of their Priority Services Register (PSR) obligations. As part of this a cost proposal was produced for energy providers. The Charity sought stakeholder feedback to refine its proposals, including presentations to Energy UK's vulnerability sub-working group, comprising energy suppliers responsible for PSR obligations. The Charity also engaged with SSE and Citizens Advice. At parliamentary level, the Charity collaborated with an MP to introduce a 10 Minute Rule Bill in the House of Commons which received positive political interest. Considering the nationwide scope of this campaign under Ofgem's PSR reach, the Charity met with various devolved politicians, presented at a Scottish Parliament's cross-party group, and promoted the issue during the autumn Scottish political conference season. Through this stakeholder engagement, the Charity identified specific challenges, such as funding remedial work resulting from proposed PSR electrical safety checks for vulnerable energy customers. Consequently, the Charity is still developing concrete policy proposals for the full implementation of a scheme, exploring its wider benefits in supporting net zero and anticipated revenue growth for energy suppliers in this space.

The Charity commissioned external economists to conduct research on the economic cost of accidental electrical fires in dwellings, building upon the methodology used in the Home Office's report, "The Economic Cost of Fire: Estimates for 2004". This new research provided valuable insights into the effectiveness of fire risk mitigation policies. Reliable estimates of the economic cost of electrical house fires will enhance the credibility of the Charity's policy asks and media output. It will also support the Charity's engagement with the government and civil service in policy appraisal and evaluation, as well as the Charity's goal of becoming a producer of core electrical safety data.

The Charity launched a new manifesto outlining four key policy priorities for the next UK Government. These focus on strengthening e-mobility regulations, enhancing housing standards, ensuring a fair business environment and consumer protection, and supporting safe, eco-friendly homes for a greener future. All the proposals have been developed with cost-effectiveness in mind, requiring minimal financial support from government budgets

Westminster-focused activity

Product safety

The Charity continued to campaign for stronger regulation of online marketplaces, to protect consumers from purchasing dangerous electrical goods through platforms, such as Amazon Marketplace, Facebook Marketplace and eBay. Online Marketplaces (OMPs) lack the safeguards and protections placed on traditional high street retailers.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

In the previous year the Sale of Goods (Online) Safety Bill, was introduced and debated in the House of Commons, and there was a commitment to enhancing the regulation of OMPs through a UK Government Product Safety Review. The Charity contributed to the review consultation and participated in Office for Product Safety and Standards (OPSS) workshops and meetings to influence its direction. The Charity had been invited by OPSS to conduct several workshops through its involvement in the smart technology working group and its APPG (All-Party Parliamentary Group) on Home and Online Electrical Safety. Among the proposals for review are measures to make OMPs responsible for the safety of goods sold on their platforms. OPSS has since recognized OMPs as distributors, as evidenced by withdrawal notices they issued for a particular battery. This reinforces the Charity's advocacy for OMPs to be recognized as supply chain actors. The government's response to the Product Safety Review is anticipated at some point during 2024.

As part of the Charity's battery breakdown campaign, it organised an event for the APPG on Online and Home Electrical Safety, for whom it provides secretariat services. The event was attended by seven parliamentarians and over 30 stakeholders, including the National Fire Chiefs Council, Which? The Children's Burns Trust and the College of Paramedics. The Charity's CEO, Yvonne Fovargue MP, Lord Foster, and Nicole Lee, a burns nurse, formed the panel of speakers..

Installation safety

There were continued efforts to ensure universal electrical safety protections for everyone, regardless of their circumstances. The Charity reported last year that they were pleased that its advocacy efforts had acknowledged in the Social Housing (Regulation) Act, which included its ask for five-yearly mandatory electrical safety checks in the social rented sector in England and which became law in summer 2023 with regulations anticipated in 2024.

The Charity is also committed to introduction of mandatory, five-yearly electrical safety checks in short-term lets in England, Wales, and Northern Ireland (aligning with standards already in place in Scotland). To that end the Charity contributed to a UK Government consultation and await the details of a confirmed registration scheme for the sector.

The Charity published an article on Future Homes in the Westminster House Magazine to raise concerns around the electrical safety implications of achieving low carbon homes.

Scotland

Charity representatives attended conferences organised by major political parties in Scotland bringing attention to critical issues. A particular focus was gaining support for the Charity's campaign advocating for energy suppliers to provide free electrical checks for vulnerable customers.

The Charity hosted an event in the Scottish Parliament, sponsored by Clare Adamson MSP, the chair of the Cross-Party Group on Accident Awareness. The goal was to engage MSPs unfamiliar with the Charity and its policy agenda. This attracted 15 MSPs from different political parties, including Siobhan Brown MSP, who was the new Community Safety Minister responsible for fire safety policy and who later met with the Charity to discuss its lithium-ion battery report.

As part of the Scottish Government's consumer awareness day in Glasgow, the Charity in collaboration with the Scottish Fire and Rescue Service, hosted Scottish Minister Tom Arthur MSP in order to brief him on a range of product safety and consumer protection issues. During the visit, the Charity set up a 'Shock Stall' at a Glasgow fire station, providing the opportunity to engage the Minister and secure his support for enhanced regulation of online marketplaces. Subsequently, the Charity hosted a roundtable discussion on its Battery Breakdown report.

The Charity submitted a response to the Scottish Government's consultation on the Heat in Buildings Bill, emphasizing the need for electrical safety checks in the owner-occupied sector. A meeting with Scottish Housing Minister resulted in a positive reception and a request for detailed proposals.

Wales

The implementation of the Renting Homes (Wales) Act 2016 in December 2022 had introduced mandatory electrical checks for both the private and social rented sectors in Wales. The Charity has advocated for similar.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

safeguards in short-term lets and can report that the Welsh Government is introducing a registration and licensing scheme, including mandatory safety measures on which further details will be published in 2024

As in Scotland, Charity representatives attended conferences organised by major political parties to bring attention to critical issues and in particular to gain support for the Charity's campaign advocating for energy suppliers to provide free electrical checks for vulnerable customers.

The Charity hosted a parliamentary drop-in event at the Senedd which was attended by 15 Senedd members, including the Minister for Climate Change whose remit oversees housing. The event centered around the Charity's Battery Breakdown campaign, emphasizing the collaborative efforts with devolved governments to implement preventative safety measures and reduce fire risks.

Northern Ireland

In the previous year, a significant accomplishment of the passing of the Private Tenancies Act in Northern Ireland had been reported. This legislation included the crucial provision of electrical safety checks in the private rented sector. Approval by the Assembly has led to further regulations that are due to come into force in late 2024 that introduce a duty in the private rented sector of five-yearly mandatory electrical safety checks.

The Charity successfully launched its Future Homes report in Northern Ireland following a well-received Assembly event in June 2023 attended by 50 MLAs and stakeholders. The electrical safety implications of achieving low carbon homes in Northern Ireland were highlighted. The event featured an array of speakers from the Northern Ireland Federation of Housing Associations, Consumer Council, and the Climate Change Commissioner from Belfast City Council.

Electrical Safety Fund

This grant scheme was enhanced with the Electrical Safety Fund receiving 117 nationwide applications - up 40 from the previous year - resulting in £250k distributed among 57 UK partners. Enhancements included increased resource support for publicity and political opportunities, with projects funded expected to complete and submit evaluation reports by 31 March 2024. The Charity aims to develop metrics to measure broader societal impact. Additional staff resources have boosted capacity, enhancing the scheme's visibility through publicity packs, virtual workshops, and dedicated support for specific projects to secure regional media coverage and political support

Home Improvement Grant Scheme (HIGS)

The Charity, as part of its aim of establishing an evidence base to support the need for regular electrical safety checks in the UK's owner-occupied homes, primarily comprised of older and often vulnerable groups, made progress through HIGS pilots in Scotland and Wales. These were focused on assessing the electrical safety of owner-occupied homes. These initiatives will provide valuable data to support the need for regular electrical safety checks. Once evaluated these pilots will be a first step towards expansion of the HIGS scheme nationwide to create a comprehensive UK-wide data set supporting regular electrical safety checks. Additional benefits are also being trialed such as preparing for future net-zero requirements. The Charity plans to launch a targeted campaign in Scotland advocating for EICRs (Electrical Installation Condition Reports) at the point of sale, using it as a model to push for similar measures across the UK.

Product and Installation Research and Investigations

Online marketplaces (OMPs)

The Charity reported last year on its investigation into listings of electrical goods across five leading OMPs and the number of listings it found of products for use around the home that were unsafe. The Charity has worked to table amendments to the Digital Markets, Competition, and Consumers Bill, addressing the need for better regulation of online marketplaces while awaiting the government's response to the Product Safety Review which provides proposals to overhaul the UK's product safety framework.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

Charity representatives have met with Amazon and explored how the Charity can feed into the information that is presented to customers on using products safely and providing information to third-party sellers on their obligations when selling into the UK. The initial focus is on sales of e-bike conversion kits, including universal chargers and UK plugs. It was also noted during the year that Wish.com reported that it has implemented a ban on e-bike and e-scooter chargers as well as conversion kits for bikes citing safety risks. The Charity's searches identified some items that were slipping through the ban and highlighted this. Nevertheless it is considered a significant achievement that the charity's campaigning has influenced this important development.

E-bike chargers

Following the investigation reported last year by the Charity which identified mains chargers designed to charge e-bike batteries that could start devastating fires, this has remained a topical area sadly with continued reporting of incidents in the press. The Charity responded to a new consultation published by the Department for Transport into the doubling of power of e-bikes. The Charity positioned itself as a leader in this area, responding robustly and quickly highlighting the need for a consultation on the safety of batteries and chargers to be a priority and the media outreach on this issue has already been covered earlier in this report.

Lithium-ion batteries

Following the report of the Charity's findings published in summer 2023, in March 2024 the government confirmed ongoing research for the most appropriate regulatory response and the commencement of voluntary conversion kit standards, as the Charity's Battery Safety Bill recommended. While encouraging, the Charity will continue to advocate for these standards to become designated and legally required.

Residual Current Devices

This investigation has two aspects, firstly to look at the consequential impact of modern electronic equipment and appliances. A specialist in this field has been engaged in trialing the testing of levels of DC earth leakage current, in a range of property types and is underway. If successful, this will then be rolled out to a greater number of properties for testing, enabling the Charity to have an understanding on the potential size of the problem. The second part of the investigation is exploring the issue relating to the failure of uni-directional devices when used in a bi-directional situation such as with solar photovoltaic and electrical energy storage systems.

Solar photovoltaic installations

This ongoing investigation is looking at likely causes of fires and methods of prevention. Working with Fire and Rescue Services, Certsure and other data holders, the investigation considers product quality, installation competence and practice as well as the need for mandating regular safety checks.

Outdoor living

The Charity undertook safety screening of a range of electrical products used by consumers for 'outdoor living'. Samples tested included BBQs, fans, extension leads, heaters (patio and pool), festoon lighting and an insect killer, with a large proportion of those samples failing basic safety screening testing. The results were shared with the Office for Product Safety and Standards (OPSS) to enable them to consider and take enforcement action, as appropriate. A second tranche of testing on items of concern is underway with an internal report due by the end of 2024 Q2.

Substandard 20 watt chargers

Funded by Apple, this project was the largest study of counterfeit and imitation Apple chargers of its kind in the UK with 100 samples that have been sourced from online retailers/marketplaces and physical stores being physically tested. This has revealed a 100% failure rate for safety issues found (not including marking or labelling issues). A report on this work will be finalised in 2024/25.

Working in Partnership and Stakeholder Engagement

By working with manufacturers, retailers and other organisations, the Charity is able to reach a much wider audience with its campaigns. To support the aim to be a collaborative organisation, and to work as a facilitator of best practice, the Charity has established – and hosts – various electrotechnical committees and groups. A wide range of areas are encompassed, from the safety of electrical installations and products, to new technology and the smart home. Membership of these groups is equally diverse, and includes representatives from throughout the

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

product and installation supply chain, as well as lawyers, distribution network operators, fire and rescue services, trading standards and Government and non-departmental Government bodies.

Electrical Safety First established and Chair the following committees:

- The Electrical Installation Safety Forum takes an overarching review of anything from the safety of electrical supply intake equipment to installer competence and emerging safety issues.
- The Electric Vehicle Charge Point Installation Safety Working Group set up in collaboration with the Office for Zero Emission Vehicles (OZEV), to improve the quality and safety of EV charge point installations. The February 2024 meeting explored the CENEX audit report for OZEV on the quality of Electric Vehicle ChargePoint (EVCP) installations. Following the meeting OZEV sought the input from the group on issues and comments regarding on-street charging and simultaneous contact.
- The Wiring Regulations Advisory Group (WRAG), provides guidance on frequently asked questions on BS 7671 (IET Wiring Regulations). The group establish a consensus response to queries on the standard, which is then added to the WRAG database, published on the Electrical Safety First website. This resource is well regarded and well used, attracting significant numbers of visits per month.
- The Electrical Safety of Products Committee reviews the safety of consumer electrical products which connect to mains voltage and extra-low voltage supplies. It considers changes in legislation and standards, reviews the Charity's product screening activities, and has a watching brief on emerging issues impacting on consumer safety.
- The EICR Improvement Working Group, seeks to improve the quality and consistency of Electrical Installation Reports (EICRs). This is a multi-stakeholder group with representatives from industry, landlords, letting agents and UK government departments and continues to progress in aligning industry guidance presented to practitioners and others. Discussions are ongoing, and the Charity recognises there is still work to be done to influence trade associations and certification bodies to educate their members and registrants. The Group is currently looking at developing a risk assessment model that can be used by inspectors to categorise risk, as well as included in a revised issue of the Charity's Best Practice Guide 4.
- The Smart Technology Product Safety Stakeholder Group is co-chaired by Electrical Safety First and the law firm DLA Piper. It aims to identify issues arising from connected technology which could impact on consumer safety and to promote good practice within the industry. The Charity, working with the group has provided a comprehensive webpage on the Product Security and Telecommunications Infrastructure (Product Security) regime, which came into force on 29th April. This includes a series of 'questions and answers' to aid the relevant actors on their roles and responsibilities when making smart connected devices available on the market.

The Charity continues to participate in the review of the Model Forms (EICR) at the BSI/IET sub-committee to help ensure that consideration of the end user (recipient) is taken into account. The revised forms will be included in the next amendment to BS 7671 (requirements for electrical installations).

The Charity's Technical Director worked with DCUSA and the ENA to develop guidance for safe isolation providers to help ensure that the scheme to allow any REC accredited meter operator to carry out de-energisation and re-energisation works is used to facilitate work carried out competent persons such as registered electricians only and not abused to facilitate work carried out by incompetent persons or DIY. (DCUSA is the Distribution Connection and Use and System Agreement operated by ElectraLink and ENA is the Energy Networks Association).

The Charity is a member of multiple British Standards Institute's (BSI) committees and various other key electrotechnical committees and forums, which provide the opportunity to influence improvements to standards and to collaborate with relevant organisations. There is also collaboration with international standard setting through CENELEC – the European Committee for Electrotechnical Standardisation – that impact on UK standards is maintained via the Charity's membership of BSI committees. The Charity now has an increased presence through the placement of our Electrical Installation Safety Engineers on each of the four JPEL64 sub-committees

Electrical Safety First's Chief Executive is a long-standing member of ESSAC, the Electrotechnical Standardization Strategic Advisory Council, which provides the British Standards Institution with high-level, strategic advice and guidance for the UK's electrotechnical industry. Other groups which we have membership of include: the National Fire Chief's Council's Home Safety Committee; the Department for Energy, Security and Net Zero's (DESNZ) Smart Meter Operational Group and Smart Meter Safety Advisory Group.

THE ELECTRICAL SAFETY COUNCIL

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Electrical Safety First is frequently used as an expert voice by national and regional media — as well as the electrotechnical industry – and beyond. Its technical specialists are frequent speakers and panellists at a variety of events. These included: Retra, AMDEA's appliance 2050 and ICPHSO.

The Charity successfully launched a specification for periodic inspection, testing and reporting on electrical installations in rented domestic accommodation (new Best Practice Guide 10), recognised by industry, landlords, letting agents and government departments in each devolved nation. The Charity has successfully raised the profile of this publication through numerous channels, including live events, podcasts, Video on Demand and industry press articles. The Charity is also speaking with civil servants within DLUHC (now the Ministry of Housing, Communities and Local Government), about having BPG10 included in its guidance for the private rented sector. The 'Electrical Safety in Communal Areas of Residential Properties', produced in collaboration with the Association of Residential Managing Agents (ARMA), has been updated and will be published shortly.

As part of work collaborating with insurance groups, the Charity worked closely with Direct Line on a campaign warning of the dangers of tampering with an electric meter. This led to one of the Charity's Installation Safety Engineers being a lead spokesperson on this issue across a number of news outlets on TV, Radio and digital outlets. The Charity also developed a campaign tumble dryers, aimed at ensuring they are both used and maintained correctly. The Charity collaborated with Admiral Insurance to quantify the average insurance claim for a tumble dryer fire, which provided a financial angle to the campaign. Separately, consumer research was commissioned to establish how many tumble dryer owners fail to upkeep their dryers. Similar to the work on electric meters, extensive media coverage ensued.

The Charity commissioned exploratory research to establish how electrical safety is taught in primary schools and how it might best provide resources to support the subject. Over 500 primary schools were consulted, using a qualitative and quantitative approach, incorporating schools in all four nations of the UK. The research found that a limited amount of electrical safety is usually taught as an adjunct to other safety training or as part of a science lesson. It can also form part of educational visits to, for example, fire stations. However, such visits have significantly declined since the pandemic because of funding restrictions. The Charity also found that a lack of suitable teaching resources for the subject, not surprisingly, resulted in a lack of confidence in teaching it.

The research included a review of the Charity's Switched On Kids website, a resource for children and teachers, which had been established some years ago and minimally updated. While noting that lesson plans for teachers needed revising and improved use of visual elements was required, most of the respondents thought it needed a 'refresh' rather than a restructure. A key recommendation arising from the research was to enhance school engagement via partnerships with other safety bodies/organisations. The use of email marketing and social media to engage with teachers and disseminate access to electrical safety information was also highlighted. Some of these recommendations are planned to be implemented in 24/5.

Certsure Joint Venture

Charitable objectives continued to be delivered through the Certsure LLP joint venture. Certsure offers industry-leading certification services, Building Regulations schemes, training, products and support to the construction industry and beyond. Profits from these activities provide a significant part of the Charity's income.

Certsure carries out assessments on businesses designed to verify the ongoing competency of these businesses and ensure technical integrity and safety standards are continuously upheld. Regular assessments are a condition of being certified by NICEIC, the operating name of Certsure. Split into two key areas, the assessments include on-site scrutiny of representative examples of work, and office audits — to verify effective record keeping and that the correct qualifications, insurances, and policies are in place. Evidence that employees are adequately supervised, and that they are undertaking continuous professional development, is also required. To help people find their nearest NICEIC certified business, Certsure's website hosts a 'Find a Contractor' tool, which allows consumers to search for local businesses by postcode.

The Charity produced a video highlighting what it does for the industry for Certsure's 'Ask NICEIC on the road' tour. In this initiative, technical experts from NICEIC visit current and prospective members at their sites. The video focuses on the Charity's campaigning efforts around EICRs and what the Charity does to support the industry through resources such as videos and best practice guides. It also showcased the Charity's work around the dangers of online marketplaces and substandard products.

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As well as featuring in a NAPIT podcast, Charity representatives appeared on NICEIC's 'The Wire' in January 2024 to promote Best Practice Guide BPG10. This achieved an exceptionally high number of livestream listeners and a follow-up podcast is being planned for 2024/25.

Certsure has been actively promoting the Electrical Safety First Best Practice Guides and Wiring Regulations Advisory Group (WRAG) 'Q&A' to apprentices and training centres, through their outreach program. In 2024/25 this will include providing over 1,000 Electrical Safety First updated and rebranded 'Safe Isolation Lock-off kits'. Both Certsure and Electrical Safety First have been supporters of an industry-wide Safe Isolation campaign, through industry events such as Elex, media such as Professional Electrician (which from June 2024 will feature the Charity's safe isolation flow chart), as well as being the subject of an NICEIC technical webinar, *THE WIRE*, featuring the Charity's Installation Safety Engineers. *The WIRE* is broadcast live and also available on demand as part of the on demand library, a valuable resource for electricians with over 30 hours of CPD accredited webinars.

Along with other key stakeholders including Electrical Safety First, Certsure is represented on the BSI JPEL/64 committee, a cross-industry group responsible for maintaining BS 7671, the Institution of Engineering and Technology (IET) Wiring Regulations. Certsure has been influential in the upcoming Amendment 3 of BS7671, addressing the issue of ensuring that bi-directional devices are installed where solar Photovoltaic and Electrical Energy Storage Systems (EESS) are installed. Amendment 3 is due for release July 2024. Collectively, Certsure, and Electrical Safety First have a strong presence on the committee and sub-committees, working to improve safety, and practice whilst ensuring consistency and clarity throughout the Regulations.

The Certsure technical helpline continues to assist contractors with their real-life queries. As a leading training provider for the electrotechnical industry, Certsure offers a wide range of highly regarded industry-recognised training, delivered via various platforms. As technologies and demand have evolved, their offerings have also developed, particularly with the provision of Electrical Energy Storage Systems courses. Through both formal training courses and free CPD, Certsure is helping thousands of electrical contractors keep their technical knowledge and skills up to date – and helping to ensure they deliver safe, compliant, installations to consumers.

Future Plans for 2024-25 include:

Continue working to ensure the Charity fulfills the aims set out in its updated five year strategy running to 2028. The key strategic priorities of the Charity following the strategy review were agreed as:

- Be the recognized expert voice in electrical safety.
- Safer electrical installations.
- Safer products.

Towards these the Charity has identified specific actions. There are seven key performance indicators (KPI) that the Charity will aim to have achieved by 2028 and 12 month goals for 2024-25 in relation to each KPI have been identified. Progress is recorded and regularly reported to quarterly Trustee meetings.

The seven KPIs are that the charity will by 2028 have:

1. Persuaded UK Government to legislate to ensure online marketplaces face same responsibilities for safety of products sold on their platforms as high street stores.
2. Ended "tenure lottery" by ensuring all UK regions have mandatory EICRs every 5 years in private & social rented sectors and made progress in achieving regular checks in owner occupied sector.
3. Established targeted support for those more vulnerable to harm caused by electricity through free electrical safety checks akin to those already established for gas, and a grant scheme which runs regularly and supports our objects and impacts 250,000 individuals.
4. Achieved government recognition of electrical safety as a key consideration in its policy making towards net zero.
5. Enhanced technical integrity by influencing the improved quality and consistency of electrotechnical installation work and reporting on existing installations.
6. Established a sustainable position for the organisation in terms of financial and human resources and infrastructure. Put in place a spending and reserves strategy, together with a people strategy to support our staff to achieve our objects.
7. Established Electrical Safety First as leading go-to organisation for advice, research, views and comment in the field of electrical safety amongst consumers, politicians and the media.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

Financial Position and Reserves

The Group has recorded an increase in funds during 2023/24 of £4,558K consisting of net income of £6,652K and a £2,094K actuarial loss recorded on the Pension Scheme with the liability indicated by the difference between the Scheme Assets and Defined Benefit Obligation being recognized as £200K on the Balance Sheet (see note 17). The reserves at year end which are wholly unrestricted totaled £35,834K.

Gift aid of £6,700K (2023: £5,115K) has been received by the Charity from its subsidiaries. The Charity's subsidiaries include ESC Partnerships Ltd which is one of two members of Certsure LLP and which generated £6,000K of the 23/24 gift aid with the remaining £700K coming from ESF Enterprises Ltd. The other member of Certsure LLP is the Electrical Contractors' Association Ltd which is a wholly owned subsidiary of the Electrical Contractors' Association, a members' association.

Income

Total Charity income was £7,939k (2023: £6,147K), the main component of which was £6,700k (2023: £5,115K) received from subsidiaries in gift. Other incoming resources are income payable to the Charity by Certsure LLP for use of its properties together with investment income and income generated by Charitable Activities.

Expenditure

Total expenditure for the year was £3,389K (2023: £2,663K), a substantial increase on the prior year. Whilst there was a reduction in grants made of £43K over the prior year with £250K paid out in 2023/24, increased activity in the areas of installation and product safety was reflected in higher spend in both these areas.

Fixed Assets

The majority of the Charity's tangible fixed assets comprise the land, buildings, furniture, equipment and IT hardware used daily. Changes in tangible fixed assets are shown in note 10 to the financial statements.

Pension Scheme

The scheme assets of the closed final salary pension scheme are smaller than the liabilities by £0.2m when measured in accordance with FRS 102. This is a significant change from the asset that existed at the end of the previous year that was not recognized under FRS 102 Section 28.22. In October 2023, the Trustee purchased a bulk annuity policy with an insurer securing members' benefits in the scheme in full. The asset value and funding basis are now more aligned to the previous buy out funding position which was previously significantly different to the FRS 102 position and at 31 March 2023 was a deficit of £2.1M. The employer paid in £1.5M during the year to facilitate the purchase of the bulk annuity policy and the remaining assets are being disinvested in tranches up until mid 2026 and are being used to pay further premiums on the insurance policy. The triennial valuation as at 31 March 2023 (i.e. prior to the purchase of the bulk annuity policy) was completed during the year indicating a technical provisions surplus.

Outlook

The Group's financial position overall remains healthy. The Charity holds significant reserves and now the risk of further significant funding being required for the Pension Scheme is almost eliminated, the Trustees are actively considering the best use of additional available resources to deliver on its objectives.

Cash, Investment Policy and Returns

Group cash and investment balances excluding joint ventures have increased over the last year to £22,920K (2023: £20,072K) with both investments and bank balances having increased.

The Charity's investment policy has as its objective "to produce returns and be a vehicle for holding the agreed level of Charity reserves". The investment target return is once any income required has been taken to maintain and where possible enhance the real value of the portfolio without taking unnecessary risks. A total return approach to investment is taken i.e. generating return from income and capital gains and losses.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

An investment portfolio of £12.9M of funds with a long-term investment horizon was managed by three fund managers, Rathbones, Cazenove and CCLA. Improved conditions in the financial markets over the course of the year resulted in a positive return of £1,304K being delivered on the portfolio, comprising a £877K capital gain combined with £438K of income and £11k of management fees.

The investment policy is maintained under ongoing review in light of changing Group funding requirements and all portfolios are now balanced between equities, fixed interest investments, alternative investments and cash based on an intermediate risk profile. All income generated is being paid to the Charity to fund current spending.

The balance of the Charity's investments relate to the joint venture of Certsure LLP and property. Properties leased to group companies (including joint ventures) are not treated as investment properties. Therefore the investment property held by the Charity reflects the proportion of a property leased to a third party.

Reserves and Risk Assessment

Risk management processes are embedded in the day-to-day operations of the Charity and its trading activities which have their own separate risk register. Risk registers are reviewed regularly by management to ensure completeness and that the risk ratings and impacts remain appropriate.

Significant changes in the Charity's risk register are reported at the Electrical Safety Council's Board meetings. The full Board reviews the Charity's risk register. The risk register relating to Certsure LLP is reviewed by the Certsure Management Board which includes two Charity Trustees along with the Charity Chief Executive and Finance Director.

The Financial Management Committee, on behalf of the Board, conducts an annual review of the level of unrestricted reserves by considering the risks associated with the various income streams, expenditure plans and Balance Sheet items. In setting the reserves target the Committee considers the future resources needed for the Charity to continue meeting its charitable objectives. The Committee also recognizes that assets such as fixed assets are not easily or quickly realised.

This review enables an estimate to be made of the level of reserves that will be sufficient to allow time to re-organize and dispose of long term assets in the event of a down turn whilst maintaining core charitable activities including the Charity's:

- consumer awareness and campaigning activities;
- objectives to improve electrical product and installation safety;
- commitment to technical excellence

The reserves policy is kept under review and states that reserves, which are defined as the charity's and its wholly owned subsidiaries' cash and investment portfolio, amounting to at least two years pure /discretionary charitable expenditure be maintained after provision for the next three years' pension deficit payments.

The policy goes on to state that if the level of reserves exceeds the minimum amount, the Trustees will consider the best use of the "excess" funds. Matters to be taken into account include the progress of the defined benefit pension scheme to self-sufficiency, the merits of holding or investing the additional amount to fund future spend and the merits of undertaking additional charitable activities. Now that significant further funds are unlikely to be required for the pension scheme, the Trustees are actively considering the Charity's position, how/if the policy should be amended and how any difference between actual reserves and policy should be dealt with.

The Trustees have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to Senior Management. Trustees are unremunerated and the remuneration of the Key Management Personnel is determined by the Remuneration and Appointments Committee who take into consideration general pay increases awarded under the collective agreement which covers the majority of staff as well as external comparatives.

Financial Instruments

The Group's policy including Joint Ventures is to finance working capital through retained reserves and in the case of the Certsure Joint Venture, monies received in advance from customers as a result of its annual fee cycle.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

The Group does not actively use other financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. It is exposed to minimal foreign exchange risk as the customer base is mostly within the UK. The nature of the Group's financial risk instruments means that they are not subject to price or liquidity risk.

The Board does not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or results.

Employee Training and Recruitment

The Group including Joint Ventures has an active personal development training programme to ensure that all employees have the skills and knowledge necessary to achieve the business and personal goals to which they aspire. The Group is an equal opportunity employer that values diversity in its employees and it has recruitment policies directed to ensure that it is open to all.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' annual report incorporating a strategic review and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Charity and of the incoming resources and application of resources, including its income and expenditure, of the Group for the year. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Charity will continue in business.

The Directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Directors' Awareness Statement

Each of the Directors has confirmed that so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware, and that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Auditor

A resolution to appoint Moore Kingston Smith LLP as auditor will be proposed at a future Board meeting.



By order of the Board
Jennifer Trim, Company Secretary, 12 December 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL

Opinion

We have audited the financial statements of The Electrical Safety Council (the “parent charitable company”) and its subsidiaries (the “group”) for the year ended 31 March 2024 which comprise the consolidated and charity statement of financial activities, consolidated and charity balance sheets, consolidated statement of cash flows, charity statement of cash flows and 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 FRS 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 group’s and the parent charitable company’s affairs as at 31 March 2024 and of the groups incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006, the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 group 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 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 audit 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 charitable company'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 directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report and Strategic Review for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report or Strategic Review.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 18, the directors 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 directors 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 directors are responsible for assessing the group's and parent charitable company'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 liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We 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 we identify during our audit.

Explanation as to what extent 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act and with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members and the charity's trustees those matters we are required to state to them in an auditor's 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 charitable company, the charitable company's members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Silvia Vitiello, *Senior Statutory Auditor*

For and on behalf of Moore Kingston Smith LLP, Statutory Auditor
4 Victoria Square
St Albans
Herts AL1 3TF

Date: 13/12/2024

Moore Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2024 (incorporating Consolidated Income and Expenditure Account)

				2024	2023
	Note	Unrestricted Charity Funds	Trading Subsidiaries	Total Funds	Total Funds
		£'000	£'000	£'000	£'000
INCOME FROM:					
Investment Income – Investments	5	688	97	785	531
Investment Income – Properties		461	-	461	470
Other Trading activities - Share of profits in Joint Ventures	12	-	7,907	7,907	6,012
Income from Charitable Activities		90	-	90	62
TOTAL INCOME		1,239	8,004	9,243	7,075
EXPENDITURE ON:					
Raising funds					
Continuing trading operations		-	4	4	-
Discontinued trading operations		-	4	4	3
Investment Management Costs		11	-	11	14
Fundraising Costs		62	-	62	63
Subtotal - Raising Funds	4	73	8	81	80
Charitable Activities					
Installation Safety		1,059	-	1,059	799
Product Safety		1,671	-	1,671	1,301
Grants and Direct		250	-	250	293
Research		190	-	190	152
Subtotal - Charitable activities	4	3,170	-	3,170	2,545
Other Expenditure	4	146	-	146	38
TOTAL EXPENDITURE		3,389	8	3,397	2,663
Net Investment (Losses) / Gains - Investments	12	877	-	877	(772)
Net Investment (Losses) / Gains – Property		(71)	-	(71)	78
NET (EXPENDITURE) / INCOME		(1,344)	7,996	6,652	3,718
Actuarial Gain / (Loss) on Pension Scheme					
	17	(11,600)	-	(11,600)	(3,000)
Effect of non-recognition of Pension Asset	17	9,506	-	9,506	2,200
Transfer of Gift Aid		6,700	(6,700)	-	-
NET MOVEMENT IN FUNDS		3,262	1,296	4,558	2,918
Total Funds at 1 April 2023				31,276	28,358
Total Funds at 31 March 2024				35,834	31,276

All Charitable funds are unrestricted. All recognised gains and losses are included above.

The notes on pages 28 to 43 form part of these financial statements.

THE ELECTRICAL SAFETY COUNCIL

BALANCE SHEETS AS AT 31 MARCH 2024

	Note	<u>Group</u> 2024 £'000	<u>Charity</u> 2024 £'000	<u>Group</u> 2023 £'000	<u>Charity</u> 2023 £'000
FIXED ASSETS :					
Tangible Assets – used	10	4,625	4,625	4,734	4,734
Tangible Assets - investment properties	11	712	712	783	783
Investments	12	12,941	12,941	12,070	12,070
Investments in Joint Ventures	12	7,907		6,012	
		<u>26,185</u>	<u>18,278</u>	<u>23,599</u>	<u>17,587</u>
CURRENT ASSETS :					
Debtors	13	433	437	256	256
Cash at Bank and in Hand		9,979	7,681	8,002	5,821
		<u>10,412</u>	<u>8,118</u>	<u>8,258</u>	<u>6,077</u>
CURRENT LIABILITIES :					
Amounts Falling Due Within One Year	14	563	559	581	1,289
NET CURRENT ASSETS/(LIABILITIES) :		<u>9,849</u>	<u>7,559</u>	<u>7,677</u>	<u>4,788</u>
TOTAL ASSETS LESS CURRENT LIABILITIES :		<u>36,034</u>	<u>25,837</u>	<u>31,276</u>	<u>22,375</u>
DEFINED BENEFIT PENSION SCHEME ASSET / (LIABILITY)		17	(200)	(200)	-
		<u>35,834</u>	<u>25,637</u>	<u>31,276</u>	<u>22,375</u>
RESERVES					
UNRESTRICTED INCOME FUNDS		36,034	25,837	31,276	22,375
PENSION RESERVE	17	(200)	(200)	-	-
TOTAL RESERVES		<u>35,834</u>	<u>25,637</u>	<u>31,276</u>	<u>22,375</u>

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. For the purposes of the Companies Act, net income of the Charity for the year is £5,846K (2023: £4,412K).

The notes on pages 28 to 43 form part of these financial statements.

Approved by the Board of Directors and authorised for issue on 12th December 2024, and signed on their behalf by:



E Hudson - Chair

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

				TOTAL FUNDS 2024 £'000	P/ YR FUNDS £'000
Net cash (used in) operating activities (Note A)				(5,287)	(3,286)
Net cash provided by investing activities (Note B)				7,264	6,282
Cash flows from financing activities				-	-
				1,977	2,996
Analysis of Net Funds £'000					
	At 1 Apr 2022	22/23 Movement	At 31 Mar 2023	23/24 Movement	At 31 Mar 2024
Cash at bank and in hand	5,006	2,996	8,002	1,977	9,979

CASHFLOW STATEMENT NOTES

A. Net cash used in operating activities

Net income for the reporting period	6,652	3,718
Share of profits in Joint Ventures	(7,907)	(6,012)
Depreciation	109	138
Dividends, interest and rents from investments	(785)	(531)
Rents from properties	(461)	(470)
Losses / (Gains) on investments	(806)	694
Loss on disposal of fixed assets	-	-
FRS 102 Pension operating movement	(1,894)	(800)
(Increase) / Decrease in debtors	(177)	(177)
(Decrease) / Increase in creditors	(18)	154
Net cash used in operating activities	<u>(5,287)</u>	<u>(3,286)</u>

B. Net cash provided by investing activities

Dividends, interest and rents from investments	785	531
Rents from properties	461	470
Distributions from Joint Ventures	6,012	5,313
Purchase of property, plant & equipment	-	(34)
Proceeds from the sale of investments	6	2,011
Purchase of investments	-	(2,009)
Net cash provided by investing activities	<u>7,264</u>	<u>6,282</u>

Analysis of changes in net debt

£'000	At 31 Mar 2023	Cashflow	At 31 Mar 2024
Cash	8,002	1,977	9,979
Cash equivalents	-	-	-
Total	<u>8,002</u>	<u>1,977</u>	<u>9,979</u>

THE ELECTRICAL SAFETY COUNCIL

CHARITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

				TOTAL FUNDS 2024 £'000	P/ YR FUNDS £'000	
Net cash (used in) operating activities (Note A)				(5,995)	(3,287)	
Net cash provided by investing activities (Note B)				7,855	6,053	
2,766				1,860	350	
Analysis of Net Funds £'000		At 1 Apr 2022	22/23 Movement	At 31 Mar 2023	23/24 Movement	At 31 Mar 2024
Cash at bank and in hand		3,055	2,766	5,821	1,860	7,681

CASHFLOW STATEMENT NOTES

A. Net cash (used in) operating activities

Net income for the reporting period	(1,344)	(2,322)
Depreciation	109	138
Dividends, interest and rents from investments	(688)	(500)
Rents from properties	(461)	(470)
Losses / (Gains) on investments	(806)	694
Loss on disposal of fixed assets	-	-
FRS 102 Pension operating movement	(1,894)	(800)
(Increase) /Decrease in debtors	(181)	(177)
(Decrease) /Increase in creditors	(730)	150
Net cash provided by (used in) operating activities	(5,995)	(3,287)

B. Net cash provided by investing activities

Dividends, interest and rents from investments	688	500
Rents from properties	461	470
Gift aid from trading activities	6,700	5,115
Purchase of property, plant & equipment	-	(34)
Proceeds from the sale of investments	6	2,011
Purchase of investments	-	(2,009)
Net cash provided by investing activities	7,855	6,053

Analysis of changes in net debt

£'000	At 31 Mar 2023	Cashflow	At 31 Mar 2024
Cash	5,821	1,860	7,681
Cash equivalents	-	-	-
Sub-Total	5,821	1,860	7,681
Loans due in 1 year	(714)	717	3
Total	5,107	2,577	7,684

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The Electrical Safety Council is a company limited by guarantee (No. 570175) and a registered Charity (England and Wales No. 257376; Scotland No. SC039990).

The financial statements are prepared in compliance 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) (effective 1 January 2019) – (Charities SORP (FRS 102) (second edition – October 2019)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, and the Charities Act 2011. The Electrical Safety Council meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared on the historical cost basis and presented in GBP£, rounded to the nearest thousand, which is the functional currency of the Charity.

(b) Basis of Consolidation

The consolidated accounts include the results of the charitable company and its subsidiaries, ESF Enterprises Ltd and ESC Partnerships Ltd from the date of acquisition, together with a share of the results, assets and liabilities of jointly controlled entity (joint venture) Certsure LLP using the equity method of accounting, where the investment is carried at cost plus post-acquisition changes in the share of net assets of the joint venture, less any provision for impairment.

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. The Charity's gross income for the year was £7,939K (2023 - £6,147K) and the result was £5,356K surplus (2023 - £2,493K surplus).

(c) Income

Fees and other income are accounted for on the provision of the service and are exclusive of VAT.

(d) Investment Income

Investments listed on a recognized stock exchange are included in the balance sheet at market value. Unrealised gains and losses arising during the year are included in the Statement of Financial Activities. Investment income is the amount received by the group in the year.

(e) Basis of Expenditure Allocation

Charities SORP requires that support costs are allocated where appropriate to direct charitable activities. The analysis provides an understanding of the nature of the activities undertaken and the resources expended on their provision.

(f) Operating Leases

Costs arising under operating lease agreements have been charged to the Statement of Financial Activities as incurred.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

1. ACCOUNTING POLICIES (Continued)

(g) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical and deemed cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Computer software	- Between 3 and 5 years
IT equipment	- Over 3 years
Office equipment	- Between 2 and 5 years
Freehold buildings	- 2% on cost
Freehold refurbishment	- 10% on cost
Leasehold buildings	- Over the life of the lease

(i) Foreign Exchange

Assets and liabilities are translated into sterling at rates ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling on the date of the transaction.

(j) Valuation of Fixed Asset Investments

Investments in Group undertakings are carried at historical cost, adjusted in the case of the joint ventures to reflect the Group's share of the underlying results. The Council considers this to be the most appropriate method of valuation of these holdings for the purpose of the consolidated financial statements.

Financial investments are valued at mid market value at the year end.

(k) Valuation of Investment Property

Investment properties are valued at market value and were valued at 1 April 2020 by professional valuers. The Trustees have used their judgement combined with obtaining information on current market conditions from professional advisors to update those values to current market values at 31 March 2023 and 31 March 2024. At the time those professional valuations were done, physical inspections were not possible and therefore valuers made assumptions as to the condition and repair remaining similar to time of prior inspections. There were also caveats on those property valuations due to a very uncertain property market at the time. Those formal valuations were therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global and Trustees were advised by the professional valuers that less certainty should be attached to the valuations than would normally be the case. On reviewing the reported values at 31 March 2023 and 31 March 2024, the Trustees determined that uncertainty was reducing and adjusted the valuations to current market conditions on the basis of the best available information and transactions. Gains or losses arising on revaluation are taken to the statement of financial activities. No depreciation is provided on investment properties. The property rented to group companies (including joint ventures) is treated as not being held for investment so the value of investment properties is less material.

(l) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and short term deposits with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

1. ACCOUNTING POLICIES (Continued)

(m) Pension Costs

For the Defined Benefit Scheme, the Statement of Financial Activities is charged with the current service costs and the net return on assets. They are included as part of staff costs. Past service costs are recognized immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognized over the period until vesting occurs. The interest cost and the expected return on assets are shown in aggregate. Actuarial gains and losses are recognized immediately in the Statement of Financial Activities.

The Defined Benefit Scheme is funded, with the assets of the scheme held in a fund administered by the NICEIC Pension Scheme. Pension scheme assets are measured at fair market value and liabilities are measured on an actuarial basis using the projected unit credit method of valuation and discounted at a rate based on the yield of an AA rated Corporate Bond. For benefits covered by a bulk annuity policy, the fair market value of the policy (asset) is considered as equal to the value of the benefits covered. Actuarial valuations for the purposes of FRS 102 are updated at each balance sheet date.

The resulting defined benefit asset or liability is presented separately after total assets less current liabilities on the face of the balance sheet. Where by virtue of FRS102 Section 28.22 the employer is not entitled to a refund of a surplus, an asset is not recognized.

The Defined Contribution Scheme is a “Group Personal Pension” whereby participating employees have individual contracts with an insurance company providing a range of investment alternatives. Employer contributions are charged to the Statement of Financial Activities in the year to which they relate.

(n) Financial Instruments

a. Financial assets

The Charity’s financial assets comprise basic financial instruments, being trade and other debtors and cash and bank balances. Trade and other debtors are measured at transaction price less any impairment. Any impairment loss is recognized in the statement of financial activities.

The impairment loss is measured as the difference between an asset’s carrying amount and best estimate, which is an approximation of the amount that the Charity would receive for the asset if it were to be sold at the reporting date.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

b. Financial liabilities

The Charity’s financial liabilities comprise basic financial liabilities, being trade and other creditors. These are initially recognized at transaction price and are measured subsequently at amortised cost. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

c. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

1. ACCOUNTING POLICIES (Continued)

(o) Going Concern

The financial statements are drawn up on the going concern basis which assumes the group will continue in operational existence for the foreseeable future. The Trustees have given due consideration to the working capital and cash flow requirements of the group for at least 12 months from the date of signature on the accounts.. The Group and the Charity have a strong cash and reserves position at the time of approval of these financial statements and the Trustees have concluded that there is a reasonable expectation that the Group and the Charity have adequate resources to continue in operational existence for at least 12 months from the date of the audit report of these financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Charity's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions which affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for income and expenditure during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, the nature of the estimation means that actual outcomes could differ from these estimates.

Defined benefit pension and other post-employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, group management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions relevant to the defined benefit pension and other post-employment benefit obligations are based in part on current market conditions. Additional disclosures concerning these obligations are given in note 17.

Revaluation of investment properties

The group carries its investment properties at fair value, with changes being recognized in income and expenditure. The trustees review the valuation of the properties on an annual basis and, taking the market conditions into account, consider the values included in the accounts to be the fair value of the properties.

3. FINANCIAL RISK MANAGEMENT

The Trustees have overall responsibility for the establishment and oversight of the Charity's risk management framework. The full Trustee Board retains responsibility for developing and monitoring the Charity's risk management strategy and policies. The senior leadership team maintain a risk register which is considered regularly by all the Trustees. There have been no changes to the Charity's exposures and risks or methods used to measure and manage these risks during the year. The Charity seeks to minimise these risks as detailed below:

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

The objective of the Charity in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Charity aims to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Charity has financial investments available. The Charity maintains a long term (up to five years) monthly cash forecast and is currently in a position to meet its commitments and obligations as they come due.

The Charity is significantly dependent on Certsure, its Joint Venture with the Electrical Contractors Association for its income, it is entitled to 75% of the profits. The Charity also lease three properties to Certsure. Certsure has a Management Board with responsibility for day to day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity and the other two are the Chief Executive Officer and Finance Director of the Charity, by which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

Market risk

The Charity is exposed to market conditions affecting the size of its investment portfolio. The value is regularly monitored and investment managers are required to attend meetings of the Financial Management Committee at least annually. The Trustees maintain the investment policy under review. The portfolio is spread across three managers to help mitigate the risks of manager underperformance. Investments are not made for a period of under five years and cash deposits are held to manage short term requirements rather than divesting investments.

The Charity is also exposed to the effect of market conditions on the position of the closed defined benefit pension scheme. The Trustees of the Charity and the Pension Scheme work closely together and the Trustees of the Pension Scheme have been working on a journey plan towards self-sufficiency leading to ultimately being able to buy the liabilities out with an insurance company. During the year ended 31 March 2024 the Trustees of the Pension Scheme arranged a bulk annuity policy with Just Retirement that covers all the current members.

The Trustees do not feel the Charity is exposed to any other significant financial risk.

4. NET INCOME FROM TRADING ACTIVITY OF SUBSIDIARIES

Support costs totalling £480k (2023: £402k) have been allocated to Charitable Activities in accordance with the level of direct spend on those activities which is considered the fairest method of apportionment. Support costs comprise the costs of Charity premises, finance, governance and other overhead costs and are not separately identified by function.

	2024 £'000	2023 £'000
Installation safety	170	138
Product safety	268	225
Research	30	26
Fundraising	12	13
Total	<u>480</u>	<u>402</u>

Other costs are the costs of administration and the interest on the net defined benefit liability of the defined benefit scheme that is closed to future accrual. These costs therefore do not contribute to the current cost of charitable activities.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

5. INVESTMENT INCOME AND INTEREST

	<u>2024</u> £'000	<u>Group</u> <u>2023</u> £'000
Bank interest	347	103
Investment income	438	428
	<u>785</u>	<u>531</u>

6. STAFF COSTS

	<u>2024</u> £'000	<u>Charity</u> <u>2023</u> £'000	<u>2024</u> £'000	<u>Group</u> <u>2023</u> £'000
Staff costs				
Wages and salaries	1,271	1,011	1,271	1,011
Agency salaries	-	21	-	21
Social security costs	147	128	147	128
Pension costs	131	106	131	106
Healthcare plan	6	3	6	3
	<u>1,555</u>	<u>1,269</u>	<u>1,555</u>	<u>1,269</u>

The average number of staff employed during the period was 23 (2023: 19).

As a Charity, Trustees who are unremunerated and receive no other benefits from employment, have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to senior management who are also considered to be key management personnel. Total remuneration paid to key management personnel in the year was £487,382 (2023: £347,938 based on a smaller management team). Details of reimbursed expenses incurred by Trustees are set out in note 18.

7. EMOLUMENTS OF EMPLOYEES AND DIRECTORS

Employees who received employee benefits (excluding pension contributions) of greater than £60,000 fell into the following bands. All of these employees were participating in the group personal pension scheme:

	<u>2024</u>	<u>2023</u>
£60,001 to £70,000	2	1
£70,001 to £80,000	-	-
£80,001 to £90,000	1	1
£90,001 to £100,000	1	1
£100,001-£110,000	-	1
£110,001-£120,000	-	1
£120,001-£130,000	1	-
	<u>5</u>	<u>5</u>

Aggregate pension contributions paid on behalf of the above higher paid employees were £46,072 (2023: £53,643).

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

8. NET INCOMING RESOURCES

	2024 £'000	2023 £'000
The Group's net incoming/(outgoing) resources are stated after charging/(crediting):		
Audit fees		
Parent	16	17
Subsidiaries	5	5
Non audit fees paid to auditors	55	46
Depreciation of tangible fixed assets	109	138
Loss on disposal of fixed assets	-	-

9. TAXATION

The Electrical Safety Council is a Charity with the registration number 257376. No UK taxation is therefore due on profits, income and gains arising from the charitable activities of the company. The subsidiaries pay over most of their taxable profits to The Electrical Safety Council, under a Gift Aid Scheme. The tax charges in relation to subsidiaries, if applicable, are disclosed in Note 8.

10. TANGIBLE FIXED ASSETS

Group & Charity	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Office & IT equipment £'000	Computer software £'000	TOTAL £'000
<u>COST</u>					
B/fwd	5,824	-	222	-	6,046
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
C/fwd	5,824	-	222	-	6,046
<u>DEPRECIATION</u>					
B/fwd	1,119	-	193	-	1,312
Charge	100	-	9	-	109
Disposals	-	-	-	-	-
C/fwd	1,219	-	202	-	1,421
<u>NET BOOK VALUE</u>					
As at 31 March 2023	4,705	-	29	-	4,734
As at 31 March 2024	4,605	-	20	-	4,625

Land, which is not depreciated, amounting to £2,308K (2023: £2,308K) is included in net book value

11. FREEHOLD INVESTMENT PROPERTY, Group & Charity

	£'000
B'fwd	783
Change in market value	(71)
C'fwd	<u>712</u>

THE ELECTRICAL SAFETY COUNCIL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024**

12. INVESTMENTS - GROUP

Group	<u>2024</u> £'000	<u>2023</u> £'000
Joint Ventures:		
At 1 April 2023	6,012	5,313
Share of profit for the year	7,907	6,012
Less: remitted to the Group	(6,012)	(5,313)
At 31 March 2024	<u>7,907</u>	<u>6,012</u>
Share of Joint Ventures represented by:		
Fixed assets	2,299	1,860
Current assets	20,650	13,076
Creditors	(15,042)	(8,924)
	<u>7,907</u>	<u>6,012</u>
Other Investments	<u>2024</u> £'000	<u>2023</u> £'000
Market value as at 1 April 2023	12,028	12,810
Purchases (at cost)	-	2,009
Disposal proceeds	(4)	(2,019)
Net investment gains / (losses)	877	(772)
	<u>12,901</u>	<u>12,028</u>
Cash balances held by investment managers	40	42
Market value at 31 March 2024	<u>12,941</u>	<u>12,070</u>
Other investments are represented by:		
UK Equities	1,168	1,254
Overseas Equities	7,741	6,738
UK Bonds & Fixed Interest	949	904
Global Bonds & Fixed Interest	688	736
Hedge Funds	233	92
Portfolio Funds	-	-
Property	584	552
Infrastructure	534	417
Cash funds	444	633
Commodities	342	371
Others	218	331
Cash securities	40	42
Market value as above	<u>12,941</u>	<u>12,070</u>
Investments Total (Group)	<u>20,848</u>	<u>18,082</u>
Charity	<u>2024</u> £'000	<u>2023</u> £'000
Subsidiaries (See Note 20)	-	-
Other Investments	12,941	12,070
Investments Total (Charity)	<u>12,941</u>	<u>12,070</u>

ESC Partnerships Ltd holds member rights in Certsure LLP.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

13. DEBTORS	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Trade debtors	329	329	174	174
Prepayments	54	54	42	42
Amount due from subsidiary undertakings	-	5	-	-
Other debtors	1	-	-	-
Social Security and Other Taxes	49	49	40	40
	<u>433</u>	<u>437</u>	<u>256</u>	<u>256</u>

Trade debtors and amounts due from related companies included in the above are held at amortised cost.

14. CREDITORS	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Amounts falling due within one year				
Trade creditors	162	162	139	139
Social security and other taxes	43	43	33	33
Amount due to subsidiary undertakings	-	-	-	712
Accruals and deferred income	358	354	409	405
	<u>563</u>	<u>559</u>	<u>581</u>	<u>1,289</u>

Deferred income comprises of payments received on account and income relating to services not yet delivered. Trade creditors, amounts due to related companies and accruals are held at amortised cost.

15. OPERATING LEASES

The Group has no financial commitments in respect of non-cancellable operating leases payable. Non-cancellable operating lease rentals are receivable as follows:

	Charity		Group	
	2024 £000	2023 £000	2024 £000	2023 £000
Not later than one year	398	398	105	105
Later than one and not later than five years	1,194	1,592	-	105
Later than five years	-	-	-	-
Total commitment	<u>1,592</u>	<u>1,990</u>	<u>105</u>	<u>211</u>

The operating lease receivables are in respect of the properties held by the Charity and the Group which are leased to third parties, or in the case of the Charity, to either third parties or group companies (including joint ventures). Two of the properties held by the Charity were leased to Certsure LLP, its joint venture for a minimum period of five years commencing 1 April 2013 on a fully tenant repairing basis, with a rent review date that has expired with the leases running on at the same rental figure on a rolling basis. A further property is leased by the Charity to Certsure on a lease which commenced on 1 April 2023 and runs for a minimum period of five years on a fully tenant repairing basis. Certsure lease a portion of this property to NQA under a lease which was agreed for five years from 29 March 2023 with a mutual break date of 28 February 2025. The other property owned by the Charity is occupied by the Charity.

16. INSURANCE

Insurance costs charged to the revenue account include professional indemnity cover in respect of the Board of Directors. It is not possible to separately identify the cost of this from the total insurance premium for the Group.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

17. PENSION SCHEME

The Group operates a pension scheme providing benefits based on final pensionable pay. The Scheme operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The assets of the scheme are held by the Trust and during the year were invested with Legal and General and Towers Watson Investment Management. In October 2023, the Scheme Trustees arranged a bulk annuity policy (“buy-in”) with Just Retirement that covers all current members and at this time, all investments with Legal and General were sold.

The Scheme was closed to new members with effect from 31 December 2006 and was closed to future accrual of benefits on 28 February 2013.

The Scheme is a funded scheme and the Trustee’s funding objective is to hold assets which are at least equal to the technical provisions, i.e. to meet the statutory funding objective. The contributions paid to the Scheme are agreed by the Trustee and Employer every three years, after obtaining the actuarial advice of the Scheme Actuary. Principal factors in determining the level of contributions include the covenant offered by the sponsor, the level of risk in the Scheme, the expected return on the Scheme’s assets and the discontinuance funding level.

The main risks to the Scheme prior to the buy-in date are included in the list below, these have either been eliminated or significantly reduced following the buy-in in October 2023 :

- Investment returns insufficient to pay for the Scheme benefits
- Significant deterioration in the Employer’s covenant
- Increase in the life expectancy of members
- Significant changes in the market yields on high quality UK non-government corporate bonds, which are used to determine the discount rate

The focus for the Trustee is now to mitigate the risks in respect of meeting the cashflow requirements as they fall due and the possibility of the Insurer not meeting their agreed obligations, either entirely or on time.

The most recent comprehensive actuarial valuation was carried out by the Trustee of the Scheme as at 31 March 2023 for funding monitoring purposes. The Employer has employed an actuary who is not the Scheme Actuary to approximately update that actuarial valuation allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the Employer to measure the defined benefit obligation (DBO), as well as adjusting for benefits paid from Scheme.

It was agreed following the latest formal actuarial funding valuation as at 31 March 2023, that no regular contributions were required from the Employer as there was a technical provisions surplus. Special contributions of such amounts as agreed between the Trustee and the Employer, are payable within three months of the date of the agreement. The Employer paid £1.5m at the time of the buy-in transaction. The Employer meets the administration expenses of the Scheme and levies of the Pension Protection Fund. The scheme rules were amended in October 2022 to allow the scheme to pay administration and levy costs.

Scheme Asset Information	Allocation Percentage 31-Mar-24	Allocation Percentage 31-Mar-23
Debt securities	0%	72%
Diversified fund	0%	16%
Buy-in policy	99%	0%
TW Secure Income Fund	7%	10%
Cash / liquidity	<1%	2%
Loan of outstanding premium	(6)%	0%
Total	100%	100%
Fair value of Scheme assets (£ million)	61.7	73.8

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

17. PENSION SCHEME (Continued)

	31-Mar-24	31-Mar-23
Included in the above:		
Value of entity's own financial instruments	0	0
Value of property and other assets used by the Employer	0	0

The figures stated are in line with the requirements of FRS 102. All figures in this note are in £ million.

Defined Benefit Cost - Period Ending	31-Mar-24	31-Mar-23
A Profit & Loss (P&L)		
1 Effect of employee service in the current period	-	-
2 Net interest on net defined benefit liability/(asset)	(0.4)	(0.3)
3 Scheme introductions, changes, curtailments and settlements	-	-
4 Defined benefit cost recognised in P&L	(0.4)	(0.3)
5 Cost of termination benefits (1)	-	-
6 Administration costs incurred during the period	-	-
7 Cost recognised in P&L	(0.4)	(0.3)
B Other Comprehensive Income (OCI)		
1 Actuarial (gain)/loss arising during period	(2.3)	(22.2)
2 Return on Scheme assets (greater)/less than discount rate	13.9	25.2
3 Change in irrecoverable surplus (2)	(9.5)	(2.2)
4 Remeasurement effects recognised in OCI	2.1	0.8
C Total Defined Benefit Cost		
1 Cost recognised in P&L	(0.4)	(0.3)
2 Remeasurement effects recognised in OCI	2.1	0.8
3 Defined benefit cost	1.7	0.5
D Assumptions Used to Determine Defined Benefit Cost ⁽³⁾		
1 Discount rate	4.8%	2.7%
2 Price inflation (RPI)	3.5%	3.8%
3 Price inflation (CPI)	3.1%	3.4%
4 Pension increases for in-payment benefits		
CPI maximum 5%	3.1%	3.4%
- CPI maximum 2.5%	2.3%	2.4%
5 Pension increases for deferred benefits	2.9%	3.4%

The fair value of assets is used to determine the expected investment return during the year

- 1 Includes only termination benefits to be paid from the Plan.
- 2 Excludes amounts included in net interest/(income) on the defined benefit liability/(asset).
- 3 These beginning of year assumptions were used to calculate the defined benefit cost recognised through P&L.

THE ELECTRICAL SAFETY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

17. PENSION SCHEME (Continued)

The demographic assumptions are consistent with those chosen by the Trustee for the 31 March 2023 valuation. In particular, the mortality assumptions are consistent with the 2023 valuation assumptions but with margins for prudence removed and updating to use the latest version of the CMI future improvements model. That is, using 100% of the SAPS “S3” all pensioner retirements table with future improvements in longevity in line with ‘CMI core projection model’ (2022 version) subject to a long-term improvement rate of 1.25% pa, an initial addition to mortality improvements of 0.5% pa and the default weightings to mortality data in 2020, 2021 and 2022.

Under the mortality rates assumed as at 31 March 2024 the implied life expectancy for a member currently aged 63 is 23.8 years for a male and 26.3 years for a female. The life expectancy at age 63 for a member currently aged 43 is 25.2 for males and 27.8 for females.

An allowance has been made for non-pensioner members to commute 25% of their pension at retirement for tax free cash on terms that were in force at the valuation date (31 March 2023).

The proportion of member’s deaths assumed to give rise to dependants’ pension varies with age but is typically 93% for males and 80% for females at age 63. Male participants are assumed to be 3 years older than their spouses and female participants are assumed to be 3 years younger than their spouses.

Net Balance Sheet Position - Period Ending		31-Mar-24	31-Mar-23
A Development of Net Balance Sheet Position			
1	Defined benefit obligation (DBO) of Scheme	61.9	64.2
2	Fair value of assets (FVA) of Scheme	61.7	73.8
3	Surplus/(deficit) of Scheme	(0.2)	9.6
4	Irrecoverable surplus (effect of asset ceiling)	0.0	(9.6)
5	Net defined benefit asset/(liability)	(0.2)	0.0
B Reconciliation of Net Balance Sheet Position			
1	Net defined benefit asset/(liability) at end of prior period	0	0
2	Effect of employee service in the current period	-	-
3	Net interest on net defined benefit asset/(liability)	0.4	0.3
4	Remeasurement effects recognised in OCI	(2.1)	(0.8)
5	Scheme introductions, changes, curtailments and	-	-
6	Employer contributions	1.5	0.5
7	Benefits paid directly by the Employer	-	-
8	Transfer payments	-	-
9	Net defined benefit asset/(liability) at end of current period	(0.2)	0.0
C Assumptions and Dates Used for Measurements(3)			
1	Discount rate	4.8%	4.8%
2	Price inflation (RPI)	3.4%	3.5%
3	Price inflation (CPI)	3.0%	3.1%
4	Pension increases for in-payment benefits		
	- CPI maximum 5%	3.0%	3.1%
	- CPI maximum 2.5%	2.3%	2.3%
5	Pension increases for deferred benefits	2.8%	2.9%
6	Scheme participant census date	31-Mar-23	31-Mar-20

3 These assumptions are at the end of the fiscal year

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

17. PENSION SCHEME (Continued)

An allowance of 1% of the liabilities has been allowed for the cost of GMP equalisation which is consistent with the assumption used at 31 March 2023. The Actuary preparing these figures believes this continues to be an appropriate allowance. A loading of £0.1m has been added to the DBO to reflect the estimated additional liability in respect of a statutory minimum benefit rectification exercise. Neither of these additional liabilities are covered by the buy-in policy,

The employer meets the cost of administrative expenses and no inclusion of these is made in the disclosures.

The Projected Unit Credit Method is used to determine the present value of the DBO. Under this method, a “projected accrued benefit” is calculated based upon service as at the date of valuation. In normal circumstances, the DBO is based upon the Scheme's benefit formula.

Changes in reported benefit obligations & assets - Period Ending		31-Mar-24	31-Mar-23
A Change in Defined Benefit Obligation (DBO) (including URB)			
1	DBO at end of prior period	64.2	87.4
2	Effect of employee service in the current period	-	-
3	Interest cost on the DBO	3.0	2.3
4	Remeasurement of the DBO	(2.3)	(22.2)
5	Scheme introductions, changes, curtailments and settlements	-	-
6	Scheme participants' contributions	-	-
7	Benefits paid from Scheme assets	(3.0)	(3.3)
8	Benefits paid directly by the Employer	-	-
9	Taxes paid	-	-
10	Acquisitions	-	-
11	Divestitures	-	-
12	Termination benefits	-	-
13	DBO at end of current period	61.9	64.2
B Change in Scheme Assets			
1	Fair value of assets at end of prior period	73.8	99.2
2	Interest income on Scheme assets	3.4	2.6
3	Return on Scheme assets greater/(less) than discount rate	(13.9)	(25.2)
4	Scheme introductions, changes, curtailments and settlements	-	-
5	Employer contributions	1.5	0.5
6	Scheme participants' contributions	-	-
7	Benefits paid from Scheme assets	(3.0)	(3.3)
8	Administrative costs paid	(0.1)	-
9	Taxes paid	-	-
10	Acquisitions	-	-
11	Divestitures	-	-
12	Fair value of assets at end of current period	61.7	73.8
C Return on Scheme Assets			
1	Total return on Scheme assets	(10.5)	(22.6)

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

17. PENSION SCHEME (Continued)

The DBO is based on an update of the results of the Trustee's actuarial valuation as at 31 March 2023, with the basis changed to reflect the assumptions set out above. Liabilities are projected to the measurement date by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the situation at the period end date and adjustments in respect of actual benefit payments and known inflation over the projection period. The objective of this calculation is to produce an estimate of the actuarial values required by FRS 102.

This approach introduces an element of approximation relative to the result of a hypothetical full actuarial valuation at the measurement date. The advantage of this approach is that it simplifies the computation required. The disadvantage is that this approach is inherently less accurate than fully detailed calculations and the loss of accuracy is difficult to quantify without carrying out the same detailed calculations.

Circumstances where the difference between the results obtained using a projection approach rather than a full actuarial valuation may be material include:

- where there is a long period of projection between the preceding actuarial valuation and the fiscal year end;
- where there are substantial differences between the assumptions used at this fiscal year end and the preceding actuarial valuation;
- where there are significant elements of Scheme experience which are not allowed for in the update, for example membership movements such as the rates of retirement or death; and
- where the assets at the end of the fiscal year have been estimated based upon unaudited financial information from the Scheme's investment managers at an effective date before the fiscal year end.

The calculations are based on the assumption that no asset ceiling restrictions apply. No allowance has been made in the assumptions for the future award of any discretionary benefits.

The Actuary preparing these figures has advised that the results documented are estimates based on data that may be imperfect and on assumptions about future events. She also stated that certain Scheme provisions may be approximated or deemed immaterial and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately. The Actuary preparing the figures advised he believed that the use of approximations in these calculations, if any, has not resulted in a significant difference relative to the results that would have been obtained by using more detailed calculations or more precise data.

A range of results, different from those presented in this report, could be considered reasonable. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as:

- Scheme experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- changes in Scheme provisions or applicable law; and
- significant events such as restructurings, acquisitions and divestitures.

No analysis was performed of the potential range of such future measurements.

The surplus (asset) indicated by the difference between the value of the Scheme assets and the DBO at 31 March 2023 was not been recognised on the Balance Sheet in accordance with FRS102 Section 28.22. The employer does not have a right to a refund of the surplus.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

18. RELATED PARTY TRANSACTIONS

The charity rents three of its buildings to Certsure LLP. As part of its support activities (including IT, HR and facilities), Certsure LLP provided support to the Charity but the cost is not separately identified or charged.

	<u>Certsure LLP</u>	
	<u>2024</u> <u>£'000</u>	<u>2023</u> <u>£'000</u>
Charged by ESC		
Rent	469	468
Staff recharges	-	-
Charged to ESC - Reimbursable expenses	32	23

The Charity received Gift Aid from ESC Partnerships Ltd, a wholly owned subsidiary, amounting to £6,000,000 during the year (2023: £5,115,415). It received Gift Aid from ESF Enterprises Ltd, a wholly owned subsidiary, amounting to £700,000 during the year (2023: £nil.)

During the year expenses were reimbursed to eight Trustees amounting to £3,630, (2023 – seven Trustees amounting to £3,239). These payments were to cover travel, subsistence and accommodation costs incurred.

19. STATUS OF COMPANY

- The Electrical Safety Council is a Charity in England and Wales with the registration number 257376. It also has Charity status in Scotland with the registration number SC039990. No UK taxation is due on profits, income or gains arising from the charitable activities of the company.
- The Electrical Safety Council is registered as a company in England and Wales with the number 570175 and is limited by guarantee.

20. GROUP UNDERTAKINGS

The following were the principal subsidiaries and joint ventures during the year, and have all been included in the consolidated financial statements for the whole year.

<u>Subsidiaries (& Cos Hse Registration)</u>	<u>Country of Incorporation</u>	<u>Class of share</u>	<u>Parent Company's Interest</u>	
			<u>Direct</u>	<u>Indirect</u>
(1)ESF Enterprises Limited (02513162)	Great Britain	Ordinary	100%	-
(2) ESC Partnerships Ltd (08281269)	Great Britain	Ordinary	100%	-

Financial information for the year and at the year end is shown below:

<u>Company</u>	<u>£'000 at 31 March 2024</u>			<u>£'000 for year ended 31 March 2024</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Funds</u>	<u>Turnover</u>	<u>Expenditure</u>	<u>Profit/(Loss)</u>
ESF Enterprises Limited	17	7	10	-	4	(4)
ESC Partnerships Ltd	10,190	2	10,188	-	3	2,001

<u>Joint Ventures</u>	<u>Country of Incorporation</u>	<u>Class of share</u>	<u>Parent Company's Interest</u>	
			<u>Direct</u>	<u>Indirect</u>
(1) Certsure LLP (OC379918)	UK	-	-	75%

Certsure LLP carries out certification and training and activities. The accounting date is the year to 31st March 2024.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

20. GROUP UNDERTAKINGS (Continued)

The Charity during the year owned the entire issued share copy of the following subsidiary undertakings (2) which are registered in England and are dormant:

Electrical Safety Summit Ltd	8551833
Electrical Industry Safety Summit	8551701
Plugsafe UK Ltd	8565296
Electrical Safety First Ltd	8531140
Energy Safety First Ltd	8773701
Product Safety Round Table Ltd	8821644
Electrical Product Safety Round	8822216
Fire Safety First Ltd	8776272
Electrical Fire Safety First Ltd	8776489
Fire Safety First (UK) Ltd	8776490
Utilities Safety First Limited	8773777
Utility Safety First Limited	8773812

With the exception of Electrical Safety First Ltd (no. 8531140), applications to strike the above companies off the register were made on 16 January 2024. These 11 companies were all struck off on 2 April 2024 and dissolved on 9 April 2024.

The Charity also during the year owned the entire issued share capital of the following subsidiary undertakings (1) which were registered in England and were dormant:

NICEIC Contractor Services Ltd	04661718
NICEIC Certification Services Ltd	04411293
NICEIC Professional Services Ltd	04411297

Applications to strike the above three companies off the register were made on 21 March 2023 and the three companies were dissolved on 13 June 2023.

(1) Registered office: Warwick House, Houghton Hall Park, Houghton Regis, Dunstable, LU5 5ZX

(2) Registered office: 45 Great Guildford Street, London, SE1 0ES

Accounts

THE ELECTRICAL SAFETY COUNCIL
(A Company Limited by Guarantee)

Company No. 570175
Charity (England and Wales) No. 257376: (Scotland) No. SC039990

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

THE ELECTRICAL SAFETY COUNCIL

ANNUAL REPORT YEAR ENDED 31 MARCH 2023

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THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION

Patrons

Lord Graham Tope

Board Members and Management

A Chaplin	Chair to 6 July 2022
S Frost	Chair from 6 July 2022
A Williams	
P Hide	Resigned 26 May 2022
S Bounoua	
E Hudson	
T Connelly	
A Wells	
A Boissett	
K Husselbee	Resigned 6 October 2022
A Damirchi	Resigned 14 September 2022
R Olszewski	
M Desmond	Appointed 12 September 2022
N Hussey	Appointed 12 September 2022
P Neville	Appointed 12 September 2022
R Bhalinge	Appointed 6 July 2023
R Gosling	Appointed 6 July 2023
R Vagdia	Appointed 6 July 2023

Senior Staff and Officers – Charity

Lesley Rudd	Chief Executive Officer
Jennifer Trim	Company Secretary

Senior Staff and Officers – Trading Subsidiaries

ESF Enterprises Ltd

M Sibley	Finance Director	Resigned 8 June 2022
K Parker	Non-Executive Director	Resigned 9 June 2022
R Orton	Non Executive Director	Appointed 8 June 2022
E Hudson	Non Executive Director	

ESC Partnerships Ltd

S Frost	Non-Executive Director	Resigned 7 October 2022
E Hudson	Non Executive Director	
P Neville	Non-Executive Director	Appointed 12 September 2022
J Trim	Non-Executive Director	

Registered Charity (England and Wales) No. 257376
Registered Charity (Scotland) No. SC039990
Registered Company No. 570175

THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION (Continued)

Financial Management Committee

E Hudson (Chair)	S Frost (from 6 July 2022)
A Chaplin (to 6 July 2022 and from 6 October 2022)	N Hussey (from 12 September 2022)
A Damirchi (to 14 September 2022)	R Bhalinge (from 25 September 2023)
R Olszewski	L Rudd
P Hide (to 26 May 2022)	J Trim (Secretary)

Electrical Installation Safety Forum

S Devine IET (Chair)
M Allen ESC (Secretary)
B F Walker (co-opted independent)
A Vessey EDA
M Coles IET
P Norris BEAMA
P Sayer BEAMA
B Cairney SELECT
F Bertie Napit
C Pugsley LFB
S Mason HSE
M Smith ECA
P Abreu ENA
T Connelly ESC
G Gundry Corgi AESM
J O'Neil Certsure (to Feb '23)
P Collins Certsure (from Feb '23)
J Hodge BCA
A Wells ESC

Electrical Safety of Products Committee

S Bounoua ESC (Chair)
B F Walker (co-opted independent)
S Curtler ESC (Secretary)
M Dyer Intertek
C Stammers BEAMA
N Hayler BEAMA
H Patel BEIS
C Heemskerk CTSI
M Allen ESC
P Hide ESC (to 26 May '22)
P Hide AMDEA (from 26 May '22)
C Flynn ESC
G Capanna ESC
S Bounds BSI
A Boisset ESC
C Rose LFB
A Gordon Compliance Solutions
A Simpson BRC
R Rashid AMDEA
R Harris BSI CPIN
P Cunningham SFRS

Campaign Development Group

A Damirchi ESC (to Sep '22)
A Williams ESC
N Hussey ESC (from Sep '22)
M Allen ESC
L Rudd ESC
R Carroll ESC (from Jun '22)

Remuneration & Appointments Committee

A Chaplin ESC (to 6 July '22)
S Frost ESC (from 6 July '22)
S Bounoua ESC
K Husselbee (to Oct '22 Chair)
M Desmond (from Oct '22 Chair)
A Boisset ESC
L Rudd ESC
J Trim ESC

Bankers	HSBC, 28 Borough High Street, London SE11YB
Solicitors	Bristows, 100 Victoria Embankment, London EC4Y 0DH.
Auditor	Moore Kingston Smith LLP, 4 Victoria Square, St Albans, Herts AL1 3TF
Investment Managers	Cazenove Fund Management, 12 Moorgate, London EC2R 6DA Rathbone Investment Management Ltd, 1 Curzon Street, London W1J CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET
Registered Office	45 Great Guildford Street, London SE1 0ES

THE ELECTRICAL SAFETY COUNCIL

CHAIR'S STATEMENT 2022/23

The last financial year was my first one as Electrical Safety First's Chair and it has been a very positive year, as we have come out of the shadow of the COVID restrictions and have been able to focus on the Charity's core aims once more.

During the year we spent some time updating our Charity's five-year strategy: A Safer Future for an Electric World. We have now refined the strategy to include a greater focus on growing the charity and on aligning our key performance indicators to ensure they addressed the increased electrical safety risk brought about by the cost of living crisis and the difficult economic environment.

In August we relaunched the Charity's Electrical Safety Fund in response to the cost of living impact on communities in more deprived areas and we welcomed bids for grants from organisations in all four nations of the UK. Such was the demand seen for these grants that the Board agreed to double the budget available for grants for last year from £100,000 to £200,000. Our impact analysis of the responses received has shown the difference this has made to people in those areas, which has helped reinforce our safety agenda.

Last year, we sadly had to say goodbye to trustees Paul Hide, Kate Husselbee and Ali Damirchi. I want to personally thank them for all the support they have given the charity over many years and wish them well in their new adventures.

During the year we have recruited twice with three trustees joining in August and three more after the year end in July. We welcome Paul Neville, Nicola Hussey, Martha Desmond, Rahul Bhalinge, Raj Vagdia and Robert Gosling. They have brought a fresh injection of energy and ideas, as well as a broad range of vital skills – ranging across marketing communications, finance, ICT digital, technical expertise and human resources.

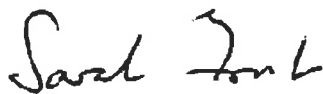
Since part of the charity's focus has been on strategic growth, our Chief Executive, Lesley Rudd, has also been expanding her team so that the Charity develops a structure that is best placed to meet the challenges of the next few years and which can help support an increase in activity.

As you will see from the rest of this annual report, it has been a year of considerable success for the Charity.

A combination of hard work, expertise and collaboration among members of Lesley's team, backed by the support of a forward-looking Board, saw the Charity have a considerable impact across a wide range of areas last year.

I want to place on record my immense thanks to both Lesley and her team and the Trustees for the remarkable effort they put in over the course of the year.

It has been a pleasure to serve as Chair, and it gives me and my fellow Trustees real confidence and excitement when we imagine what the Charity has the potential to achieve in the future to protect the public from the growing electrical dangers in their homes.



Sarah Frost
Chair from 6th July 2022
The Electrical Safety Council
5 October 2023

THE ELECTRICAL SAFETY COUNCIL

CHIEF EXECUTIVE OFFICER'S REVIEW

Last year was the most productive and impactful I have experienced since joining as Chief Executive at the start of 2020.

Unshackled by the effects of a global pandemic and with an injection of new colleagues, bringing new skills, perspectives and energy to an already excellent team, the Charity effected real change that is helping save lives.

We successfully persuaded all four UK governments to enhance electrical home installation safety, benefiting tenants across the country. Scotland and Wales now mandate five-yearly electrical safety checks for both private and social tenants. Our campaigning efforts will also soon bring the same protection to private tenants in Northern Ireland. Moreover, the UK Government's recent announcement ensures social housing in England will have similar safeguards to the private rental sector. Fire doesn't discriminate based on housing tenure or location so we are pleased to see the legislation beginning to reflect that.

We now continue to push for checks in owner-occupied housing at the point of sale and free checks for vulnerable people, as part of the priority services register.

Our reputation for exposing dangerous electrical goods through technical investigations continued to be a real area of strength for the Charity. Some of the potentially deadly products we uncovered included: 'energy-saving' devices that actually sent shards of hot metal across the room; 'water-proof' extension leads that were nothing of the sort; and plug-in heaters with a panel that fell off at the lightest of touches exposing live parts.

This investigative work not only ensured these items stopped being sold to, and potentially harm, the public. It also fueled our media and campaigning agenda, raising the profile of these issues that need tackling at government or industry level.

We also embarked on some long-term projects that will be the building blocks for helping make Electrical Safety First a household name. We conducted a comprehensive, independent audit of our brand. We have kicked off an ambitious build of a new website that will be a best-in-class portal of life-saving advice for the UK public.

Our campaigns were the most collaborative, cross-department projects run by the Charity. *Don't Be Electricked* saw Technical, Public Affairs and Communications colleagues work hand-in-glove, blending their skills to create a powerful campaign raising awareness and the need for urgent action on dangerous electrical goods sold routinely in online marketplaces. Our award-winning Electrical Fire Safety Week campaign, *Don't Be Next*, featured not just cross-departmental collaboration, but saw us team up with four fire and rescue services across the country to warn people of the dangers of misusing portable electric heaters.

And last year laid the foundation for our most ambitious campaign yet: *Battery Breakdown*. The Technical Team spent much of last year producing the most detailed report on lithium-ion batteries to date. This was then executed in the summer across national, regional and online media.

Our annual Electrical Product Safety Conference was a significant fixture in our sector's calendar again, with over 250 attendees. We subsequently launched an inaugural Scottish Product Safety Conference and plan an installation safety-focused conference for early 2024.

Whilst last year was hugely successful, I consider it a taster of even greater things to come. Our Charity has big ambitions. We are driven by a clear, focused purpose of saving lives. The impact that you will read in this report, and that we are building for the future, does not just happen and is not easy. It is the culmination of a lot of work, endeavour, creative thinking and expertise. It also requires partnership working with stakeholders from a range of organisations.

THE ELECTRICAL SAFETY COUNCIL

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

I therefore want to give a huge thank you to the Charity's outstanding, committed staff. To our Board of Trustees, who dedicate their time and valuable skills for free. And to all our stakeholders and partners who have helped us to save lives.

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

Lesley Rudd
Chief Executive Officer, The Electrical Safety Council
5 October 2023

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Directors, who are also the Trustees of the Charity, submit their annual report and the audited financial statements for the year ended 31 March 2023. The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* (2nd Ed. Oct. 2019) consistent with Financial Reporting Standard (FRS) 102 in preparing this report. The legal and administrative information on pages 1 and 2 form part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Electrical Safety Council is a company limited by guarantee and a registered Charity. The Charity is governed by its Articles of Association which were amended on 12 March 2020.

The Charity is not required to convene an AGM; engagement with stakeholders and representatives of beneficiary groups is undertaken through a variety of channels which include media and digital campaigns to encourage safer behaviour and address product safety. The Charity continued to work with the Government in Westminster and with the Welsh Assembly, Scottish Parliament and the legislation in Northern Ireland.

Board Members are Directors for the purposes of company law, are Trustees for charity purposes and also comprise the Charity's Members. All new director appointments are based on selection criteria which ensure that collectively the Board maintains a broad range of relevant skills and experience.

No monetary value has been attributed to the work of volunteers which comprises mostly the unpaid time of the Charity's Board of Directors, although their contribution is significant and vital to the current activities and continued future success of the Charity and its subsidiaries. The Charity continued to utilize the Google adverts charity scheme and further information is provided later in the report.

An induction programme is offered to all new Trustees to ensure that they are briefed on the Charity's objects, strategy and activities. Directors are encouraged to attend relevant training seminars during the course of the year. Training is also provided on a group basis to the Board on relevant and topical issues.

The Charity's strategy is set by the Board of Directors - the Electrical Safety Board. The Board meets four times a year, plus other meetings as required. The Trustees keep the governance arrangements and the constitution of Charity Committees under review. The Directors are covered by indemnity insurance.

The Board delegates to the Charity's Executive Team the exercise of certain powers in connection with the management, administration and financial management of the Charity, with regular reporting on these matters to the Board.

Responsibilities delegated to the Board's sub-committees are ratified through the Board of Directors. The Chief Executive Officer and other members of executive management attend meetings of the Board of Trustees and the sub-committees.

The Board of ESF Enterprises Ltd includes a Trustee of the Charity. In addition to the appointment of this Trustee to the Board, oversight was achieved by the establishment of clear terms of reference in relation to the Trading Group's activities - alongside a scheme of delegated financial authority. The same scheme of oversight covers ESC Partnerships Ltd whose Board comprises two Trustees.

Certsure LLP, the joint venture with the Electrical Contractors Association from which a wholly owned subsidiary of the Charity, ESC Partnerships Ltd, is currently entitled to 75% of the profits has a Management Board with responsibility for day to day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity with the other two being the Chief Executive Officer and Finance Director of the Charity which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

The Charity's Committees in operation during the year were:

- Electrical Safety of Products Committee
- Electrical Installation Safety Forum
- Financial Management Committee
- Remuneration and Appointments Committee
- Campaign Development Group

The Charity does not raise funds from the general public and therefore does not undertake, or engage with or permit third parties to undertake on its behalf, fundraising activities to raise funds for the Charity.

The Charity believes that everyone has the right to be safe from the dangers that electricity can present. It is committed to a culture of inclusivity and equality, and believes that the diversity of its team is what empowers it to campaign on behalf of everyone in the UK, to keep them safe from electrical risk. The Charity endeavours to ensure that every member of staff and Trustees voice is heard and that it is able to use individual experiences and unique talents in a truly collaborative approach to achieving the Charity's goals. The Charity's staff are valued and supported, and by acknowledging and respecting that we are all different, the Charity believes it is better able to represent all of the people it is working to protect.

PUBLIC BENEFIT

The Directors are mindful of their duties, and have paid due regard to the guidance provided by the Charity Commission, to ensure that the Charity continues to carry out its charitable aims being the advancements of health and the saving of lives with the aim of delivering public benefit activities which include:

- Dedicated campaigning activities targeted at increasing awareness and reducing risks to the general public.
- Parliamentary lobbying for changes to legislation to improve electrical safety for all.
- Participation on national and international committees overseeing and developing electrical standards which aim to maintain and improve the safety of all users of electricity.
- Maintenance of a website providing information and education on electrical safety.
- The operation of a free of charge email address providing advice and guidance on electrical safety matters to all members of the general public.
- Provision of grants focused on reducing risks posed by electrical products and/or installations.

STRATEGIC REVIEW

The Objectives of the Charity

The principal objective of the Charity remains the protection of users of electricity against the hazards of faulty, unsafe and otherwise defective electrical installations and products. Achievement of the charitable objective is undertaken by both the Electrical Safety Council and its Joint Venture with the Electrical Contractors' Association, Certsure LLP.

The Charity's mission is the safety of **all** users of electricity with a specific focus on:

- Improving the safety of electrical installations.
- Improving the safety of electrical products.
- Direct interventions and grants.

Charitable activities undertaken by the Charity's Joint Venture with the Electrical Contractors' Association, Certsure LLP, which supported the Charity's safety objectives included:

- Assessment, certification and registration of individuals and entities carrying out electrical work through:
 - Operating the Approved Contractors' Scheme which is a voluntary electrical safety self-regulating body.
 - Running the Part P CPS Scheme, a self-certification scheme for providers of electrical services and related ancillary trades to domestic dwellings under Part P of the Building Regulations.
- Distribution and retail of technical publications and certificates.
- Provision of electrical training courses

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Activities and Outcomes for the Year

Marketing communications

Electrical Safety First continued to help achieve its mission through securing extensive media coverage and engaging via digital channels. This raised awareness of dangers and conveyed best practice to the British public; it also supported the proactive influencing of governments, industry and other stakeholders on issues of electrical safety.

Traditional media

All the Charity's media campaigns are supported by appropriate evidence-based research, including consumer surveys and technical investigations of products. As well as supporting new and established media campaigns, the team was also agile in responding to opportunities as they identified developments in electrical public safety.

Between 1 April 2022 and 31 March 2023, the Charity's media relations employees secured 2,070 individual pieces of media coverage mentioning 'Electrical Safety First', across national and regional TV, radio, newspapers and their online channels. This compares with figures between 1 April 2021 and 31 March 2022 of 801 pieces of coverage secured, worth £1.84 million that created 96.5 million opportunities to see or hear.

Key traditional media impact for the financial year ending 31 March, at-a-glance:

- 2,070 individual media pieces of media coverage secured (158% increase on previous financial year).
- This created 1.01 billion opportunities to see or hear our issues (904% increase on previous financial year).
- And had an advertising value equivalent to £27.4 million. (1,389% increase on previous financial year).
- Sentiment of this coverage was 99.4% positive, 0.5% neutral, 0.1% balanced and 0% negative.

One example of a campaign this media work supported was *Don't Be Next*, which was the slogan of the Charity's Electrical Fire Safety Week activation for 2022. *Don't Be Next* focused on raising awareness of the dangers connected with misusing or using substandard electrical plug-in heaters. It was shortlisted as a finalist in ten separate categories at national industry awards, winning two at the time of writing.

The proactive media coverage also supported the Charity's work in the area of online marketplaces. This included a June 2022 investigation by the charity that found a large number of dangerous electrical goods being sold in online marketplaces. This was followed up by the launch in December 2022 of the *Don't Be Electricked* campaign, which used a blend of research, traditional media and social media activity to raise awareness of the need to regulate to improve safety, as well as awareness amongst consumers of the need for vigilance when it comes to purchasing electrical goods, especially online. To date, *Don't Be Electricked* has been shortlisted as a finalist in three separate categories at national industry awards.

In June 2022, the Charity published results of an investigation into the effectiveness of the legislation introduced in 2020 following successful campaigning which saw private landlords legally mandated to carry out five-year Electrical Installation Condition Reports (EICRs). Cross-departmental collaboration saw all local authorities sent Freedom of Information (FOI) requests. The responses with sufficient information found a total of 6,863 electrical faults recorded across 98 local authorities, providing an insight for the first time into the state of the electrics in England's private rental housing stock. The media relations function achieved media coverage using this primary data in a range of national, regional and trade outlets, including BBC Online, The Sun, and a live interview with a spokesperson on Times Radio.

Digital and social media

Website

The Charity continued to publish considerable pertinent information regarding electrical safety, associated media and political campaigns and industry-focused activity. Across the 12 months between 1 April 2022 and 31 March 2023, the Charity's website received more than 6.1 million page views by 4.3 million unique visitors.

The website provided the landing pages for key campaigns last financial year, including *Don't Be Next* and *Don't Be Electricked*. It was also employed to market and process registrations for the annual Electrical Product Safety Conference and Safety Innovation Award.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

The Communications Department as a whole, led by the digital communications personnel, also embarked on a review, analysis and scoping initiative of the website to inform a future rebuild of the Charity's online presence.

Electrical Safety First website visits stats between 1 April 2022 and 31 March 2023

Metric	Count
Page views	6,111,445
Unique page views	5,559,045
Users (unique visitors)	4,301,416
New users	4,261,150
Sessions	4,908,221

Social media

The Charity harnessed social media to convey safety messages and help influence decision-makers, around a wide range of electrical safety issues. It also supported key campaigns, such as those addressing the safety of goods available for sale on online marketplaces and the increased use of electric plug-in heaters driven in part by the cost-of-living crisis, with organic and targeted posts across its online channels.

Social media also supported the charity's campaign on EICRs in the private rental sector derived from the FOIs retrieved from local authorities that detailed the extent of electrical faults uncovered. That data was publicised across Charity and employees social channels, along with an infographic detailing the key statistics, and calls for this protection and legislation to now also cover tenants in social housing.

Social media also proved a vital tactic for marketing our Safety Innovation Award and our annual Electrical Product Safety Conference.

More than 3.1 million impressions were achieved through activity across the Charity's Twitter, Facebook, Instagram and LinkedIn channels in the financial year ending 31 March 2023.

Electrical Safety First social media stats between 1 April 2022 and 31 March 2023

Channel	Impressions	Engagements (likes, replies, retweets, link clicks)
Twitter	2,246,536	9,586
Facebook / Instagram	730,074	6,127
LinkedIn	170,340	10,825
Total	3,146,950	26,538

The Charity also increased its Facebook followers between March 2022 and March 2023 from 19,969 to 23,084 – an increase of 3,115 followers (15.59%).

Google adverts

The Charity's digital communications employees continued to harness the opportunity offered by the Google adverts charity scheme. Between 1 April 2022 and 31 March 2023, Electrical Safety First secured \$425,450.05 worth of complimentary advertising relating to search terms entered into Google, which generated 305,532 clicks through to our website.

This compares with a 2021-22 Google adverts performance of \$298,494.96 worth of free advertising secured which generated circa 228,231 visits to the website. So in the financial year ending 31 March 2023, the Charity's digital communication function secured a \$126,955 (42.5%) increase in free Google ads and 77,501 (34%) more click-throughs to our website.

Events

The Charity's annual Electrical Product Safety Conference, entitled 'Safe and Sustainable,' took place on 23 November. 238 delegates registered (a 53% increase on the Charity's last live event) with a very low drop-out rate. £35,800 of income was raised through sponsorship and ticket sales. 98% of delegates said they would recommend the conference to a friend. 50% of sessions were rated as 'Very Good', and 50% as 'Excellent' (compared to all sessions rated as 'Very Good' last year).

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Included within the annual conference was the announcement of the winner of our Safety Innovation Award. Launched in 2019, the Award was established to acknowledge an innovative and sustainable product or project, placing safety of consumers at the heart of its development. Last year's winner for 2022, Connected Innovations, offered another way of dealing with potential fires, this time from their smart socket device. The sockets, backed by a core safety and communications system which monitors a range of external factors, have the ability to switch off appliances if it detected a buildup of heat in the plugs and nearby wiring.

Working with governments

The Charity collaborates with parliamentarians and policymakers, shaping impactful electrical safety legislation. Our scope covers various regulatory areas, including housing, counterfeits, online sales, recalled products, electric vehicles, and the future home. As our world electrifies, the Charity's mission gains even greater importance: ensuring electrical safety for all. Despite this, its significance remains overlooked in low-carbon strategies. This past year, the Charity emphasised the importance of electrical safety in the evolving home of the future, supplementing its primary focus on safer products and installations

Westminster-focused activity

Product safety

The Charity's policy and public affairs department continued to campaign for stronger regulation of online marketplaces, to protect consumers from purchasing dangerous electrical goods through platforms, such as Amazon Marketplace, Facebook Marketplace and eBay. Online Marketplaces lack the safeguards and protections placed on traditional high street retailers.

The Charity's collaboration with Ian Mearns MP led to the introduction of the Sale of Goods (Online) Safety Bill, which was debated in the House of Commons, ensuring ongoing political awareness and momentum for the Charity's campaign. This prompted Government Minister, Kevin Hollinrake MP, to commit to enhancing the regulation of online marketplaces through the forthcoming UK Government's Product Safety Review.

The Charity's public affairs function organised an event for the All-Party Parliamentary Group (APPG) on Online and Home Electrical Safety, for whom it provides secretariat services. The attendance of Shadow Minister for Business and Consumers, Seema Malhotra MP, further strengthened the Charity's political support and reach, leading to a separate meeting to address wider product safety concerns. The Charity also received multiple positive mentions on the floor of the House of Commons from various MPs – notably Yvonne Fovargue MP, who raised an oral question to the Secretary of State, highlighting the Charity's advocacy efforts regarding online marketplace regulation.

The public affairs team coordinated a letter from the APPG on Online and Home Electrical Safety, signed by 70 parliamentarians, urging the UK Government to regulate online marketplaces. This letter garnered coverage in the Daily Mail and Mail Online.

Expanding the Charity's focus on product safety, public affairs personnel collaborated with organisations, including the Chartered Trading Standards Institute (CTSI) and Which?, calling for changes to the Retained EU Law (Revocation and Reform) Bill, preventing a decline in product safety standards.

They also worked alongside Lord Fox and Lord Clement-Jones on an amendment to the Product Security and Telecommunications Infrastructure Bill, highlighting the need for online marketplaces to be held accountable for the safety of products sold on their platforms.

These issues were just a few of the areas the team raised during their attendance at the national political party conferences in autumn 2022. During these engagements, they actively participated in various fringe events to promote the Charity's agenda to political figures and policy influencers.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Installation safety

The public affairs function made further progress to ensure universal electrical safety protections for everyone, regardless of their circumstances, achieving significant recognition in both the Commons and the Lords.

To safeguard renters from electrical risks, the team was pleased their advocacy efforts were acknowledged in the Social Housing (Regulation) Act, which included their ask for mandatory electrical safety checks in the social rented sector in England and which became law in summer 2023.

The Charity played a pivotal role in shaping the consultation on electrical safety standards in social housing conducted by Department for Levelling Up, Housing and Communities (DLUHC). The Charity had championed the need for five-yearly electrical safety checks for leaseholders in social housing blocks, which was then included in the consultation proposals.

The public affairs team also made important strides in protecting short-term renters and holidaymakers who use platforms like Airbnb. By developing and launching a policy paper on short-term lets (STLs) in England, and actively participating in a consultation on new standards for the sector by DCMS, they addressed the lack of electrical safety regulations in this rapidly growing sector.

The Charity's commitment to homeowners and sellers led to significant progress as well. Working with Lord Foster, the team successfully advanced the Domestic Premises (Electrical Safety Certificate) Bill through the House of Lords. This groundbreaking bill, backed by the Labour frontbench, would ensure that an Electrical Installation Condition Report (EICR) is provided during property sales, extending much needed electrical safety safeguards to owner-occupied homes.

In collaboration with Lord Stunell, the team secured an amendment to the Building Safety Bill, accepted by the Government. This amendment mandates a Government cost-benefit analysis of implementing electrical safety checks across every tenure in high-rise residential buildings in England.

Through the public affairs function's efforts, the Charity is driving impactful political and legislative change, and raising the bar for electrical safety across the board.

Scotland

With an impressive set of achievements in Scotland, including comprehensive protections for social, private, and short-term renters, as well as imminent safeguards against dangerous, recalled products, the Charity's policy and public affairs department increased its efforts to establish new relationships and expand its reach to previously unengaged Members of the Scottish Parliament (MSPs).

Their partnership with Tom Arthur MSP, the Minister for Community Wealth and Public Finance, has been invaluable. His oversight of consumer protection and responsibility for Consumer Scotland has played a pivotal role in advancing the Charity's mission in Scotland, particularly in matters concerning product and consumer safety.

To amplify the Charity's impact, the public affairs function actively participated in a range of prominent events and groups. Notably, it presented at the Scottish Parliament's cross-party group on accident prevention and safety awareness. This platform provided an opportunity to showcase their policy work and emphasise its significance.

Another noteworthy speaking engagement took place at the Edinburgh Fringe Green Homes Festival in August 2022, where the team focused on raising awareness about the imminent electrical safety risks associated with net zero homes of the future.

They also attended conferences organised by all major political parties in Scotland and engaged with over 50 MSPs, bringing attention to critical issues. Their focus included shedding light on the inadequate regulation of online marketplaces and emphasising the vital necessity of providing free electrical safety protections for vulnerable people.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

A significant highlight was the public affairs team's presence at the SNP conference in October 2022, which drew the attention of the then First Minister, Nicola Sturgeon MSP. Her visit to their stand provided it with high-level engagement and increased the Charity's visibility. This moment received media coverage, including a feature on Channel 4 News.

Wales

The implementation of the Renting Homes (Wales) Act 2016 in December 2022 marked a significant milestone for the Charity, as it introduced mandatory electrical checks for both the private and social rented sectors in Wales. The public affairs team's advocacy efforts extended to campaigning for similar measures to be implemented in short-term lets, gaining the support of the Welsh Government, which has committed to proposing legislation in 2023.

To amplify the Charity's concerns and engage with Members of the Senedd (MSs), the public affairs team organised multiple impactful events in the Welsh Senedd. One event, sponsored by Mike Hedges MS, focused on addressing the pressing issues surrounding electric vehicles and the risks associated with unsafe charging practices. This event attracted the attendance of a quarter of all MSs, raising awareness about the role of the Charity's voice in the decarbonisation of transport.

Another event, sponsored by Mark Isherwood MS, underscored the benefits of homes having an Electrical Installation Condition Report, not only under the Renting Homes Wales Act but also if extended to owner-occupied homes. 13 MSs attended, and the coverage generated through photos and press releases was widely shared by attendees through local press and social media.

In the Charity's pursuit of advocating for electrical safety during the cost-of-living crisis, the team organised the tabling of a statement of opinion in the Senedd, which garnered support from 13 MSs, further solidifying the significance of the Charity's cause.

Public affairs personnel met with Deputy Minister for Climate Change, Lee Waters MS, who holds responsibility for sustainable transport policy in Wales. His support will play a crucial role in ensuring the introduction of safer and greener travel measures.

Through these concerted efforts, the department has made significant progress in advocating for electrical safety and driving positive change in Wales. Its engagement with MSs, combined with the commitment from the Welsh Government, sets the stage for a safer and more sustainable future for all.

Northern Ireland

Despite the ongoing delay in the reformation of the Northern Ireland Assembly, limiting the Charity's ability to push its legislative agenda, the public affairs function managed to engage with politicians from across the political spectrum. Its outreach extended to influential figures such as Ciara Ferguson MLA (Sinn Féin), Kellie Armstrong MLA (Alliance) and Robbie Butler MLA (Ulster Unionist Party). These relationships allowed the Charity to make its voice heard and advocate for important causes.

A significant accomplishment was the passing of the Private Tenancies Act in Northern Ireland. This legislation includes the crucial provision of electrical safety checks in the private rented sector, a campaign the Charity tirelessly fought for. To ensure the effectiveness of these regulations, public affairs colleagues worked closely with the advisory panel, contributing their expertise and insights. Currently, the regulations await executive approval, representing a crucial step toward enhancing safety standards in Northern Ireland.

Electrical Safety Fund

In response to the cost-of-living crisis and research showing the likelihood of electrical safety being compromised by financial concerns, the Charity launched its new Electrical Safety Fund. It awarded £200,000 worth of grants to 44 organisations across the UK. Projects ran until the end of February 2023. They ranged from electrical blanket testing and replacement drop-in events, to the staging of a theatrical production that raised awareness of electrical safety issues.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Product Research and Investigations

Dangerous plug-in heaters

Electrical Safety First's Technical Department carried out an investigation into three electric heaters identified in online adverts targeting shoppers and referencing the record-high energy bills as a means of attracting consumers to their product. After purchasing the *Keilini*, *HeatPal* and *InstaHeat* heaters directly via the pages linked to from the adverts, testing revealed all three posed a serious risk of electric shock, with mains plugs not meeting the necessary UK safety standards. Two featured such poorly made plugs the pins risked breaking off when plugged into a socket, posing a serious risk of electric shock. The charity conducted a strength test on the plug pins of *HeatPal* and *InstaHeat*, both of which failed. Buyers also risked damaging their sockets with these devices, as plug sections on two heaters did not meet the dimensional requirements for UK sockets. This means they did not fit into a socket-outlet correctly and risked causing damage to the socket-outlet over time. The *Keilini* brand featured no UK plug whatsoever, instead being fitted with an EU mains plug and a substandard UK travel adaptor. This arrangement is unsuitable for use in UK sockets, as there is no fuse in the plug, creating a fire risk with no safety mechanism to protect the cable or to cut power to the heater in the event of a fault. All heaters purchased were missing basic markings on the product required of them by legal safety standards. The Charity reported its findings to the Government's Office for Product Safety and Standards (OPSS) and to the Advertising Standards Authority (ASA). It also secured national and media coverage of the issue to alert consumers to the danger.

Online marketplaces

The Charity's technical experts also investigated listings of electrical goods across five leading online marketplaces, including Amazon Marketplace, eBay, Facebook Marketplace, AliExpress and Wish.com. More than 50 listings of products for use around the home were unsafe. One EV charging cable purchased from eBay presented a risk of electric shock and overheating when it was tested by a specialist lab. Two other EV charging cables purchased from Amazon Marketplace also failed electric shock tests, exposing users to a major hazard. Hair dryers and straighteners tested had been fitted with illegal mains plugs lacking a fuse, presenting both fire and electric shock risks. One kitchen blender was fitted with a defective motor that began to overheat and release smoke, less than a minute after being switched on. The Charity made OPSS and all of the online marketplaces aware of the dangerous products. It also created a photo opportunity by taking out a physical stall at a busy Central London market and secured substantial media coverage, to spread the word of these dangers amongst the public and to support calls for legislation to address the dangers of electrical goods available on these types of online sites.

E-bike chargers

In another investigation Electrical Safety First identified mains chargers designed to charge e-bike batteries that could start devastating fires. Nearly 60 listings were found by the charity across Amazon Marketplace, eBay, Wish.com and AliExpress, all of which fell well below the necessary safety standards for sale to UK consumers. The listed products were predominantly advertised as e-bike chargers, whilst others were for multiple use, designed to charge the batteries of e-scooters or hoverboards. The charging devices, advertised as accessories for e-bikes to power up lithium-ion batteries, all failed to meet the necessary standard for UK plugs, with many appearing to have no fuse, giving serious doubt as to the overall safety of the product, including the quality and safety of internal components. Plugs without a fuse have no means of cutting out in the event of a fault in the supply lead, leaving the consumer exposed to a serious risk of fire. The risk associated with substandard charging devices powering lithium-ion batteries is particularly acute, as in the event of a fire occurring from the charger, its close proximity to this type of battery could cause a ferocious and devastating fire in the home. On contacting the Marketplaces investigated, all removed or blocked the listings highlighted to them by Electrical Safety First. One marketplace informed the charity it had subsequently conducted a deep dive based on the intelligence provided by the Charity on its platform resulting in the removal of hundreds more listings.

'Energy-saving' devices

An investigation in spring of 2022 uncovered four dangerously substandard plug-in devices sold online that purported to either save energy or 'stabilise electrical current'. The marketing of these products at a time of high energy bills, suggested the sellers were exploiting the cost-of-living crisis. Electrical Safety First commissioned

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

an independent lab for specialist testing, which revealed all failed basic safety standards, risking fires and electric shock. Energy saving claims are broadly linked to internal electronic components called 'capacitors' which can 'smooth the electrical current.' However, in one of the devices tested, the capacitor was not connected internally, rendering the component useless and the product's 'energy-saving' claims baseless. The Charity shared its findings with the ASA and OPSS, who immediately asked the online marketplace in question to delist the product and updated the information on its Product Safety Database. The online marketplace swiftly removed the products for sale and conducted a further sweep, removing a further 145 listings.

Lithium-ion batteries

The Technical Department also began an extensive investigation into lithium-ion batteries, which power e-bikes and e-scooters, following a growing number of incidents where some of these items have been responsible for devastating fires. The nature of these batteries means that if there is a fault, through substandard or incompatible products or through misuse, the resulting fire can be ferocious in nature and very difficult to extinguish. The research product comprises desktop research and testing at an independent laboratory. The Charity's findings were published in a report in summer 2023.

Working in Partnership and Stakeholder Engagement

By working with manufacturers, retailers and other organisations, the Charity is able to reach a much wider audience with its campaigns. To support the aim to be a collaborative organisation, and to work as a facilitator of best practice, the Charity has established – and hosts – various electrotechnical committees and groups. A wide range of areas are encompassed, from the safety of electrical installations and products, to new technology and the smart home. Membership of these groups is equally diverse, and includes representatives from throughout the product and installation supply chain, as well as lawyers, distribution network operators, fire and rescue services, trading standards and Government and non-departmental Government bodies.

Electrical Safety First established and Chair the following committees:

- The Electrical Installation Safety Forum takes an overarching review of anything from the safety of electrical supply intake equipment to installer competence and emerging safety issues.
- The Electric Vehicle Charge Point Installation Safety Working Group set up in collaboration with the Office for Zero Emission Vehicles (OZEV), to improve the quality and safety of EV charge point installations.
- The Wiring Regulations Advisory Group (WRAG), provides guidance on frequently asked questions on BS 7671 (IET Wiring Regulations). The group establish a consensus response to queries on the standard, which is then added to the WRAG database, published on the Electrical Safety First website. This resource is well regarded and well used, attracting around 3,500 visits per month.
- The Electrical Safety of Products Committee reviews the safety of consumer electrical products which connect to mains voltage and extra-low voltage supplies. It considers changes in legislation and standards, reviews the Charity's product screening activities, and has a watching brief on emerging issues impacting on consumer safety.
- The EICR Improvement Working Group, seeks to improve the quality and consistency of Electrical Installation Reports (EICRs) for the benefit of end users, including landlords letting agents. It also aims to develop guidance that will provide transparency on the scope and extent of periodic inspection and testing of electrical installations.
- The Improving Product Registration and Recalls (IPRR) Working Group aims to develop collaborative solutions to improving low product registration and recall response rates.
- The Smart Technology Product Safety Stakeholder Group is co-chaired by Electrical Safety First and the law firm DLA Piper. It aims to identify issues arising from connected technology which could impact on consumer safety and to promote good practice within the industry. Shortly after the year end the Group published its second in a series of guides helping consumers in the UK when buying and using smart technology in their home.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

The Charity is a member of multiple British Standards Institute's (BSI) committees and various other key electrotechnical committees and forums, which provide the opportunity to influence improvements to standards and to collaborate with relevant organisations. There is also collaboration with international standard setting through CENELEC – the European Committee for Electrotechnical Standardisation – that impact on UK standards is maintained via the Charity's membership of BSI committees.

Electrical Safety First's Chief Executive is a long-standing member of ESSAC, the Electrotechnical Standardization Strategic Advisory Council, which provides the British Standards Institution with high-level, strategic advice and guidance for the UK's electrotechnical industry. Other groups which we have membership of include: the National Fire Chief's Council's Home Safety Committee; the Department for Energy, Security and Net Zero's (DESNZ) Smart Meter Operational Group and Smart Meter Safety Advisory Group.

The Charity's long-standing work with the Office for Product Safety and Standards (OPSS), has continued, particularly around raising awareness of safety issues associated with products sold on online marketplaces and the need for legislation to better protect consumers.

Electrical Safety First is frequently used as an expert voice by national and regional media – as well as the electrotechnical industry – and beyond. Its technical specialists are frequent speakers and panellists at a variety of events. These included: Retra, AMDEA's appliance 2050 and ICPHSO.

Certsure Joint Venture

Charitable objectives continued to be delivered through the Certsure LLP joint venture. Certsure offers industry-leading certification services, Building Regulations schemes, training, products and support to the construction industry and beyond. Profits from these activities provide a significant part of the Charity's income.

Certsure carries out assessments on businesses designed to verify the ongoing competency of these businesses and ensure technical integrity and safety standards are continuously upheld. Regular assessments are a condition of being certified by NICEIC, the operating name of Certsure. Split into two key areas, the assessments include on-site scrutiny of representative examples of work, and office audits – to verify effective record keeping and that the correct qualifications, insurances, and policies are in place. Evidence that employees are adequately supervised, and that they are undertaking continuous professional development, is also required. To help people find their nearest NICEIC certified business, Certsure's website hosts a 'Find a Contractor' tool, which allows consumers to search for local businesses by postcode.

Certsure has supported the continued roll-out of legislation relating to Electrical Safety Checks in the rental sector providing guidance to Landlords, Tenants and Electrical Contractors. Working alongside Electrical Safety First and other industry stakeholders, Certsure is also actively involved in campaigning for parity, sharing the collective view that every tenant should benefit from regular electrical safety checks regardless of geographical location or tenure.

Along with other key stakeholders, including Electrical Safety First, Certsure sits on the BSI JPEL/64 committee, a cross-industry group responsible for maintaining BS 7671, the Institution of Engineering and Technology (IET) Wiring Regulations, which is currently in its 18th edition. The committee takes on board information from international committees and UK specific requirements, to ensure consistency and improve safety throughout the UK electrical industry.

Certsure's technical helpline is another resource open to electrical contractors. This service assists contractors with their real-life queries. Both Certsure and Electrical Safety First are committed to ensuring consumer protection by continually raising industry standards. NICEIC technical webinar series, *THE WIRE*, is broadcast live and also available on demand. The on-demand library features over 30 hours of CPD accredited webinars. Certsure is also a leading training provider for the electrotechnical industry, offering a wide range of highly regarded formal training, delivered via various platforms. Both via formal training courses and free CPD, Certsure is helping thousands of electrical contractors keep their technical knowledge and skills up to date – and helping to ensure they deliver safe, compliant, installations to consumers.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Future Plans for 2023-24 include:

Continue working to ensure the Charity fulfills the aims set out in its updated five year strategy running to 2028. The key strategic priorities of the Charity following the strategy review were agreed as:

- Be the recognised expert voice in electrical safety.
- Safer electrical installations.
- Safer products.

Towards these the Charity has identified specific actions. There are seven key performance indicators (KPI) that the Charity will aim to have achieved by 2028 and 12 month goals for 2023-24 in relation to each KPI have been identified. Progress is recorded and regularly reported to quarterly Trustee meetings.

Financial Position and Reserves

The Group has recorded an increase in funds during 2022/23 of £2,918K consisting of net income of £3,718K and a £800K actuarial loss recorded on the Pension Scheme with the asset indicated by the difference between the Scheme Assets and Defined Obligation not being recognized on the Balance Sheet (see note 17). The reserves at year end which are wholly unrestricted totaled £31,276K.

Gift aid of £5,115K (2022: £5,579K) has been received by the Charity from its subsidiaries. The Charity's subsidiaries include ESC Partnerships Ltd which is one of two members of Certsure LLP and which generated all of the 22/23 gift aid. The other member of Certsure LLP is the Electrical Contractors' Association Ltd which is a wholly owned subsidiary of the Electrical Contractors' Association, a members' association.

Income

Total Charity income was £6,147k (2022: £6,458K), the main component of which was £5,115k (2022: £5,579K) received from subsidiaries in gift. Other incoming resources are income payable to the Charity by Certsure LLP for use of its properties together with investment income and income generated by Charitable Activities.

Expenditure

Total expenditure for the year was £2,663K (2022: £1,950K), a substantial increase on the prior year. Activities were no longer constrained by the restrictions that resulted from covid and the Charity awarded grants totaling £293K (2022: £0) targeted to improve electrical safety.

Fixed Assets

The majority of the Charity's tangible fixed assets comprise the land, buildings, furniture, equipment and IT hardware used daily. Changes in tangible fixed assets are shown in note 10 to the financial statements.

Pension Scheme

The scheme assets of the closed final salary pension scheme exceed the liabilities by £9.6m when measured in accordance with FRS 102 but the employer has not recognised this asset under FRS102 Section 28.22. The employer did however make deficit contributions during the year due to the different basis on which the funding position is assessed. The deficit on this basis can impact the Charity's short and medium-term cash flows depending on the funding arrangements agreed with the Pension Scheme Trustee. Following the 31 March 2020 triennial valuation, these payments comprised continuation of the annual amount of £600k to March 2021 followed by £250k pa until an anticipated date of self-sufficiency which is a stronger funding basis than technical provisions. However, in order to shorten the timescale for the Scheme to achieve self-sufficiency, the Trustees decided to make a lump sum contribution of £4m before the end of 2021/2 and increase the annual contributions to £1m pa from April 2022 with a shortened target date of self-sufficiency being achieved by the end of 2027. Following a significant improvement in the funding position with self-sufficiency believed achieved, it was agreed to pause contributions after September 2022 once £500K had been paid in the year. The next triennial valuation is scheduled as at 31 March 2023 and is currently in progress.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Outlook

The Group's financial position overall remains healthy. The Charity holds significant reserves but the Trustees are also mindful of the obligation that still exists to the Pension Scheme and are balancing that with using resources to deliver on its objectives.

Cash, Investment Policy and Returns

Group cash and investment balances excluding joint ventures have increased over the last year to £20,072K (2022: £17,850K). Whilst investments have lost value, gift aid received in year has resulted in an increase in bank balances more than offsetting this.

The Charity's investment policy has as its objective "to produce returns and be a vehicle for holding the agreed level of Charity reserves". The investment target return is once any income required has been taken to maintain and where possible enhance the real value of the portfolio without taking unnecessary risks. A total return approach to investment is taken i.e. generating return from income and capital gains and losses.

An investment portfolio of £12.1M of funds with a long-term investment horizon was managed by three fund managers, Rathbones, Cazenove and CCLA. Difficult conditions in the financial markets over the course of the year resulted in a negative return of £358K being delivered on the portfolio, comprising a £772K capital loss combined with £428K of income and £14k of management fees.

The investment policy is maintained under ongoing review in light of changing Group funding requirements and all portfolios are now balanced between equities, fixed interest investments, alternative investments and cash based on an intermediate risk profile. All income generated is being paid to the Charity to fund current spending.

The balance of the Charity's investments relate to the joint venture of Certsure LLP and property. Properties leased to group companies (including joint ventures) are not treated as investment properties. Therefore the investment property held by the Charity reflects the proportion of a property leased to a third party.

Reserves and Risk Assessment

Risk management processes are embedded in the day-to-day operations of the Charity and its trading activities which have their own separate risk register. Risk registers are reviewed regularly by management to ensure completeness and that the risk ratings and impacts remain appropriate.

Significant changes in the Charity's risk register are reported at the Electrical Safety Council's Board meetings. The full Board reviews the Charity's risk register. The risk register relating to Certsure LLP is reviewed by the Certsure Management Board which includes two Charity Trustees along with the Charity Chief Executive and Finance Director.

The Financial Management Committee, on behalf of the Board, conducts an annual review of the level of unrestricted reserves by considering the risks associated with the various income streams, expenditure plans and Balance Sheet items. In setting the reserves target the Committee considers the future resources needed for the Charity to continue meeting its charitable objectives. The Committee also recognises that assets such as fixed assets are not easily or quickly realised.

This review enables an estimate to be made of the level of reserves that will be sufficient to allow time to re-organise and dispose of long term assets in the event of a down turn whilst maintaining core charitable activities including the Charity's:

- consumer awareness and campaigning activities;
- objectives to improve electrical product and installation safety;
- commitment to technical excellence

The reserves policy is kept under review and states that reserves, which are defined as the charity's and its wholly owned subsidiaries' cash and investment portfolio, amounting to at least two years pure /discretionary charitable expenditure be maintained after provision for the next three years' pension deficit payments.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

The policy goes on to state that if the level of reserves exceeds the minimum amount, the Trustees will consider the best use of the "excess" funds. Matters to be taken into account include the progress of the defined benefit pension scheme to self-sufficiency, the merits of holding or investing the additional amount to fund future spend and the merits of undertaking additional charitable activities. The Trustees continue to consider how best to balance the use of the funds available to further the charitable objectives and reduce the risks posed by the pension scheme to the Charity. In the meantime, the Trustees consider it appropriate to retain the current level of reserves whilst it retains the liability for the pension scheme.

The Trustees have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to Senior Management. Trustees are unremunerated and the remuneration of the Key Management Personnel is determined by the Remuneration and Appointments Committee who take into consideration general pay increases awarded under the collective agreement which covers the majority of staff as well as external comparatives.

Financial Instruments

The Group's policy including Joint Ventures is to finance working capital through retained reserves and in the case of the Certsure Joint Venture, monies received in advance from customers as a result of its annual fee cycle. The Group does not actively use other financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. It is exposed to minimal foreign exchange risk as the customer base is mostly within the UK. The nature of the Group's financial risk instruments means that they are not subject to price or liquidity risk.

The Board does not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or results.

Employee Training and Recruitment

The Group including Joint Ventures has an active personal development training programme to ensure that all employees have the skills and knowledge necessary to achieve the business and personal goals to which they aspire. The Group is an equal opportunity employer that values diversity in its employees and it has recruitment policies directed to ensure that it is open to all.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' annual report incorporating a strategic review and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Charity and of the incoming resources and application of resources, including its income and expenditure, of the Group for the year. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Charity will continue in business.

The Directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

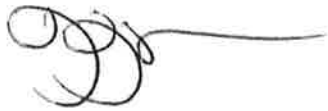
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Directors' Awareness Statement

Each of the Directors has confirmed that so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware, and that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Auditor

A resolution to appoint Moore Kingston Smith LLP as auditor will be proposed at a future Board meeting.

A handwritten signature in dark ink, consisting of a series of loops and a long horizontal stroke extending to the right.

By order of the Board
Jennifer Trim, Company Secretary, 5 October 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL

Opinion

We have audited the financial statements of The Electrical Safety Council (the “parent charitable company”) and its subsidiaries (the “group”) for the year ended 31 March 2023 which comprise the consolidated and charity statement of financial activities, consolidated and charity balance sheets, consolidated statement of cash flows, charity statement of cash flows and 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 FRS 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 group’s and the parent charitable company’s affairs as at 31 March 2023 and of the groups incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006, the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 group 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 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 audit 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 charitable company’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 directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report and Strategic Review for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report or Strategic Review.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 18, the directors 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 directors 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 directors are responsible for assessing the group's and parent charitable company'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 liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We 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 we identify during our audit.

Explanation as to what extent 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act and with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members and the charity's trustees those matters we are required to state to them in an auditor's 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 charitable company, the charitable company's members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Silvia Vitiello, *Senior Statutory Auditor*

For and on behalf of Moore Kingston Smith LLP, Statutory Auditor
4 Victoria Square
St Albans
Herts AL1 3TF

Date: 9 October 2023

Moore Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2023 (incorporating Consolidated Income and Expenditure Account)

				2023	2022
	Note	Unrestricted Charity Funds £'000	Trading Subsidiaries £'000	Total Funds £'000	Total Funds £'000
INCOME FROM:					
Investment Income – Investments	5	500	31	531	354
Investment Income – Properties		470	-	470	521
Other Trading activities - Share of profits in Joint Ventures	12	-	6,012	6,012	4,740
Income from Charitable Activities		62	-	62	9
TOTAL INCOME		1,032	6,043	7,075	5,624
EXPENDITURE ON:					
Raising funds					
Discontinued trading operations		-	3	3	5
Investment Management Costs		14	-	14	27
Fundraising Costs		63	-	63	72
Subtotal - Raising Funds	4	77	3	80	104
Charitable Activities					
Installation Safety		799	-	799	624
Product Safety		1,301	-	1,301	1,003
Grants and Direct		293	-	293	-
Research		152	-	152	90
Subtotal - Charitable activities	4	2,545	-	2,545	1,717
Other Expenditure	4	38	-	38	129
TOTAL EXPENDITURE		2,660	3	2,663	1,950
Net Investment (Losses) / Gains - Investments	12	(772)	-	(772)	588
Net Investment (Losses) / Gains – Property		78	-	78	(78)
Net Investment Gain – Reclassification of Property		-	-	-	139
Net Investment (Loss) from Impairment of Property		-	-	-	(350)
NET (EXPENDITURE) / INCOME		(2,322)	6,040	3,718	3,973
Actuarial Gain / (Loss) on Pension Scheme	17	(3,000)	-	(3,000)	5,950
(Loss) from non-recognition of Pension Asset	17	2,200	-	2,200	(11,800)
Transfer of Gift Aid		5,115	(5,115)	-	-
NET MOVEMENT IN FUNDS		1,993	925	2,918	(1,877)
Total Funds at 1 April 2022				28,358	30,235
Total Funds at 31 March 2023				31,276	28,358

All Charitable funds are unrestricted. All recognised gains and losses are included above.

The notes on pages 28 to 43 form part of these financial statements.

THE ELECTRICAL SAFETY COUNCIL
BALANCE SHEETS AS AT 31 MARCH 2023

	Note	<u>Group</u> 2023	<u>Charity</u> 2023	<u>Group</u> 2022	<u>Charity</u> 2022
		£'000	£'000	£'000	£'000
FIXED ASSETS :					
Tangible Assets – used	10	4,734	4,734	4,838	4,838
Tangible Assets - investment properties	11	783	783	705	705
Investments	12	12,070	12,070	12,844	12,844
Investments in Joint Ventures	12	6,012		5,313	
		23,599	17,587	23,700	18,387
CURRENT ASSETS :					
Debtors	13	256	256	79	79
Cash at Bank and in Hand		8,002	5,821	5,006	3,055
		8,258	6,077	5,085	3,134
CURRENT LIABILITIES :					
Amounts Falling Due Within One Year	14	581	1,289	427	1,139
NET CURRENT ASSETS/(LIABILITIES) :					
		7,677	4,788	4,658	1,995
TOTAL ASSETS LESS CURRENT LIABILITIES :					
		31,276	22,375	28,358	20,382
DEFINED BENEFIT PENSION SCHEME ASSET / (LIABILITY)					
	17	-	-	-	-
		31,276	22,375	28,358	20,382
<u>RESERVES</u>					
UNRESTRICTED INCOME FUNDS		31,276	22,375	28,358	20,382
PENSION RESERVE	17	-	-	-	-
TOTAL RESERVES		31,276	22,375	28,358	20,382

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. For the purposes of the Companies Act, net income of the Charity for the year is £4,412K (2022: £3,674K).

The notes on pages 28 to 43 form part of these financial statements.

Approved by the Board of Directors and authorised for issue on 5th October 2023, and signed on their behalf by:



S Frost - Chair

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

				TOTAL FUNDS 2023 £'000	P/ YR FUNDS £'000
Net cash (used in) operating activities (Note A)				(3,286)	(6,102)
Net cash provided by investing activities (Note B)				6,282	6,761
Cash flows from financing activities		-		-	-
				2,996	659
Analysis of Net Funds £'000	At 1 Apr 2021	21/22 Movement	At 31 Mar 2022	22/23 Movement	At 31 Mar 2023
Cash at bank and in hand	4,347	659	5,006	2,996	8,002

CASHFLOW STATEMENT NOTES

A. Net cash used in operating activities

Net income for the reporting period	3,718	3,973
Share of profits in Joint Ventures	(6,012)	(4,740)
Depreciation	138	122
Dividends, interest and rents from investments	(531)	(354)
Rents from properties	(470)	(521)
Losses / (Gains) on investments	694	(299)
Loss on disposal of fixed assets	-	-
FRS 102 Pension operating movement	(800)	(4,350)
(Increase) / Decrease in debtors	(177)	(26)
(Decrease) / Increase in creditors	154	93
Net cash used in operating activities	<u>(3,286)</u>	<u>(6,102)</u>

B. Net cash provided by investing activities

Dividends, interest and rents from investments	531	354
Rents from properties	470	521
Distributions from Joint Ventures	5,313	5,889
Purchase of property, plant & equipment	(34)	-
Proceeds from the sale of investments	2,011	6,578
Purchase of investments	(2,009)	(6,581)
Net cash provided by investing activities	<u>6,282</u>	<u>6,761</u>

Analysis of changes in net debt

£'000	At 31 Mar 2022	Cashflow	At 31 Mar 2023
Cash	5,006	2,996	8,002
Cash equivalents	-	-	-
Total	<u>5,006</u>	<u>2,996</u>	<u>8,002</u>

THE ELECTRICAL SAFETY COUNCIL

CHARITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	TOTAL FUNDS 2023 £'000	P/ YR FUNDS £'000
Net cash (used in) operating activities (Note A)	(3,287)	(6,096)
Net cash provided by investing activities (Note B)	6,053	6,446
	2,766	350

Analysis of Net Funds £'000	At 1 Apr 2021	21/22 Movement	At 31 Mar 2022	22/23 Movement	At 31 Mar 2023
Cash at bank and in hand	2,705	350	3,055	2,766	5,821

CASHFLOW STATEMENT NOTES

A. Net cash (used in) operating activities

Net income for the reporting period	(2,322)	(767)
Depreciation	138	122
Dividends, interest and rents from investments	(500)	(349)
Rents from properties	(470)	(521)
Losses / (Gains) on investments	694	(299)
Loss on disposal of fixed assets	-	-
FRS 102 Pension operating movement	(800)	(4,350)
(Increase) /Decrease in debtors	(177)	(26)
(Decrease) /Increase in creditors	150	94
Net cash provided by (used in) operating activities	(3,287)	(6,096)

B. Net cash provided by investing activities

Dividends, interest and rents from investments	500	349
Rents from properties	470	521
Gift aid from trading activities	5,115	5,579
Purchase of property, plant & equipment	(34)	-
Proceeds from the sale of investments	2,011	6,578
Purchase of investments	(2,009)	(6,581)
Net cash provided by investing activities	6,053	6,446

Analysis of changes in net debt

£'000	At 31 Mar 2022	Cashflow	At 31 Mar 2023
Cash	3,055	2,766	5,821
Cash equivalents	-	-	-
Sub-Total	3,055	2,766	5,821
Loans due in 1 year	(714)	2	(712)
Total	2,341	2,768	5,109

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The Electrical Safety Council is a company limited by guarantee (No. 570175) and a registered Charity (England and Wales No. 257376; Scotland No. SC039990).

The financial statements are prepared in compliance 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) (effective 1 January 2019) – (Charities SORP (FRS 102) (second edition – October 2019)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, and the Charities Act 2011. The Electrical Safety Council meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared on the historical cost basis and presented in GBP£, rounded to the nearest thousand, which is the functional currency of the Charity.

(b) Basis of Consolidation

The consolidated accounts include the results of the charitable company and its subsidiaries, ESF Enterprises Ltd and ESC Partnerships Ltd from the date of acquisition, together with a share of the results, assets and liabilities of jointly controlled entity (joint venture) Certsure LLP using the equity method of accounting, where the investment is carried at cost plus post-acquisition changes in the share of net assets of the joint venture, less any provision for impairment.

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. The Charity's gross income for the year was £6,147K (2022 - £6,458K) and the result was £2,493K surplus (2022 - £4,812K surplus).

(c) Income

Fees and other income are accounted for on the provision of the service and are exclusive of VAT.

(d) Investment Income

Investments listed on a recognised stock exchange are included in the balance sheet at market value. Unrealised gains and losses arising during the year are included in the Statement of Financial Activities. Investment income is the amount received by the group in the year.

(e) Basis of Expenditure Allocation

Charities SORP requires that support costs are allocated where appropriate to direct charitable activities. The analysis provides an understanding of the nature of the activities undertaken and the resources expended on their provision.

(f) Operating Leases

Costs arising under operating lease agreements have been charged to the Statement of Financial Activities as incurred.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES (Continued)

(g) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical and deemed cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Computer software	- Between 3 and 5 years
IT equipment	- Over 3 years
Office equipment	- Between 2 and 5 years
Freehold buildings	- 2% on cost
Freehold refurbishment	- 10% on cost
Leasehold buildings	- Over the life of the lease

(i) Foreign Exchange

Assets and liabilities are translated into sterling at rates ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling on the date of the transaction.

(j) Valuation of Fixed Asset Investments

Investments in Group undertakings are carried at historical cost, adjusted in the case of the joint ventures to reflect the Group's share of the underlying results. The Council considers this to be the most appropriate method of valuation of these holdings for the purpose of the consolidated financial statements.

Financial investments are valued at mid market value at the year end.

(k) Valuation of Investment Property

Investment properties are valued at market value and were valued at 1 April 2020 by professional valuers. The Trustees have used their judgement combined with obtaining information on current market conditions from professional advisors to update those values to current market values at 31 March 2022 and 31 March 2023. At the time those professional valuations were done, physical inspections were not possible and therefore valuers made assumptions as to the condition and repair remaining similar to time of prior inspections. There were also caveats on those property valuations due to a very uncertain property market at the time. Those formal valuations were therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global and Trustees were advised by the professional valuers that less certainty should be attached to the valuations than would normally be the case. On reviewing the reported values at 31 March 2022 and 31 March 2023, the Trustees determined that uncertainty was reducing and adjusted the valuations to current market conditions on the basis of the best available information and transactions. Gains or losses arising on revaluation are taken to the statement of financial activities. No depreciation is provided on investment properties. The property rented to group companies (including joint ventures) is treated as not being held for investment.

(l) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and short term deposits with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES (Continued)

(m) Pension Costs

For the Defined Benefit Scheme, the Statement of Financial Activities is charged with the current service costs and the net return on assets. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown in aggregate. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The Defined Benefit Scheme is funded, with the assets of the scheme held in a fund administered by the NICEIC Pension Scheme. Pension scheme assets are measured at fair market value and liabilities are measured on an actuarial basis using the projected unit credit method of valuation and discounted at a rate based on the yield of an AA rated Corporate Bond. Actuarial valuations for the purposes of FRS 102 are updated at each balance sheet date.

The resulting defined benefit asset or liability is presented separately after total assets less current liabilities on the face of the balance sheet. Where by virtue of FRS102 Section 28.22 the employer is not entitled to a refund of a surplus, the asset is not recognized.

The Defined Contribution Scheme is a “Group Personal Pension” whereby participating employees have individual contracts with an insurance company providing a range of investment alternatives. Employer contributions are charged to the Statement of Financial Activities in the year to which they relate.

(n) Financial Instruments

a. Financial assets

The Charity’s financial assets comprise basic financial instruments, being trade and other debtors and cash and bank balances. Trade and other debtors are measured at transaction price less any impairment. Any impairment loss is recognised in the statement of financial activities.

The impairment loss is measured as the difference between an asset’s carrying amount and best estimate, which is an approximation of the amount that the Charity would receive for the asset if it were to be sold at the reporting date.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

b. Financial liabilities

The Charity’s financial liabilities comprise basic financial liabilities, being trade and other creditors. These are initially recognised at transaction price and are measured subsequently at amortised cost. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

c. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES (Continued)

(o) Going Concern

The financial statements are drawn up on the going concern basis which assumes the group will continue in operational existence for the foreseeable future. The Trustees have given due consideration to the working capital and cash flow requirements of the group for at least 12 months from the date of signature on the accounts. As part of this, they have considered any continued impact of the Covid-19 pandemic, its aftermath, as well as the current difficult economic environment. The Group and the Charity have a strong cash and reserves position at the time of approval of these financial statements. Having made enquiries, whilst there is an expectation that there may be an impact on future income both from the investment in the joint venture and the investment portfolio, the Trustees have concluded that there is a reasonable expectation that the Group and the Charity have adequate resources to continue in operational existence for at least 12 months from the date of the audit report of these financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Charity's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions which affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for income and expenditure during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, the nature of the estimation means that actual outcomes could differ from these estimates.

Defined benefit pension and other post-employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, group management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions relevant to the defined benefit pension and other post-employment benefit obligations are based in part on current market conditions. Additional disclosures concerning these obligations are given in note 17.

Revaluation of investment properties

The group carries its investment properties at fair value, with changes being recognised in income and expenditure. The trustees review the valuation of the properties on an annual basis and, taking the market conditions into account, consider the values included in the accounts to be the fair value of the properties.

3. FINANCIAL RISK MANAGEMENT

The Trustees have overall responsibility for the establishment and oversight of the Charity's risk management framework. The full Trustee Board retains responsibility for developing and monitoring the Charity's risk management strategy and policies. The senior leadership team maintain a risk register which is considered regularly by all the Trustees. There have been no changes to the Charity's exposures and risks or methods used to measure and manage these risks during the year. The Charity seeks to minimise these risks as detailed below:

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

3. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

The objective of the Charity in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Charity aims to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Charity has financial investments available. The Charity maintains a long term (up to five years) monthly cash forecast and is currently in a position to meet its commitments and obligations as they come due.

The Charity is significantly dependent on Certsure, its Joint Venture with the Electrical Contractors Association for its income, it is entitled to 75% of the profits. The Charity also lease three properties to Certsure. Certsure has a Management Board with responsibility for day to day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity and the other two are the Chief Executive Officer and Finance Director of the Charity, by which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

Market risk

The Charity is exposed to market conditions affecting the size of its investment portfolio. The value is regularly monitored and investment managers are required to attend meetings of the Financial Management Committee at least annually. The Trustees maintain the investment policy under review. The portfolio is spread across two managers to help mitigate the risks of manager underperformance. Investments are not made for a period of under five years and cash deposits are held to manage short term requirements rather than divesting investments.

The Charity is also exposed to the effect of market conditions on the position of the closed defined benefit pension scheme. The Trustees of the Charity and the Pension Scheme work closely together and the Trustees of the Pension Scheme are currently working on a journey plan towards self-sufficiency leading to ultimately being able to buy the liabilities out with an insurance company.

The Trustees do not feel the Charity is exposed to any other significant financial risk.

4. NET INCOME FROM TRADING ACTIVITY OF SUBSIDIARIES

Support costs totalling £402k (2022: £376k) have been allocated to Charitable Activities in accordance with the level of direct spend on those activities which is considered the fairest method of apportionment. Support costs comprise the costs of Charity premises, finance, governance and other overhead costs and are not separately identified by function.

	2023 £'000	2022 £'000
Installation safety	138	128
Product safety	225	207
Research	26	19
Fundraising	13	22
Total	<u>402</u>	<u>376</u>

Other costs are the costs of administration and the interest on the net defined benefit liability of the defined benefit scheme that is closed to future accrual. These costs therefore do not contribute to the current cost of charitable activities.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

5. INVESTMENT INCOME AND INTEREST

	<u>2023</u> <u>£'000</u>	<u>Group</u> <u>2022</u> <u>£'000</u>
Bank interest	103	5
Investment income	428	349
	<u>531</u>	<u>354</u>

6. STAFF COSTS

	<u>2023</u> <u>£'000</u>	<u>Charity</u> <u>2022</u> <u>£'000</u>	<u>2023</u> <u>£'000</u>	<u>Group</u> <u>2022</u> <u>£'000</u>
Staff costs				
Wages and salaries	1,011	853	1,011	853
Redundancy costs	-	50	-	50
Agency salaries	21	3	21	3
Social security costs	128	112	128	112
Pension costs	106	92	106	92
Healthcare plan	3	4	3	4
	<u>1,269</u>	<u>1,114</u>	<u>1,269</u>	<u>1,114</u>

The average number of staff employed during the period was 19 (2022: 16).

As a Charity, Trustees who are unremunerated and receive no other benefits from employment, have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to senior management who are also considered to be key management personnel. Total remuneration paid to key management personnel in the year was £347,938 (2022: £375,043). Details of reimbursed expenses incurred by Trustees are set out in note 18.

7. EMOLUMENTS OF EMPLOYEES AND DIRECTORS

Employees who received employee benefits (excluding pension contributions) of greater than £60,000 fell into the following bands. All of these employees were participating in the group personal pension scheme:

	<u>2023</u>	<u>2022</u>
£60,001 to £70,000	1	-
£70,001 to £80,000	-	-
£80,001 to £90,000	1	1
£90,001 to £100,000	1	2
£100,000-£110,000	1	1
£110,000-£120,000	1	-
	<u>5</u>	<u>4</u>

Aggregate pension contributions paid on behalf of the above higher paid employees were £53,643 (2022: £48,118).

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

8. NET INCOMING RESOURCES	2023 £'000	2022 £'000
The Group's net incoming/(outgoing) resources are stated after charging/(crediting):		
Audit fees		
Parent	17	9
Subsidiaries	5	1
Non audit fees paid to auditors	46	38
Depreciation of tangible fixed assets	138	122
Loss on disposal of fixed assets	-	-

9. TAXATION

The Electrical Safety Council is a Charity with the registration number 257376. No UK taxation is therefore due on profits, income and gains arising from the charitable activities of the company. The subsidiaries pay over most of their taxable profits to The Electrical Safety Council, under a Gift Aid Scheme. The tax charges in relation to subsidiaries, if applicable, are disclosed in Note 8.

10. TANGIBLE FIXED ASSETS

Group & Charity	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Office & IT equipment £'000	Computer software £'000	TOTAL £'000
<u>COST</u>					
B/fwd	5,824	-	213	-	6,037
Additions	-	-	34	-	34
Disposals	-	-	(25)	-	(25)
C/fwd	5,824	-	222	-	6,046
<u>DEPRECIATION</u>					
B/fwd	1,019	-	180	-	1,199
Charge	100	-	38	-	138
Disposals	-	-	(25)	-	(25)
C/fwd	1,119	-	193	-	1,312
<u>NET BOOK VALUE</u>					
As at 31 March 2022	4,805	-	33	-	4,838
As at 31 March 2023	4,705	-	29	-	4,734

Land, which is not depreciated, amounting to £2,308K (2022: £2,308K) is included in net book value

11. FREEHOLD INVESTMENT PROPERTY, Group & Charity

	£'000
B'fwd	705
Change in market value	78
C'fwd	<u>783</u>

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

12. INVESTMENTS - GROUP

Group	<u>2023</u> £'000	<u>2022</u> £'000
Joint Ventures:		
At 1 April 2022	5,313	6,462
Share of profit for the year	6,012	4,740
Less: remitted to the Group	(5,313)	(5,889)
At 31 March 2023	<u>6,012</u>	<u>5,313</u>
Share of Joint Ventures represented by:		
Fixed assets	1,860	2,019
Current assets	13,076	12,293
Creditors	(8,924)	(8,999)
	<u>6,012</u>	<u>5,313</u>
Other Investments	<u>2023</u> £'000	<u>2022</u> £'000
Market value as at 1 April 2022	12,810	12,025
Purchases (at cost)	2,009	6,581
Disposal proceeds	(2,019)	(6,384)
Net investment gains / (losses)	(772)	588
	<u>12,028</u>	<u>12,810</u>
Cash balances held by investment managers	42	34
Market value at 31 March 2023	<u>12,070</u>	<u>12,844</u>
Other investments are represented by:		
UK Equities	1,254	1,740
Overseas Equities	6,738	6,963
UK Bonds & Fixed Interest	904	538
Global Bonds & Fixed Interest	736	558
Hedge Funds	92	67
Portfolio Funds	-	-
Property	552	813
Infrastructure	417	479
Cash funds	6332	842
Commodities	371	438
Others	331	372
Cash securities	42	34
Market value as above	<u>12,070</u>	<u>12,844</u>
Investments Total (Group)	<u>18,082</u>	<u>18,157</u>
Charity	<u>2023</u> £'000	<u>2022</u> £'000
Subsidiaries (See Note 20)	-	-
Other Investments	12,070	12,844
Investments Total (Charity)	<u>12,070</u>	<u>12,844</u>

ESC Partnerships Ltd holds member rights in Certsure LLP.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

13. DEBTORS	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Trade debtors	174	174	-	-
Prepayments	42	42	58	58
Social Security and Other Taxes	40	40	21	21
	<u>256</u>	<u>256</u>	<u>79</u>	<u>79</u>

Trade debtors and amounts due from related companies included in the above are held at amortised cost.

14. CREDITORS	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Amounts falling due within one year				
Trade creditors	139	139	136	136
Social security and other taxes	33	33	25	25
Amount due to subsidiary undertakings	-	712	-	714
Accruals and deferred income	409	405	266	264
	<u>581</u>	<u>1,289</u>	<u>427</u>	<u>1,139</u>

Deferred income comprises of payments received on account and income relating to services not yet delivered. Trade creditors, amounts due to related companies and accruals are held at amortised cost.

15. OPERATING LEASES

The Group has no financial commitments in respect of non-cancellable operating leases payable. Non-cancellable operating lease rentals are receivable as follows:

	Charity		Group	
	2023 £000	2022 £000	2023 £000	2022 £000
Not later than one year	398	402	105	109
Later than one and not later than five years	1,592	1,592	211	211
Later than five years	398	398	-	-
Total commitment	<u>2,388</u>	<u>2,392</u>	<u>316</u>	<u>320</u>

The operating lease receivables are in respect of the properties held by the Charity and the Group which are leased to third parties, or in the case of the Charity, to either third parties or group companies (including joint ventures). Two of the properties held by the Charity were leased to Certsure LLP, its joint venture for a minimum period of five years commencing 1 April 2013 on a fully tenant repairing basis, with a rent review date that has expired with the leases running on at the same rental figure on a rolling basis. A further property is leased by the Charity to Certsure on a lease which expired 31 March 2023 with a reversionary lease agreed which commenced on 1 April 2023 and runs for a minimum period of five years on a fully tenant repairing basis in respect of which the rent was reviewed as of 1 April 2023. Certsure lease a portion of this property to NQA under a lease which expired on 28 March 2023 with a reversionary underlease having been agreed for five years from 29 March 2023 with a mutual break date of 28 February 2025. The other property owned by the Charity is occupied by the Charity with a section that was leased to a third party on a five year lease which commenced 26 April 2019 with a break date of 26 April 2022 which was exercised. The Charity decided on 30th March 2022 to utilize all this property after the tenant had vacated.

16. INSURANCE

Insurance costs charged to the revenue account include professional indemnity cover in respect of the Board of Directors. It is not possible to separately identify the cost of this from the total insurance premium for the Group.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

17. PENSION SCHEME

The Group operates a pension scheme providing benefits based on final pensionable pay. The Scheme operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The assets of the scheme are held by the Trust and are invested with Legal and General and Towers Watson Investment Management.

The Scheme was closed to new members with effect from 31 December 2006 and was closed to future accrual of benefits on 28 February 2013.

The Scheme is a funded scheme and the Trustee's funding objective is to hold assets which are at least equal to the technical provisions, i.e. to meet the statutory funding objective. The contributions paid to the Scheme are agreed by the Trustee and Employer every three years, after obtaining the actuarial advice of the Scheme Actuary. Principal factors in determining the level of contributions include the covenant offered by the sponsor, the level of risk in the Scheme, the expected return on the Scheme's assets and the discontinuance funding level.

The main risks to the Scheme include:

- Investment returns insufficient to pay for the Scheme benefits
- Significant deterioration in the Employer's covenant
- Increase in the life expectancy of members
- Significant changes in the market yields on high quality UK non-government corporate bonds, which are used to determine the discount rate

The most recent comprehensive actuarial valuation was carried out by the Trustee of the Scheme as at 31 March 2020 for funding monitoring purposes. The Employer has employed an actuary who is not the Scheme Actuary to approximately update that actuarial valuation allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the Employer to measure the defined benefit obligation (DBO), as well as adjusting for benefits paid from Scheme.

It was agreed following the latest formal actuarial funding valuation as at 31 March 2020, that the Employer would pay contributions of £50k pm from April 2020 until March 2021 inclusive and would then pay £250k pa from April 2021 until an anticipated date of self-sufficiency which is a stronger funding basis than the technical provisions. In March 2022, the Employer agreed to make a lump sum contribution of £4m before the end of the year and from 1 April 2022, to increase the regular contributions to £1m pa. In addition, the Employer meets the administration expenses of the Scheme and levies of the Pension Protection Fund. In October 2022 it was agreed between the Trustee and the Employer that contributions should be paused until the next actuarial valuation as the scheme funding level was ahead of plan and might exceed a self-sufficiency level. The scheme rules were also amended to allow the scheme to pay administration and levy costs.

Scheme Asset Information	Allocation Percentage 31-Mar-23	Allocation Percentage 31-Mar-22
Equity securities	0%	0%
Debt securities	72%	53%
Diversified fund	16%	33%
Other	12%	14%
Total	100%	100%
Fair value of Scheme assets (£ million)	73.8	99.2
Included in the above:		
Value of entity's own financial instruments	0	0
Value of property and other assets used by the Employer	0	0

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

17. PENSION SCHEME (Continued)

The figures stated are in line with the requirements of FRS 102. All figures in this note are in £ million.

The demographic assumptions are consistent with those chosen by the Trustee for the 31 March 2020 valuation. In particular, the mortality assumptions are consistent with the 2020 valuation assumptions but with margins for prudence removed and updating to use the latest version of the CMI future improvements model. That is, using 100% of the SAPS "S3" all pensioner retirements table with future improvements in longevity in line with 'CMI core projection model' (2021 version) subject to a long-term improvement rate of 1.25% pa, using the core value of the parameters and an initial addition to mortality improvements of 0.5% pa.

Under the mortality rates assumed as at 31 March 2023 the implied life expectancy for a member currently aged 63 is 24.3 years for a male and 26.8 years for a female. The life expectancy at age 63 for a member currently aged 43 is 25.7 for males and 28.2 for females.

Defined Benefit Cost - Period Ending	31-Mar-23	31-Mar-22
A Profit & Loss (P&L)		
1 Effect of employee service in the current period	-	-
2 Net interest on net defined benefit liability/(asset)	(0.3)	(0.1)
3 Scheme introductions, changes, curtailments and settlements	-	-
4 Defined benefit cost recognised in P&L	(0.3)	(0.1)
5 Cost of termination benefits (1)	-	-
6 Administration costs incurred during the period	-	-
7 Cost recognised in P&L	(0.3)	(0.1)
B Other Comprehensive Income (OCI)		
1 Actuarial (gain)/loss arising during period	(22.2)	(4.2)
2 Return on Scheme assets (greater)/less than discount rate	25.2	(1.7)
3 Change in irrecoverable surplus (2)	(2.2)	11.8
4 Remeasurement effects recognised in OCI	0.8	5.9
C Total Defined Benefit Cost		
1 Cost recognised in P&L	(0.3)	(0.1)
2 Remeasurement effects recognised in OCI	0.8	5.9
3 Defined benefit cost	0.5	5.8
D Assumptions Used to Determine Defined Benefit Cost ⁽³⁾		
1 Discount rate	2.7%	2.0%
2 Price inflation (RPI)	3.8%	3.4%
3 Price inflation (CPI)	3.4%	3.0%
4 Pension increases for in-payment benefits		
- LPI maximum 5%	3.4%	3.0%
- LPI maximum 2.5%	2.4%	2.3%
5 Pension increases for deferred benefits	3.4%	3.0%

The fair value of assets is used to determine the expected investment return during the year

- 1 Includes only termination benefits to be paid from the Plan.
- 2 Excludes amounts included in net interest/(income) on the defined benefit liability/(asset).
- 3 These beginning of year assumptions were used to calculate the defined benefit cost recognised through P&L.

THE ELECTRICAL SAFETY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

17. PENSION SCHEME (Continued)

An allowance has been made for non-pensioner members to commute 25% of their pension at retirement for tax free cash on terms that are broadly consistent with the current commutation factors. This is consistent with the assumption used at 31 March 2022.

The proportion of member's deaths assumed to give rise to dependants' pension varies with age but is typically 93% for males and 80% for females at age 63. Male participants are assumed to be 3 years older than their spouses and female participants are assumed to be 3 years younger than their spouses.

An allowance of 1% of the liabilities has been allowed for the cost of GMP equalisation which is consistent with the assumption used at 31 March 2022. The Actuary preparing these figures believes this continues to be an appropriate allowance.

The employer meets the cost of administrative expenses and we have made no inclusion of these in the disclosures.

The Projected Unit Credit Method is used to determine the present value of the DBO. Under this method, a "projected accrued benefit" is calculated based upon service as at the date of valuation. In normal circumstances, the DBO is based upon the Scheme's benefit formula.

Net Balance Sheet Position - Period Ending		31-Mar-23	31-Mar-22
A Development of Net Balance Sheet Position			
1	Defined benefit obligation (DBO) of Scheme	64.2	87.4
2	Fair value of assets (FVA) of Scheme	73.8	99.2
3	Surplus/(deficit) of Scheme	9.6	11.8
4	Irrecoverable surplus (effect of asset ceiling)	(9.6)	(11.8)
5	Net defined benefit asset/(liability)	0.0	0.0
B Reconciliation of Net Balance Sheet Position			
1	Net defined benefit asset/(liability) at end of prior period	0	1.5
2	Effect of employee service in the current period	-	-
3	Net interest on net defined benefit asset/(liability)	0.3	0.1
4	Remeasurement effects recognised in OCI	(0.8)	(5.9)
5	Scheme introductions, changes, curtailments and	-	-
6	Employer contributions	0.5	4.3
7	Benefits paid directly by the Employer	-	-
8	Transfer payments	-	-
9	Net defined benefit asset/(liability) at end of current period	0.0	0.0
C Assumptions and Dates Used for Measurements(3)			
1	Discount rate	4.8%	2.7%
2	Price inflation (RPI)	3.5%	3.8%
3	Price inflation (CPI)	3.1%	3.4%
4	Pension increases for in-payment benefits		
	- CPI maximum 5%	3.1%	3.4%
	- CPI maximum 2.5%	2.3%	2.4%
5	Pension increases for deferred benefits	2.9%	3.4%
6	Scheme participant census date	31-Mar-20	31-Mar-20

3 These assumptions are at the end of the fiscal year

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

17. PENSION SCHEME (Continued)

Changes in reported benefit obligations & assets - Period Ending		31-Mar-23	31-Mar-21
A Change in Defined Benefit Obligation (DBO) (including URB)			
1	DBO at end of prior period	87.4	93.3
2	Effect of employee service in the current period	-	-
3	Interest cost on the DBO	2.3	1.8
4	Remeasurement of the DBO	(22.2)	(4.2)
5	Scheme introductions, changes, curtailments and settlements	-	-
6	Scheme participants' contributions	-	-
7	Benefits paid from Scheme assets	(3.3)	(3.5)
8	Benefits paid directly by the Employer	-	-
9	Taxes paid	-	-
10	Acquisitions	-	-
11	Divestitures	-	-
12	Termination benefits	-	-
13	DBO at end of current period	64.2	87.4
B Change in Scheme Assets			
1	Fair value of assets at end of prior period	99.2	94.8
2	Interest income on Scheme assets	2.6	1.9
3	Return on Scheme assets greater/(less) than discount rate	(25.2)	1.7
4	Scheme introductions, changes, curtailments and settlements	-	-
5	Employer contributions	0.5	4.3
6	Scheme participants' contributions	-	-
7	Benefits paid from Scheme assets	(3.3)	(3.5)
8	Administrative costs paid	-	-
9	Taxes paid	-	-
10	Acquisitions	-	-
11	Divestitures	-	-
12	Fair value of assets at end of current period	73.8	99.2
C Return on Scheme Assets			
1	Total return on Scheme assets	(22.6)	3.6

The DBO is based on an update of the results of the Trustee's actuarial valuation as at 31 March 2020, with the basis changed to reflect the assumptions set out above. Liabilities are projected to the measurement date by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the situation at the period end date and adjustments in respect of actual benefit payments and known inflation over the projection period. The objective of this calculation is to produce an estimate of the actuarial values required by FRS 102.

This approach introduces an element of approximation relative to the result of a hypothetical full actuarial valuation at the measurement date. The advantage of this approach is that it simplifies the computation required. The disadvantage is that this approach is inherently less accurate than fully detailed calculations and the loss of accuracy is difficult to quantify without carrying out the same detailed calculations.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

17. PENSION SCHEME (Continued)

Circumstances where the difference between the results obtained using a projection approach rather than a full actuarial valuation may be material include:

- where there is a long period of projection between the preceding actuarial valuation and the fiscal year end;
- where there are substantial differences between the assumptions used at this fiscal year end and the preceding actuarial valuation;
- where there are significant elements of Scheme experience which are not allowed for in the update, for example membership movements such as the rates of retirement or death; and
- where the assets at the end of the fiscal year have been estimated based upon unaudited financial information from the Scheme's investment managers at an effective date before the fiscal year end.

The calculations are based on the assumption that no asset ceiling restrictions apply. No allowance has been made in the assumptions for the future award of any discretionary benefits.

The Actuary preparing these figures has advised that the results documented are estimates based on data that may be imperfect and on assumptions about future events. He also stated that certain Scheme provisions may be approximated or deemed immaterial and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately. The Actuary preparing the figures advised he believed that the use of approximations in these calculations, if any, has not resulted in a significant difference relative to the results that would have been obtained by using more detailed calculations or more precise data.

A range of results, different from those presented in this report, could be considered reasonable. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as:

- Scheme experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- changes in Scheme provisions or applicable law; and
- significant events such as restructurings, acquisitions and divestitures.

No analysis was performed of the potential range of such future measurements.

The surplus (asset) indicated by the difference between the value of the Scheme assets and the DBO has not been recognised on the Balance Sheet in accordance with FRS102 Section 28.22. The employer does not have a right to a refund of the surplus.

18. RELATED PARTY TRANSACTIONS

The charity rents three of its buildings to Certsure LLP. Certsure LLP provides support services, primarily IT, Finance, HR and Facilities to ESF Enterprises Ltd, the provision of this service is charged at cost. As part of its support activities (including IT, HR and facilities), Certsure LLP provided support to the Charity but the cost is not separately identified or charged.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

	<u>Certsure LLP</u>	
	<u>2023</u> £'000	<u>2022</u> £'000
Charged by ESC		
Rent	468	467
Staff recharges	-	-
Charged to ESC - Reimbursable expenses	23	22
Charged to ESF Enterprises Ltd - Support Services	-	-

The Charity received Gift Aid from ESC Partnerships Ltd, a wholly owned subsidiary, amounting to £5,115,415 during the year (2022: £5,579,284). It received no Gift Aid from ESF Enterprises Ltd, a wholly owned subsidiary, during the year (2022: £nil.)

During the year expenses were reimbursed to seven Trustees amounting to £3,239, (2022 – eight Trustees amounting to £2,269). These payments were to cover travel, subsistence and accommodation costs incurred.

19. STATUS OF COMPANY

- The Electrical Safety Council is a Charity in England and Wales with the registration number 257376. It also has Charity status in Scotland with the registration number SC039990. No UK taxation is due on profits, income or gains arising from the charitable activities of the company.
- The Electrical Safety Council is registered as a company in England and Wales with the number 570175 and is limited by guarantee.

20. GROUP UNDERTAKINGS

The following were the principal subsidiaries and joint ventures during the year, and have all been included in the consolidated financial statements for the whole year.

<u>Subsidiaries (& Cos Hse Registration)</u>	<u>Country of Incorporation</u>	<u>Class of share</u>	<u>Parent Company's Interest</u>	
			<u>Direct</u>	<u>Indirect</u>
(1) ESF Enterprises Limited (02513162)	Great Britain	Ordinary	100%	-
(2) ESC Partnerships Ltd (08281269)	Great Britain	Ordinary	100%	-

Financial information for the year and at the year end is shown below:

<u>Company</u>	<u>£'000 at 31 March 2023</u>			<u>£'000 for year ended 31 March 2023</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Funds</u>	<u>Turnover</u>	<u>Expenditure</u>	<u>Profit/(Loss)</u>
ESF Enterprises Limited	718	4	714	-	2	(2)
ESC Partnerships Ltd	8,187	-	8,187	-	1	(927)

<u>Joint Ventures</u>	<u>Country of Incorporation</u>	<u>Class of share</u>	<u>Parent Company's Interest</u>	
			<u>Direct</u>	<u>Indirect</u>
(1) Certsure LLP (OC379918)	UK	-	-	75%

Certsure LLP carries out certification and training and activities. The accounting date is the year to 31st March 2023.

THE ELECTRICAL SAFETY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

The Charity owns the entire issued share copy of the following subsidiary undertakings (2) which are registered in England and are dormant:

Electrical Safety Summit Ltd	8551833
Electrical Industry Safety Summit	8551701
Plugsafe UK Ltd	8565296
Electrical Safety First Ltd	8531140
Energy Safety First Ltd	8773701
Product Safety Round Table Ltd	8821644
Electrical Product Safety Round	8822216
Fire Safety First Ltd	8776272
Electrical Fire Safety First Ltd	8776489
Fire Safety First (UK) Ltd	8776490
Utilities Safety First Limited	8773777
Utility Safety First Limited	8773812

The Charity also during the year owned the entire issued share capital of the following subsidiary undertakings (1) which were registered in England and were dormant:

NICEIC Contractor Services Ltd	04661718
NICEIC Certification Services Ltd	04411293
NICEIC Professional Services Ltd	04411297

Applications to strike the above three companies off the register were made on 21 March 2023 and the three companies were dissolved on 13 June 2023.

(1) Registered office: Warwick House, Houghton Hall Park, Houghton Regis, Dunstable, LU5 5ZX. Note the registered office of ESF Enterprises Ltd moved to 45 Great Guildford Street, London, SE1 0ES on 20 September 2023.

(2) Registered office: 45 Great Guildford Street, London, SE1 0ES

Accounts

THE ELECTRICAL SAFETY COUNCIL
(A Company Limited by Guarantee)

Company No. 570175
Charity (England and Wales) No. 257376: (Scotland) No. SC039990

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

THE ELECTRICAL SAFETY COUNCIL

ANNUAL REPORT YEAR ENDED 31 MARCH 2022

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THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION

Patrons

Lord Graham Tope

Board Members and Management

A Chaplin	Chair
A Parkes	Resigned 8 October 2021
P Canning	Resigned 8 October 2021
N Ratty	Resigned 8 October 2021
A Williams	
P Hide	Resigned 26 May 2022
S Bounoua	
E Hudson	
T Connelly	
A Wells	
A Boisset	
K Husselbee	
A Damirchi	Resigned 14 September 2022
S Frost	Appointed 1 May 2021
R Olszewski	Appointed 1 May 2021
M Desmond	Appointed 12 September 2022
N Hussey	Appointed 12 September 2022
P Neville	Appointed 12 September 2022

Senior Staff and Officers – Charity

Lesley Rudd	Chief Executive Officer
Jennifer Trim	Company Secretary

Senior Staff and Officers – Trading Subsidiaries

ESF Enterprises Ltd

M Sibley	Finance Director	
K Parker	Non-Executive Director	Appointed 1 March 2021
N Ratty	Non Executive Director	Resigned 8 October 2021
E Hudson	Non Executive Director	Appointed 8 October 2021

ESC Partnerships Ltd

P Canning	Non-Executive Director	Resigned 8 October 2021
S Frost	Non-Executive Director	Appointed 1 May 2021
E Hudson	Non Executive Director	Appointed 8 October 2021
J Trim	Non-Executive Director	

Registered Charity (England and Wales) No. 257376
Registered Charity (Scotland) No. SC039990
Registered Company No. 570175

THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION (Continued)

Financial Management Committee

E Hudson (Chair)	P Hide (to 26 May 2022)
A Chaplin (to 6 July 2022)	S Frost (from 6 July 2022)
A Damirchi (to 14 September 2022)	A Parkes (to 8 October 2021)
P Canning (to 8 October 2021)	L Rudd
R Olszewski (from 8 October 2021)	J Trim (Secretary)

Electrical Installation Safety Forum

S Devine IET (Chair)
M Allen ESC (Secretary)
B F Walker (co-opted independent)
A Vessey EDA
P Canning ESC (to Oct '21)
M Coles IET
P Norris BEAMA
P Sayer BEAMA
D Forrester SELECT (to Oct 21)
B Cairney SELECT
F Bertie Napit
C Pugsley LFB
S Mason HSE
M Smith ECA
P Abreu ENA
T Connelly ESC
G Gundry Corgi AESM
J O'Neil Certsure
J Hodge BCA
A Wells ESC

Electrical Safety of Products Committee

S Bounoua ESC (Chair)
B F Walker (co-opted independent)
S Curtler ESC (Secretary)
N Ratty ESC (to Oct '21)
M Dyer Intertek
C Pack BEAMA (to Aug 21)
C Stammers BEAMA
H Patel BEIS
C Heemskerk CTSI
M Allen ESC
P Hide ESC (to 26 May '22)
P Hide AMDEA (from 26 May '22)
P Canning ESC (to Oct '21)
C Flynn ESC
G Capanna ESC
S Bounds BSI
A Boisset ESC)
C Rose LFB
A Gordon (Compliance Solutions)
A Simpson BRC
C Skinner AMDEA
R Harris BSI CPIN

Campaign Development Group

A Damirchi ESC (to Sep '22)
A Williams ESC
E Drackford ESC (to Sep '21 Chair)
M Allen ESC
P Walshe ESC (to Feb '22)
L Rudd ESC

Remuneration & Appointments Committee

A Chaplin ESC (to 6 July '22)
S Frost ESC (from 6 July '22)
N Ratty ESC (to 8 Oct '21)
S Bounoua ESC
K Husselbee (Chair)
A Boisset ESC
L Rudd ESC
J Trim ESC

Bankers	HSBC, 28 Borough High Street, London SE11YB
Solicitors	Bristows, 100 Victoria Embankment, London EC4Y 0DH.
Auditor	Moore Kingston Smith LLP, 4 Victoria Square, St Albans, Herts AL1 3TF
Investment Managers	Cazenove Fund Management, 12 Moorgate, London EC2R 6DA Rathbone Investment Management Ltd, 1 Curzon Street, London W1J CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET
Registered Office	45 Great Guildford Street, London SE1 0ES

THE ELECTRICAL SAFETY COUNCIL

CHAIR'S STATEMENT 2021/22

Despite much still being in transition in the post-pandemic landscape, Electrical Safety First has managed not only to adapt to the 'new normal' but exceed expectations.

In the last year, the charity has seen significant progress in developing legislation which will help ensure everyone is electrically safe in their own home. For example, mandatory electrical checks will now be introduced for private and social housing tenants in Wales, and for the private rented sector in Northern Ireland. Whilst in response to our long-standing campaign, the UK Government announced similar draft regulations for England's social housing sector.

In Scotland, short-term accommodation (STA) such as Airbnb, has tripled in three years. Inevitably, this has given rise to safety concerns. Electricity causes around half of all domestic fires in the UK, with the fire risk increasing if a property has a high turnover of residents and lacks regular electrical checks. The charity's *Short-Changed* campaign led to the introduction of mandatory electrical safety checks for the sector, ensuring STA guests will have the same level of protection as private and social housing tenants. Our work has also led to the Office for Product Safety and Standards establishing a consultation on protecting consumers buying electrical goods online.

In addition to established campaigns, Electrical Safety First is also providing support and advice on topical issues, such as the implications of the cost of living crisis, and the growing use of electricity for transport and heating on our route to net zero.

The charity's highly effective media work has raised awareness of our safety messages, policies, and profile — and have made Electrical Safety First a 'go to' organisation for expert comment. All our integrated campaigns are underpinned by robust research and data, providing greater insights into our various audiences, and enhancing our targeted communications. You will find further information on this, and more, in the following pages.

Electrical Safety First is in a strong financial position and our robust fiscal management has it well placed to continue its essential work protecting consumers from electrical risk. We remain mindful however, of the need to ensure we are making the best use of available resources to achieve our objectives.

I am immensely proud of the work of Electrical Safety First and it is with great regret that I had to resign from my role as chair of the charity's board of trustees in 2022, for personal reasons. From my initial appointment as chair in October 2020, I have found the charity always 'punches above its weight', both in terms of raising awareness and in effecting key legislation. In addition to my own departure, this year has also seen a number of board members — Alison Parkes, Nick Ratty, Paul Canning, Paul Hide and Ali Damirchi — leave the organisation. I would like to thank them for all their hard work in making Electrical Safety First a name to remember. I also want to welcome our new board members — Richard Olszewski and Sarah Frost. Sarah took up the mantle of Chair of Trustees in July 2022, and I wish her all the best in what I know will be an exciting future for the charity.



Andy Chaplin
Chair to 6th July 2022
The Electrical Safety Council
6 October 2022

THE ELECTRICAL SAFETY COUNCIL

CHIEF EXECUTIVE OFFICER'S REVIEW

I arrived at the charity just before lockdown and 2021/2022 has been another pandemic impacted period. So a key priority for me this year has been ensuring the well-being of staff while delivering the charity's objectives.

Some colleagues had previously worked on a hybrid-basis but long-term, remote working for everyone during a pandemic, is much more challenging. The health and well-being of our people is crucial, so we provided continuous communication and support. In 2021, society and workplaces were opening up, shutting down again, and then re-opening, making people understandably anxious. We significantly enhanced the office environment, to ensure colleagues felt reassured it was safe, during a phased and cautious return. While embracing the efficiencies of online meetings, and the lessons learnt from the pandemic, we have relished opportunities to meet in person again.

The charity has achieved much this year, particularly with our campaign to address the 'tenure lottery', whereby renters in different parts of the UK have varying levels of protection from electrical risk. Our work has helped establish new and expanded legislation, ensuring additional protection for millions. This involved securing five-yearly checks in both the private rented sector (PRS) and social rented sector (SRS) in Wales, and similar mandated checks for Northern Ireland's PRS.

Another significant milestone was the UK Government's announcement of draft regulations for England's SRS. Currently covered by a patchwork of legislation, mandating electrical safety checks will save time, money and – most importantly – lives. In Scotland, we achieved our goal of electrical safety checks in short-term lets, such as Airbnb rentals. The Scottish Government agreed to introduce requirements for five-yearly portable appliance testing (PAT) and electrical installation condition reports (EICRs). This new legislation is the first of its kind in the UK.

Activities to protect consumers from dangerous electrical items sold online has also progressed. Our online petition, calling for better protection for shoppers using online marketplaces, now has 35,000 signatures. The publication of an open letter on the issue, sent to the UK Government, with a range of co-signatories, also gained considerable media coverage. Together with sustained, collaborative lobbying, it led to an Office for Product Safety and Standards (OPSS) consultation on regulating online marketplaces.

We have also secured a Private Members Bill through the annual House of Commons Bill Ballot, which would ensure that consumers have the same protection shopping via an online marketplace as on the high street. The charity is committed to effective collaboration, to amplify our voice and impact. So, in addition to garnering support from recognised experts for our campaigns, we have also supported allies calling for better regulation of online marketplaces, such as the British Toys and Hobby Association.

Our integrated campaigns use rigorous research and high-profile media engagement, across all platforms, to encourage behavioral change and highlight our safety messages and policy aims. Over the last year, we have continued campaigning on key issues while also preparing for future challenges. This includes refreshing our strategy to ensure it remains fit for purpose and focused on the areas of highest electrical risk. Today's environment — the ongoing impact of the pandemic, the war in Ukraine, volatile energy prices and a cost-of-living crisis — creates many risks for consumers and we have an important role in safeguarding them.

THE ELECTRICAL SAFETY COUNCIL

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

One certainty is that our homes will increasingly depend on electricity. Our report, *Future Homes: Electrical Safety in the Net Zero Home* — published in October 2021 — considers some of the key technologies of tomorrow's home and recommendations to enhance electrical safety. We also developed a series of roundtables to build further support and collaboration for the report's recommendations, which provided valuable insight and help in prioritising activity and future research.

Despite the difficulties the pandemic and its aftermath have created, Electrical Safety First has risen to the challenge. In 2021-2022, the charity has made major steps forward in achieving its mission – to ensure everyone in the UK can use electricity safely. This affirms my belief that my colleagues are dedicated, hardworking and loyal. I would like to thank each of them for their contribution.

Our excellent Board of Trustees provide their time and expertise for the satisfaction of keeping people safe, not financial reward. I would like to thank them all, but particularly Andy Chaplin, our Chair, for his invaluable support and guidance during this last year. I want also to welcome and thank Sarah Frost, who took up the role of Chair of Trustees in July 2022.

Electrical Safety First may be a small organisation but our reach and impact defies our size. With electricity set to become an increasingly important low carbon energy source in our route to net zero, our mission has become more important than ever.



Lesley Rudd
Chief Executive Officer, The Electrical Safety Council
6 October 2022

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Directors, who are also the Trustees of the Charity, submit their annual report and the audited financial statements for the year ended 31 March 2022. The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* (2nd Ed. Oct. 2019) consistent with Financial Reporting Standard (FRS) 102 in preparing this report. The legal and administrative information on pages 1 and 2 form part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Electrical Safety Council is a company limited by guarantee and a registered Charity. The Charity is governed by its Articles of Association which were amended on 12 March 2020.

The Charity is not required to convene an AGM; engagement with stakeholders and representatives of beneficiary groups is undertaken through a variety of channels which include media and digital campaigns to encourage safer behaviour and address product safety. The Charity continued to work with the Government in Westminster and with the Welsh Assembly, Scottish Parliament and the legislation in Northern Ireland.

Board Members are Directors for the purposes of company law, are Trustees for charity purposes and also comprise the Charity's Council. All new director appointments are based on selection criteria which ensure that collectively the Board maintains a broad range of relevant skills and experience.

No monetary value has been attributed to the work of volunteers which comprises mostly the unpaid time of the Charity's Board of Directors, although their contribution is significant and vital to the current activities and continued future success of the Charity and its subsidiaries. The Charity continued to use the full \$40,000 monthly grant allocated by Google to bid on advertising space related to key search items. In 2001/22 this generated over 225,000 visits to the website.

An induction programme is offered to all new Trustees to ensure that they are briefed on the Charity's objects, strategy and activities. Directors are encouraged to attend relevant training seminars during the course of the year. Training is also provided on a group basis to the Board on relevant and topical issues.

The Charity's strategy is set by the Board of Directors - the Electrical Safety Board. The Board meets four times a year, plus other meetings as required. The Trustees keep the governance arrangements and the constitution of Charity Committees under review. The Directors are covered by indemnity insurance.

The Board delegates to the Charity's Executive Team the exercise of certain powers in connection with the management, administration and financial management of the Charity, with regular reporting on these matters to the Board.

Responsibilities delegated to the Board's sub-committees are ratified through the Board of Directors. The Chief Executive Officer and other members of executive management attend meetings of the Board of Trustees and the sub-committees.

The Board of ESF Enterprises Ltd includes a Trustee of the Charity. In addition to the appointment of this Trustee to the Board, oversight was achieved by the establishment of clear terms of reference in relation to the Trading Group's activities - alongside a scheme of delegated financial authority. The same scheme of oversight covers ESC Partnerships Ltd whose Board comprises two Trustees.

Certsure LLP, the joint venture with the Electrical Contractors Association from which a wholly owned subsidiary of the Charity, ESC Partnerships Ltd, is currently entitled to 75% of the profits has a Management Board with responsibility for day to day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity with the other two being the Chief Executive Officer and Finance Director of the Charity which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

The Charity's Committees in operation during the year were:

- Electrical Safety of Products Committee
- Electrical Installation Safety Forum
- Financial Management Committee
- Remuneration and Appointments Committee
- Campaign Development Group

The Charity does not raise funds from the general public and therefore does not undertake, or engage with or permit third parties to undertake on its behalf, fundraising activities to raise funds for the Charity.

The Charity believes that everyone has the right to be safe from the dangers that electricity can present. It is committed to a culture of inclusivity and equality, and believes that the diversity of its team is what empowers it to campaign on behalf of everyone in the UK, to keep them safe from electrical risk. The Charity endeavours to ensure that every member of staff and Trustees voice is heard and that it is able to use individual experiences and unique talents in a truly collaborative approach to achieving the Charity's goals. The Charity's staff are valued and supported, and by acknowledging and respecting that we are all different, the Charity believes it is better able to represent all of the people it is working to protect.

PUBLIC BENEFIT

The Directors are mindful of their duties, and have paid due regard to the guidance provided by the Charity Commission, to ensure that the Charity continues to carry out its charitable aims being the advancements of health and the saving of lives with the aim of delivering public benefit activities which include:

- Dedicated campaigning activities targeted at increasing awareness and reducing risks to the general public.
- Parliamentary lobbying for changes to legislation to improve electrical safety for all.
- Participation on national and international committees overseeing and developing electrical standards which aim to maintain and improve the safety of all users of electricity.
- Maintenance of a website providing information and education on electrical safety.
- The operation of a free of charge email address providing advice and guidance on electrical safety matters to all members of the general public.

STRATEGIC REVIEW

The Objectives of the Charity

The principal objective of the Charity remains the protection of users of electricity against the hazards of faulty, unsafe and otherwise defective electrical installations and products. Achievement of the charitable objective is undertaken by both the Electrical Safety Council and its Joint Venture with the Electrical Contractors' Association, Certsure LLP.

The Charity's mission is the safety of **all** users of electricity with a specific focus on:

- Improving the safety of electrical installations.
- Improving the safety of electrical products.
- Direct interventions and grants.

Charitable activities undertaken by the Charity's Joint Venture with the Electrical Contractors' Association, Certsure LLP, which supported the Charity's safety objectives included:

- Assessment, certification and registration of individuals and entities carrying out electrical work through:
 - Operating the Approved Contractors' Scheme which is a voluntary electrical safety self-regulating body.
 - Running the Part P CPS Scheme, a self-certification scheme for providers of electrical services and related ancillary trades to domestic dwellings under Part P of the Building Regulations.
- Distribution and retail of technical publications and certificates.
- Provision of electrical training courses

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Activities and Outcomes for the Year

Electrical Safety First continued to raise awareness of its mission through extensive media coverage. The charity was name-checked in excess of a thousand news items since March 2021, across a range of platforms, including national and regional TV and national and local press. All the Charity's media campaigns are supported by appropriate evidence-based research, including major consumer surveys and in-depth technical investigation of products. Over the last year, year, the charity has maintained a focus on key issues through new and established campaigns, while also responding rapidly to the ever-changing news agenda.

Cost of Living Crisis & Energy Saving Devices

Struggling to make ends meet is not new for some in the UK but now record numbers are sharing that experience. In response to the cost of living crisis and the likelihood of electrical safety being compromised by financial concerns, the Charity established a resource to help consumers manage costs and minimise risk. Its dedicated web page acts as a portal to a host of safety tips covering a range of relevant topics, from plug-in heater safety to off-peak energy tariffs and running appliances overnight. The Charity also offers advice on how to shop safely online and tips if buying second hand electrical goods. The portal was promoted on social platforms via the hashtag #savingsafely and through a media campaign focusing on the Charity's review of 'energy-saving devices'. Along with rising energy costs has come a growth in products claiming to help reduce energy bills. The Charity investigated these items and found a number of dangerously substandard devices which claim – falsely - to help people save on their electricity. The Charity's media work on the issue secured high profile coverage, including LBC, London Live TV, ITV News Online, BBC Radio Ulster, The Sun, The Sunday People, Press Association, The Independent and Yorkshire Post. In total, the story was covered in over 70 articles across national and regional media.

Recalls and Registration:

To support the Charity's long-standing call to increase registration rates for electrical products, it continued to promote its smart speaker digital tool which helps consumers check if an electrical product has been recalled. Now extended to include Google Home devices, as well as Alexa, it was referenced in various articles relating to the potential safety benefits of home technology - including LBC online, Yahoo, the Press Association, Tech Digest, and regional media outlets.

Extensive local coverage was also gained by highlighting the human element in what can be seen as an abstract issue. The Charity developed a case study based on one individual who was unaware her dishwasher had been recalled - until after a serious fire in her home.

Online Marketplaces

The Charity has spearheaded the campaign for regulation of electrical goods sold via online marketplaces. Significant media coverage was gained in response to an open letter – signed by various stakeholders, including the National Fire Chiefs Council and British Toy & Hobby Association which was sent to the Government. Initially provided as an exclusive to BBC News, the letter resulted in issues around the safety of electrical goods bought online – and Electrical Safety First – gaining widespread national exposure.. Safe shopping online was also the Charity's theme for the annual Electrical Fire Safety Week.

Guidance for England's Private Landlords

In April 2021, new landlord legislation - spearheaded by Electrical Safety First - came into effect. It requires private landlords in England to undertake regular, mandatory, electrical safety checks, or be heavily fined. The Charity's guidance and warning to landlords - to hit the legal deadline for undertaking an electrical installation condition report (EICR) for their rental properties – was very well received. Coverage included *The Daily Mirror*, *Daily Telegraph*, and *Your Money*.

Safety in Scotland and Wales

The Charity's Short-Changed campaign resulted in the Scottish Government announcing the introduction of new rules for hosts of short term accommodation, such as that offered by Airbnb. The Charity positioned itself as the expert voice in the field by highlighting the new legislation for hosts, and secured national press in Scotland in the *Daily Record*.

In Wales, the Welsh Government announced its plans to adopt mandatory, five yearly electrical checks in both the PRS and social rented sector (SRS). The Charity welcomed the move and secured both trade and consumer coverage in, for example, *The National Wales* and *Inside Housing*.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Cutting Costs – Plug-In Heaters

Prior to Ofgem announcing its energy price cap, the Charity undertook research into how financial pressures might impact on the way consumers heat their homes. It found millions more were thinking of using plug-in heaters, rather than turning on the central heating, if they were just using one room.

Synchronising with the Ofgem price cap announcement, the Charity promoted safety messaging around plug-in heater use, supported by evidence from their survey. The story generated widespread national and regional coverage with more than 70 articles making specific reference to our warning to consumers. *The Evening Standard*, *The Independent*, *Press Association*, *Wales online* and *The Liverpool Echo*, were just some of the highlights.

Product Research and Investigations

The Charity's product safety screening programme allows it to identify and communicate potential safety issues to consumers and make a demonstrable contribution to both market surveillance and standards development. The Charity follows up all identified product failures, liaising with the retailers and manufacturers concerned - and ensures that the relevant authorities are informed of findings and actions taken by the Charity. Research outcomes are detailed in reports that support evidence-based policies, as well as informing consumer awareness campaigns and best practice support for industry.

In the last year the Charity has researched and tested a range of products and helped remove a number of dangerous and substandard items from the UK market. For example, as a result of its investigation into direct plug-in lamps, OPSS issued a recall notice for several of these items, which were readily available online. The Charity also found a range of non-compliance issues with water pump controllers, leading to the removal of 117 of these product listings on eBay.

The Charity's work on energy saving devices – inevitably of particular concern during a cost of living crisis, given the current spike in energy bills – also had a successful outcome. Not only were its test products recalled by OPSS, but 145 similar product listings were removed from eBay.

As Electric Vehicles (EVs) start to become mainstream, public charging points are being established across the country. However, research indicates that charging an EV at home is much preferred. As well as being convenient, using a dedicated home-based EV charging point is usually cheaper than a public one - and safer and quicker than using a domestic plug socket. In response to consumer enquiries, the Charity investigated the quality and safety of replacement EV home charging cables and sockets, which has raised various concerns. A report on the investigation is expected to be published in autumn 2022.

Following on from investigations and a summary report on the safety of fire-rated downlighters, the Charity established a roundtable bringing together a number of key industry and other stakeholders to consider the findings. In response to these discussions, the Charity has developed a proposal for an alternative fire resistance type test for downlighters. Once the new test methodology has been agreed with industry stakeholders, the Charity will engage with OPSS and BSI for funding to develop a PAS or BSI Flex (a new type of standard, created where there is a need to rapidly iterate and update content as best practice emerges).

Other activities undertaken in 2021-22, involved the publication of two related reports. The first, *Consumer Safety on Online Market Places – The Need for Change*, which looks at the current legislative framework and how this can be improved to protect consumers. The second, *Consumer Safety in Online Market Places – The Evidence and Impact*, details the in-depth investigations undertaken by the charity into unsafe electrical goods available online.. The Charity also responded to the Office for Product Safety and Standards (OPSS) 2021 review on product safety, reiterating its call for online platforms to be recognised and regulated as supply chain actors, like traditional high-street retailers.

Working in Partnership and Stakeholder Engagement

By working with manufacturers, retailers and other organisations, the Charity is able to reach a much wider audience with its campaigns. To support the aim to be a collaborative organisation, and to work as a facilitator of best practice, the Charity has established – and hosts – various electrotechnical committees and groups. A wide range of areas are encompassed, from the safety of electrical installations and products, to new technology and the smart home. Membership of these groups is equally diverse, and includes representatives from throughout the supply chain, as well as lawyers, distribution network operators, fire and rescue services, and Government and non-departmental Government bodies.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Electrical Safety First established and Chair the following committees:

- The Electrical Installation Safety Forum takes an overarching review of anything from the safety of electrical supply intake equipment, to installer competence.
- The Electric Vehicle Charge Point Installation Safety Working Group set up in collaboration with the Office for Zero Emission Vehicles (OZEV), to improve the safety of EV charge point installations.
- The Wiring Regulations Advisory Group (WRAG), provides guidance on frequently asked questions on BS 7671 (the IET Wiring Regulations). The group establish a consensus response to queries on the standard, which is then added to the WRAG database, published on the Electrical Safety First website. This resource is well regarded and well used, attracting around 3,500 visits per month.
- The Electrical Safety of Products Committee reviews the safety of consumer electrical products which connect to mains voltage and extra-low voltage supplies. It considers changes in legislation and standards, reviews the Charity's product screening activities, and has a watching brief on emerging issues impacting on consumer safety.
- The Improving Product Registration and Recalls (IPRR) Working Group aims to develop collaborative solutions to improving low product registration and recall response rates.
- The Smart Technology Product Safety Stakeholder Group is co-chaired by Electrical Safety First and the law firm DLA Piper. It aims to identify issues arising from new technology which could impact on consumer safety and promote good practice within the industry. The group has been approached by the Office for Product Safety and Standards (OPSS) and the Department for Digital, Culture, Media, and Sport (DCMS), to comment on various projects and consultations.

The charity is also member of various other key electrotechnical committees and forums, which provide the opportunity to influence improvements to standards and to collaborate with relevant organisations. Electrical Safety First's Chief Executive is a long-standing member of ESSAC, the Electrotechnical Standardization Strategic Advisory Council, which provides the British Standards Institution with high-level, strategic advice and guidance for the UK's electrotechnical industry. Other groups which we have membership of include: the National Fire Chief's Council's Home Safety Committee; the Department for Business, Energy, and Industrial Strategy's (BEIS) Smart Meter Operational Group and Smart Meter Safety Advisory Group.

In addition, the Charity is a member of multiple British Standards Institute's (BSI) committees. In 2021-2022, it helped establish a number of standards and publicly available specifications (PAS). (PAS are fast-tracked standards, often created in response to new technologies and innovative products being brought to market without – or with limited - established standards). The Charity's long-standing work with the Office for Product Safety and Standards (OPSS), has continued and included responding to their call for evidence on the Product Safety Legislative Landscape. Collaboration with international standard setting through CENELEC – the European Committee for Electrotechnical Standardisation – is maintained via the Charity's membership of BSI committees.

In the UK, the response to a product recall or safety notice has a disturbingly low success rate. This is often due to people not registering their appliances, creating difficulty for manufacturers in tracing affected products, and leaving potentially lethal items in homes. Electrical Safety First chairs the Improving Product Registration and Recalls (IPRR) Working Group, which brings together a range of stakeholders to develop collaborative solutions to these low response rates. Key activities for the group this year included securing changes to the OPSS review of PAS 7100, a code of practice for product recalls and other corrective actions. The code is designed to help businesses prepare for a recall and outlines the responsibilities and support role of Market Surveillance Authorities. The IPRR's contribution will help improve the availability and transparency of recall data. The group also began developing a guide on consumer/registration data handling.

Electrical Safety First provides tailored training packages to a range of organisations. In 2021-2022, we began developing a training course in Managing Electrical Safety Risk for Local Authorities' housing inspectors.

Electrical Safety First is frequently used as an expert voice by national and regional media – as well as the electrotechnical industry – and beyond. Its technical specialists are frequent speakers and panellists at a variety of events. These included: the Morgan Lambert webinar on electrical safety in social housing; OPSS's 'Fridge of 2050' on safety standards and the future of white goods; the United Kingdom Revenue Protection Association (UKRPA), on EV charging safety; and the Central England Trading Standards Authorities (CENTSA) on emerging issues in electrical safety.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Each November, the charity hosts its high-profile product safety conference. Established to enhance consumer protection by sharing best practice and increase awareness of emerging trends, the event attracts an international and diverse audience. Delegates include retailers, manufacturers, test houses, government departments, product safety lawyers, consumer protection bodies, trading standards, and fire and rescue services. More than half the world uses mobile devices to connect, research and purchase goods. So it was fitting that in 2021, Electrical Safety First's 13th annual product safety conference had the theme of *The Connected Consumer*. The event, which had over 600 delegates, explored the connected consumer from the key perspectives of sustainability, designing for inclusivity, and the evolving legislative context. As with the previous year, the 2021 conference was run online and free of charge — to ensure it was safe to attend and accessible to everyone during the pandemic and its aftermath. It included the Minister for Small Business, Consumers and Labour Markets outlining the Government's approach to product safety in the 21st century and the opportunities and challenges following the UK's exit from the single market. The agenda also included a regulators' panel with representatives from several Government Departments, including: the Office for Product Safety and Standards (OPSS); the Department for Environment, Food and Rural Affairs (DEFRA); the Department for Digital, Culture, Media, and Sport (DCMS); and the Department for Transport's (DfT) Office for Zero Emission Vehicles (OZEV).

The conference also focused on the speed of innovation of connected products and related issues around security, safety, and interoperability. Expert speakers included representatives from Google, Alphabet Core Engineering Solutions, the Alan Turing Institute, Intertek and OPSS. They considered the governance, regulation — and ethical implications — of smart products; the challenges to business in terms of certification and compliance; and a look at how manufacturers are adapting to address environmental concerns.

Conference sessions included contributions from BEKO, a major appliance and consumer electronics brand; law firm Hogan Lovells LLP; the Household Electrical and Electronic Servicing Training Forum (HEEST); and SE24 Safety and Energy Consultants. The panel reviewed the legislative landscape and potential conflicts between sustainability and safety. The event closed with an OPSS presentation detailing their research on consumer attitudes to product safety — and the essential role of trust in the 'contract' between consumers, retailers, and manufacturers.

Our 13th annual product safety conference continued the Charity's history of bringing critical and emerging issues to the fore. Its aim is to ensure industry and other key stakeholders have the information they need, to understand the future of product safety during this period of rapid technological and socio-economic change.

Included within the annual conference was the announcement of the winner of our Safety Innovation Award. Launched in 2019, the award was established to acknowledge an innovative and sustainable product or project, placing safety of consumers at the heart of its development. This 2021 winner was Aico's Ei1000G SmartLINK® Gateway. Developed in collaboration with housing associations and social landlords, this alarm maintenance and asset management device uses a cloud portal without the need for local Wi-Fi.

The Charity helped establish Electrical Fire Safety Week as an annual event where it works in collaboration with the Government's Fire Kills campaign, to promote electrical fire safety in the home. In support of Electrical Fire Safety Week in November 2021, the Charity ran a social media campaign on the risks associated with buying from online marketplaces. A stakeholder pack providing a range of promotional assets, including key messages, video links and graphics, was also shared with relevant bodies, including Fire and Rescue Services.

Online

This year saw a rise of 8.2% in website visits, which had dipped during the pandemic. Indicative of the widening scope of the Charity's audience, is the fact that not only were there more visitors to the site but that they explored a wider range of topics. There was, for example, an increase in the number of people accessing content on travel adaptors, reflecting the fact that global travel restrictions had been eased. Other popular pages include the 'Your Questions Answered' material. Initially developed in 2020, and regularly updated — it gives visitors access to a wide range of electrical safety information and find answers to their questions on the subject. In 2021-2022, it garnered over 125,000 views,

Website Statistics 2021-2: Total Website Visits: 3,441,345 (2,912,609); Unique Visitors: 2,926,480 (2,490,859); Page Views: 4,645,662 (4,156,051)

The socket-outlet overload calculator is a popular consumer tool available on the website. This has now been updated to include new products and reflect changes to power consumption, in line with technological advances.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

A guide to energy labels has also been produced and details revised energy ratings, with an explanation of how to convert Watts (W) to Amps (A).

Best performing consumer pages: (Percentage relates to total website traffic)

1. 277,883 – Amps to Watts (5.98%)
2. 266,538 – Watts to Amps (5.74%)
3. 243,239 – Home Appliance Ratings (5.24%)
4. 163,559 – Homepage (3.52%)
5. 128,865 - RCDs Explained (2.77%)

Top Technical Pages Visited on the Website: (Percentage relates to total website traffic)

1. 65,536 – Best Practice Guides (1.37% of total website traffic)
2. 41,470 – Wiring Regulations – New, Rewired and Similar (0.89%)
3. 17,238 - Wiring Regulations Landing Page (0.37%)
4. 16,167 – Wiring Regulations – Inspection, Testing, Certification and Reporting (0.35%)
5. 15,034 – Professional Resources Landing Page (0.35%)

Electrical Safety First works closely with industry to improve best practice and ensure consumer safety is always a priority. In addition to industry events and training, it also provides guidance for electrical professionals.

Top Resources Downloaded on the Website:

1. 52,912 – Best Practice Guides (BPG)
2. 5,085 - List of Hotpoint affected tumble dryers
3. 4,543 – Landlords guide to England and Wales
4. 2,576 - Guidance on Minimum Provision of Sockets
5. 2,165- A5 Consumer Unit Technical Guide

Of the 52,912 downloads of BPGs, the most popular was Best Practice Guide 4: Electrical installation condition reporting: Classification Codes for domestic and similar electrical installations with 16,225 downloaded

Social Media

Once again, the majority of visitors to both the website and the Charity's Facebook page came from the 25–34-year age group. The limited Facebook engagement from 18-24 year-olds is indicative of its decreasing popularity amongst this demographic, who are more likely to use other platforms for brand engagement. Stakeholder and professional or industry contact is also better achieved via Twitter or LinkedIn accounts. Over the coming year, the Charity will be gathering additional visual assets to support a TikTok account, to improve engagement with younger people. In addition to online resources, the Charity provides information to older and vulnerable groups through printed material and via relevant channels, such as Fire and Rescue Services.

The Charity's sites for children and teenagers offer support for both teachers and students with suggested lesson plans, worksheets, revision quizzes and games. When home schooling replacing classroom-based learning, significant increases in visitors to these sites were seen which has continued.

Switched on Kids (for 5-11 year olds) : Visits: 151,572 (153, 529); Unique page views: 1,149,376 (1,010,700); Downloads: 45,845 (51,208)

230 Volts (for children and teens 11-13): Visits: 13,551 (15,021); Page Views: 54,561 (64,392); Downloads: 2,628 (3,795)

Certsure Joint Venture

Charitable objectives continued to be delivered through the Certsure LLP joint venture. Certsure offers industry-leading certification services, Building Regulations schemes, training, products and support to the construction industry and beyond. Profits from these activities provide a significant part of the Charity's income.

Despite the continuing challenges from COVID-19 and its aftermath, Certsure carried out assessments on over 32,000 businesses between April 2021 and March 2022. Designed to verify the ongoing competency of these businesses, and ensure technical and safety standards are continuously upheld, regular assessments are a condition of being certified by NICEIC. Split into two key areas, the assessments include on-site scrutiny of representative

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

examples of work, and office audits — to verify effective record keeping and that the correct qualifications, insurances, and policies are in place. Evidence that employees are adequately supervised, and that they are undertaking continuous professional development, is also required. To help people find their nearest NICEIC certified business, Certsure's website hosts a 'Find a Contractor' tool. This resource, which allows consumers to search for local businesses by postcode, was used 190,000 times in 2021.

2021/22 saw the continued roll-out of legislation relating to Electrical Safety Checks in the Rental Sector in England and Wales. Certsure has supported these developments providing guidance to Landlords, Tenants and Electrical Contractors. Working alongside Electrical Safety First and other industry stakeholders, Certsure is also actively involved in campaigning for parity, sharing the collective view that every tenant should benefit from regular electrical safety checks regardless of geographical location or tenure.

Along with other key stakeholders, including Electrical Safety First, Certsure sits on the JPEL 64 committee, a cross-industry group formed to help govern the contents of BS 7671:2018 the Institution of Engineering and Technology (IET) Wiring Regulations. In March 2022, the IET published the second amendment of BS 7671:2018 — the first significant update since its introduction in 2018. This amendment introduced new requirements, designed to improve safety for users of electrical installations, such as arc fault detection devices in certain building types.

Certsure's technical helpline is another resource open to electrical contractors. Operating five days a week by a team of engineers who hold a combined total of over 300 years industry experience, this service assists contractors with their real-life queries and in 2021-22, took more than 70,000 calls and answered over 5,000 emails.

Both Certsure and Electrical Safety First are committed to ensuring consumer protection by continually raising industry standards. In 2021-2022, NICEIC's technical webinar series, *THE WIRE*, delivered 22 episodes to delegates. Covering a range of essential topics, the series supplied 16 hours of free Continuous Professional Development (CPD) and reached over 40,000 individuals. Certsure is also a leading training provider for the electrotechnical industry, offering a wide range of highly regarded formal training, delivered via various platforms. Between 2021-2022 Certsure successfully delivered 1,161 courses, which reached an audience of almost 12,000. Whether through formal training courses or via free CPD Certsure is helping thousands of electrical contractors keep their technical knowledge and skills up to date – and helping to ensure they deliver safe, compliant, installations to consumers.

Working with Government

Electrical Safety First works with parliamentarians and policymakers, to develop effective electrical safety legislation. Relevant regulatory areas include housing, counterfeits, online sales, recalled and safer products, electric vehicles, and the future home. In an increasingly electric world, the Charity's mission — to ensure everyone can use electricity safely — becomes increasingly significant. However, the critical importance of electrical safety is rarely fully acknowledged in strategies for our low carbon future. So, over the past year, in addition to continuing focus on safer products and safer installations, the Charity has also highlighted the increasing importance of electrical safety in the home of the future.

Westminster

The Charity acts as the secretariat for the All-Party Parliamentary Group (APPG) for Online and Home Electrical Safety, a cross-party group which aims to raise parliamentary awareness of issues relating to electrical safety in the home, and to promote the prevention of accidents from electrical products. In October 2021, the APPG was attended by Amazon, who also provided a presentation outlining its proactive steps in protecting consumers from buying unsafe products online. This ongoing liaison, also with other online marketplaces such as Facebook Marketplace, focuses on collaborative initiatives to help ensure consumers are better informed about who they are buying from when shopping online.

Electrical Safety First has led the way in calling for better regulation of electrical products sold online. Its investigations continue to find potentially lethal electrical items easily available through online marketplaces — particularly those offered by third-party sellers. The Charity's online petition, calling for better protection for shoppers using online marketplaces, has now exceeded the 35,000 response target for 2021/22, while its supporter database also increased to 8,000. This provides a solid foundation for the Charity to build further grassroots support for this campaign

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

In November 2021, the Charity led on the publication of an open letter to the UK Government which called for additional protection for online shoppers. The letter had a range of organisations as co-signatories, including the National Fire Chiefs Council, Which?, The Child Accident Prevention Trust, and the London Fire Brigade, reflecting the wide support of industry and other experts. An extensive media campaign on the issues raised in the letter — and the profile of the Charity — gained national coverage, including BBC News online. Following this, and in conjunction with sustained lobbying by the Charity and its allies, the Office for Product Safety and Standards (OPSS), established a consultation on proposals to regulate online marketplaces.

The lack of a robust regulatory framework for online marketplaces continues to place consumers at risk on a daily basis. So the Charity has secured the introduction of a Private Members' Bill — The Sale of Goods Online (Safety) Bill — through the annual House of Commons' Bill Ballot. The Bill, which will have its second reading in January, would ensure that consumers have the same protection regardless of whether they are shopping via an online marketplace or on the high street.

Electrical Safety First continues to work closely with the OPSS and a key activity was responding to the OPSS call for evidence on the Product Safety Legislative Landscape. Its objective was to examine the current and future approach to product safety and how to ensure that the regulatory framework is fit for the future. The Charity's response emphasised the need for effective enforcement and cross-government collaboration. This has become increasingly important in a world where the transition to net zero, and the development of new technologies (including online sales platforms) cuts across various government department regulatory responsibilities.

The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 came fully into force in April 2021. The regulations now require private landlords to have electrical installations in their rented properties checked at least every five years by a qualified competent person with the findings documented in an Electrical Installation Condition Report (EICR). In the run-up to the deadline, the Charity received a significant number of enquiries regarding this new requirement. To help address any uncertainties around the issue, the Charity established an industry event, aimed at inspectors, landlords, letting agents, and local authorities, to improve transparency and consistency of EICRs. Expert speakers, including representatives from the National Residential Landlord's Association (NRA), the National Association of Professional Inspectors and Testers (NAPIT), Certsure (NICEIC), and the Electrical Contractors Association (ECA) — clarified the legislation and discussed EICR classification coding and remedial work.

The Building Safety Bill, which recently received Royal Assent, was described as *"the biggest change to building safety regulations in a generation."* Working with a coalition of stakeholders the Charity secured an amendment to the Bill, which requires the Building Safety Regulator to complete a cost-benefit analysis for introducing regular electrical installation checks in all residential tower blocks in England. This is important because the current approach to electrical checks in tower blocks is inconsistent, as not all properties are held to the same electrical safety standard. Yet fire does not discriminate between tenures and can start anywhere. The Charity wants to see mandated, five-yearly, electrical safety checks in both social housing and leaseholds, in mixed-tenure high rises, to protect all residents and ensure consistency and effectiveness. Achieving this would be another important milestone in the Charity's overarching goal to achieve a cross-tenure housing standard for electrical safety across the UK.

In June 2022, the draft Social Housing (Regulation) Bill was introduced to parliament. Clause 10 of the Bill extends mandatory electrical safety checks to the social rented sector in England, improving safety provisions for 4 million households. The Bill is a major step towards a key objective of the charity — ensuring everyone, regardless of housing tenure, has an equal level of protection from electrical risk.

Wales

In Wales, our long-standing campaign for enhanced electrical safety for renters achieved its objective. Legislation — which has been delayed but is expected to come into force winter 2022 — will require mandatory, five yearly electrical checks in both the private and social rented sectors.

Scotland

Scotland's short-term accommodation sector (STA) has tripled in just three years but until recently, lacked a consistent regulatory framework around electrical safety. The extensive growth of the sector and the additional safety risks arising from the rapid turnover of tenants, created understandable concern. Electrical Safety First's Short-Changed campaign led to the introduction of mandatory electrical safety checks for the STA sector. Coming

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

into force into 2023, it will ensure guests in Scottish STAs have the same level of protection from electrical risk as the country's private and social housing tenants – i.e., five-yearly checks of both the electrical installation and appliances provided as part of the tenancy. Given the continuing growth of STAs such as Airbnb, the Charity will be looking to extend its Short-Changed campaign to the rest of the UK.

Northern Ireland

The Charity's related campaign for regular electrical checks in Northern Ireland's private rented sector (PRS) also achieved the desired outcome. Electrical Safety First provided oral evidence to the Northern Ireland Assembly's Communities Committee report on the Private Tenancies Bill which the NI Assembly passed in March 2022 and which included a requirement for private landlords to complete periodic electrical safety checks. The legislation ensures private tenants in Northern Ireland will now have similar protections from electrical risk as private renters in England and Scotland.

Future Plans for 2022-23 include:

Continue working to ensure the Charity fulfills the aims set out in its five year strategy running to 2023. The specific priorities of the Charity were reviewed during the year and agreed as:

- To empower people to use electricity safely.
- To campaign for the safety of electrical installations, including contributing to the development of regulations and standards..
- To campaign for the safety of electrical products, including contributing to the development of regulations and standards that support the safety of users of those products.

To do this the Charity has specific objectives towards achieving these goals that are measurable. Progress is recorded and regularly reported to quarterly Trustee meetings.

Looking to the future, At the end of 2021, Electrical Safety First released a new report – Future Homes: Electrical Safety in the Net Zero Home. It reviews some of the key technologies of the future home and recommendations to enhance electrical safety. The report takes a comprehensive approach and is divided into a review of four primary areas - housing infrastructure, electric vehicles (EVs), product safety, and growing the installer base. To help ensure the future home is not only low carbon and smart, but also safer, the Charity believes it is imperative to address these interrelated elements now. This report is a first step in the Charity's work to ensure an integrated approach to electrical safety in the home of the future. To gain feedback on the report, inform further research and campaigns - and gain broader support and collaboration for its recommendations – the Charity planned and delivered a series of roundtables during the year. These covered housing, product safety, and EVs. They were well attended and provided a range of valuable feedback and insight, helping to inform the development of strategic priorities and recommendations for national and local government. There was particular interest in the EV roundtable, which included a presentation on the Charity's in-depth mapping of the UK's EV charging landscape, and which found a postcode lottery of charging facilities across the country. Information was gathered from a range of data sources, including local authorities, the UK Government's Electric Vehicle Homecharge Scheme, and Zap-Map, which supplies details of the public infrastructure. The Charity also held its first in-person event on Future Homes in the Welsh Senedd in March 2022, which also focused on EVs. It was attended by over a quarter of all AMs and led to further engagement opportunities.

Electrical Safety First as a Thought Leader

The Charity's Thought Leadership strategy strengthens collaborations, amplifies its voice, and helps ensure that the importance of electrical safety now – and in the future – is properly recognised in government policy.

In the increasingly complex world, electrical safety requires an integrated approach, so the Charity works with an array of stakeholder organisations – from government departments and NGOs, to professional and trade bodies, across the electro-technical industry supply chain – and beyond.

Strong partnerships are also vital to extending the Charity's reach and conveying its messages to a wider, often expert audience, as well as decision-makers. In-depth features and blogs in specialist, professional media, and government information, offer an evidenced-based, detailed rationale, for the Charity's policy positions and Consumer campaigns. They also provide a platform for the Charity's thought leadership views on emerging trends and developments, highlighting the increasing significance of electrical safety in the road to net zero.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Opinion pieces, on a variety of subjects, have appeared in various publications and platforms. Subjects range from the call for an effective electric vehicle infrastructure, to reduce risk charging methods, to the 'tenure lottery' and the introduction of regular electrical safety checks in private and social housing, across the UK.

In 2021-2022, it is not surprising that much media interest has been related to 'green' themes, particularly since this period saw the publication of the Charity's report, *Future Homes: Electrical Safety in the Net Zero Home*, which has been covered by the housing, building, fire safety and electrotechnical sector, and also by government-related media. Articles and opinion pieces promoting the Charity's policies, research, and recommendations, have been featured in The House and Holyrood magazines, which are mailed to parliamentarians in Westminster and Scotland.

Given that Scotland has led the way in incorporating the Charity's call to end the tenure lottery in relation to protection from electrical risk, the Charity established a pilot project for MSP engagement via an Electrical Safety First newsletter, with the first one obtaining a 94% open rate. Once successfully established, similar engagement may be rolled out to Westminster and the other Devolved Nations.

The Charity's work combatting the tsunami of fake and substandard electrical products bought online, has been substantially showcased in the Government's Intellectual Property Office (IPO) annual report. Other in-depth features providing updates on the legislative landscape have also appeared in relevant professional membership publications, such as those produced by the Royal Institute for Chartered Surveyors and the Institute of Environmental Health.

Work supporting legislative change also incorporates the production of targeted detailed information, most recently leading to the development of a guide for landlords of short term accommodation, such as that provided by Airbnb hosts. The Charity's *Short-Changed* campaign in Scotland resulted in the introduction of mandatory electrical safety checks for this sector, and the Charity is planning to extend the campaign across the UK. So in collaboration with the Short Term Accommodation Association, we are developing a UK-wide guide, offering detailed guidance to Scottish hosts and best-practice information for those in England, Wales, and Northern Ireland.

Another important element of the Thought Leadership strategy is supporting the practical application of better regulation – which is also the aim of the Office for Product Safety and Standards (OPSS) Regulatory Awards. The Charity's entry for the 2021 award, focused on the specialised training it developed for Trading Standards officers, which was based on research undertaken previously for OPSS, on second hand goods bought offline. The Charity was delighted to achieve Highly Commended in the award's Product Safety category.

The Charity believes it is also vital to continue to be a significant expert voice in key industry press. Regular features support an ongoing dialogue with manufacturers, retailers, and installers, as well as those entering emerging areas such as electric vehicles, the electrification of heat, and smart homes. In addition to supporting best practice, this work illustrates how the Charity's expertise can flag forthcoming trends, opportunities, and challenges, in the consumer or legislative landscape

The varied strands of the Charity's Thought Leadership activity have a single aim: to show how its technical and campaigning expertise means it is a voice that needs to be listened to – especially during the transition to a low-carbon economy, when electricity and electrical safety is becoming more important than ever.

Financial Position and Reserves

Overall Result

The Group has recorded a reduction in funds during 2021/22 of £1,877kK consisting of net income of £3,973K and a £5,850K actuarial loss recorded on the Pension Scheme with the asset indicated by the difference between the Scheme Assets and Defined Obligation note being recognized on the Balance Sheet (see note 17). The reserves at year end which are wholly unrestricted totalled £28,838.

Gift aid of £5,579K (2021: £3,293K) has been received by the Charity from its subsidiaries. The Charity's subsidiaries include ESC Partnerships Ltd which is one of two members of Certsure LLP and which generated all of the 21/22 gift aid. The other member of Certsure LLP is the Electrical Contractors' Association Ltd which is a wholly owned subsidiary of the Electrical Contractors' Association, a members' association.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Income

Total Charity income was £6,458k (2021: £4,098K), the main component of which was the £5,579k (2021: £3,293K) received from subsidiaries in gift. Other incoming resources are income payable to the Charity by both Certsure LLP and a third party for use of its properties together with investment income and income generated by Charitable Activities.

Expenditure

Total expenditure for the year was £1,950K (2021: £1,906K), very comparable to the prior year. Cost savings experienced in the prior year due to activities being curtailed by the pandemic continued during 2021/2 as restrictions continued to be in place.

Fixed Assets

The majority of the Charity's tangible fixed assets comprise the land, buildings, furniture, equipment and IT hard and software used in the Group on a daily basis. Changes in tangible fixed assets are summarised in note 10 to the financial statements.

Pension Scheme

The scheme assets of the closed final salary pension scheme exceed the liabilities by £11.8m when measured in accordance with FRS 102 but the employer has not recognized this asset under FRS102 Section 28.22. The employer is however making deficit contributions due to the different basis on which the funding position is assessed. The deficit on this basis impacts the Charity's short and medium-term cash flows by the funding arrangements agreed with the Pension Scheme Trustee. Following the 31 March 2020 triennial valuation, these payments comprise continuation of the annual amount of £600k to March 2021 followed by £250k pa until an anticipated date of self-sufficiency which is a stronger funding basis than technical provisions. However, in order to shorten the timescale for the Scheme to achieve self-sufficiency, the Trustees decided to make a lump sum contribution of £4m before the end of 2021/2 and increase the annual contributions to £1m pa from April 2022 with a shortened target date of self-sufficiency being achieved by the end of 2027

Outlook

The Group's financial position overall remains healthy. Financially, Covid-19 has not had a significant impact on the income of the Charity and forecasts suggest that the current income levels will be maintained. The Charity holds significant reserves but the Trustees are also mindful of the deficit that still exists in the Pension Scheme and are balancing that with using resources to deliver on its objectives.

Cash, Investment Policy and Returns

Group cash and investment balances excluding joint ventures have increased over the last year to £17,850K (2021: £16,600K), an increase resulting from the investment gain of £0.6m along with additional gift aid received following the release of some profit share previously retained within Certsure during the pandemic.

The Charity's investment policy has as its objective "to produce returns and be a vehicle for holding the agreed level of Charity reserves". The investment target return is once any income required has been taken to maintain and where possible enhance the real value of the portfolio without taking unnecessary risks. A total return approach to investment is taken i.e. generating return from income and capital gains and losses.

An investment portfolio of £12.8M of funds with a long-term investment horizon was managed by three fund managers, Rathbones, Cazenove and CCLA who were appointed during the year. Continuing favourable conditions in the financial markets over the course of the year resulted in a total return of a gain of £937K being delivered on the portfolio, comprising a £588K capital gain combined with by £349K of income.

The investment policy is maintained under ongoing review in light of changing Group funding requirements and all portfolios are now balanced between equities, fixed interest investments, alternative investments and cash based on an intermediate risk profile. All income generated is being paid to the Charity to fund current spending.

The balance of the Charity's investments relate to the joint venture of Certsure LLP and property. Properties leased to group companies (including joint ventures) are not treated as investment properties. Therefore the investment property held by the Charity reflects the proportion of a property leased to a third party.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Reserves and Risk Assessment

Risk management processes are embedded in the day-to-day operations of the Charity and its trading activities which have their own separate risk register. Risk registers are reviewed regularly by management to ensure completeness and that the risk ratings and impacts remain appropriate.

Significant changes in the Charity's risk register are reported at the Electrical Safety Council's Board meetings. The full Board reviews the Charity's risk register in detail. The risk register relating to Certsure LLP is reviewed by the Certsure Management Board which includes two Charity Trustees along with the Charity Chief Executive and Finance Director.

The Financial Management Committee, on behalf of the Board, conducts an annual review of the level of unrestricted reserves by considering the risks associated with the various income streams, expenditure plans and Balance Sheet items. In setting the reserves target the Committee considers the future resources needed for the Charity to continue meeting its charitable objectives. The Committee also recognises that assets such as fixed assets are not easily or quickly realised.

This review enables an estimate to be made of the level of reserves that will be sufficient to allow time to re-organise and dispose of long term assets in the event of a down turn whilst maintaining core charitable activities including the Charity's:

- consumer awareness and campaigning activities;
- objectives to improve electrical product and installation safety;
- commitment to technical excellence

The reserves policy is kept under review and states that reserves, which are defined as the charity's and its wholly owned subsidiaries' cash and investment portfolio, amounting to at least two years pure /discretionary charitable expenditure be maintained after provision for the next three years' pension deficit payments.

The policy goes on to state that if the level of reserves exceeds the minimum amount, the Trustees will consider the best use of the "excess" funds. Matters to be taken into account include the progress of the defined benefit pension scheme to self-sufficiency, the merits of holding or investing the additional amount to fund future spend and the merits of undertaking additional charitable activities. The Trustees continue to consider how best to balance the use the funds available to further the charitable objectives and reduce the risks posed by the pension scheme to the Charity. In the meantime, the Trustees consider it appropriate to retain the current level of reserves whilst the pension scheme has not yet reached self-sufficiency.

The Trustees have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to Senior Management. Trustees are unremunerated and the remuneration of the Key Management Personnel is determined by the Remuneration and Appointments Committee who take into consideration general pay increases awarded under the collective agreement which covers the majority of staff as well as external comparatives.

Financial Instruments

The Group's policy including Joint Ventures is to finance working capital through retained reserves and monies received in advance from customers as a result of its annual fee cycle. The Group does not actively use other financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. It is exposed to minimal foreign exchange risk as the customer base is mostly within the UK. The nature of the Group's financial risk instruments means that they are not subject to price or liquidity risk.

The Board does not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or results.

Employee Training and Recruitment

The Group including Joint Ventures has an active personal development training programme to ensure that all employees have the skills and knowledge necessary to achieve the business and personal goals to which they aspire. The Group is an equal opportunity employer that values diversity in its employees and it has recruitment policies directed to ensure that it is open to all.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' annual report incorporating a strategic review and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Charity and of the incoming resources and application of resources, including its income and expenditure, of the Group for the year. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Charity will continue in business.

The Directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Directors' Awareness Statement

Each of the Directors has confirmed that so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware, and that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Auditor

A resolution to appoint Moore Kingston Smith LLP as auditor will be proposed at a future Board meeting.



By order of the Board
Jennifer Trim
Company Secretary
6 October 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL

Opinion

We have audited the financial statements of The Electrical Safety Council (the “parent charitable company”) and its subsidiaries (the “group”) for the year ended 31 March 2022 which comprise the consolidated and charity statement of financial activities, consolidated and charity balance sheets, consolidated statement of cash flows, charity statement of cash flows and 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 FRS 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 group’s and the parent charitable company’s affairs as at 31 March 2022 and of the groups incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006, the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 group 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 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 audit 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 charitable company'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 directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report and Strategic Review for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report or Strategic Review.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 19, the directors 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 directors 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 directors are responsible for assessing the group's and parent charitable company'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 liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We 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 we identify during our audit.

Explanation as to what extent 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

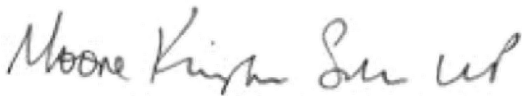
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act and with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members and the charity's trustees those matters we are required to state to them in an auditor's 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 charitable company, the charitable company's members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Silvia Vitiello, *Senior Statutory Auditor*

For and on behalf of Moore Kingston Smith LLP, Statutory Auditor
4 Victoria Square
St Albans
Herts AL1 3TF

Date: 11 October 2022

Moore Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2022 (incorporating Consolidated Income and Expenditure Account)

				2022	2021
	Note	Unrestricted Charity Funds £'000	Trading Subsidiaries £'000	Total Funds £'000	Total Funds £'000
INCOME FROM:					
Investment Income – Investments	5	349	5	354	258
Investment Income – Properties		521	-	521	522
Other Trading activities - Share of profits in Joint Ventures	12	-	4,740	4,740	4,962
Income from Charitable Activities		9	-	9	31
Other Incoming Resources	18	-	-	-	-
TOTAL INCOME		879	4,745	5,624	5,773
EXPENDITURE ON:					
Raising funds					
Discontinued trading operations		-	5	5	2
Investment Management Costs		27	-	27	35
Fundraising Costs		72	-	72	69
Subtotal - Raising Funds	4	99	5	104	106
Charitable Activities					
Installation Safety		624	-	624	577
Product Safety		1,003	-	1,003	959
Grants and Direct		-	-	-	80
Research		90	-	90	63
Subtotal - Charitable activities	4	1,717	-	1,717	1,679
Other Expenditure	4	129	-	129	121
TOTAL EXPENDITURE		1,945	5	1,950	1,906
Net Investment (Losses) / Gains - Investments	12	588	-	588	2,128
Net Investment (Losses) / Gains – Property		(78)	-	(78)	(99)
Net Investment Gain – Reclassification of Property		139	-	139	-
Net Investment (Loss) from Impairment of Property		(350)	-	(350)	-
NET (EXPENDITURE) / INCOME		(767)	4,740	3,973	5,896
Actuarial Gain / (Loss) on Pension Scheme	17	5,950	-	5,950	(9,900)
(Loss) from non-recognition of Pension Asset	17	(11,800)	-	(11,800)	-
Transfer of Gift Aid		5,579	(5,579)	-	-
NET MOVEMENT IN FUNDS		(1,038)	(839)	(1,877)	(4,004)
Total Funds at 1 April 2021				30,235	34,239
Total Funds at 31 March 2022				28,358	30,235

All Charitable funds are unrestricted. All recognised gains and losses are included above.

The notes on pages 28 to 43 form part of these financial statements.

THE ELECTRICAL SAFETY COUNCIL

BALANCE SHEETS AS AT 31 MARCH 2022

	Note	<u>Group</u> 2022 £'000	<u>Charity</u> 2022 £'000	<u>Group</u> 2021 £'000	<u>Charity</u> 2021 £'000
FIXED ASSETS :					
Tangible Assets – used	10	4,838	4,838	4,121	4,121
Tangible Assets - investment properties	11	705	705	1,833	1,833
Investments	12	12,844	12,844	12,253	12,253
Investments in Joint Ventures	12	5,313		6,462	
		23,700	18,387	24,669	18,207
CURRENT ASSETS :					
Debtors	13	79	79	53	53
Cash at Bank and in Hand		5,006	3,055	4,347	2,705
		5,085	3,134	4,400	2,758
CURRENT LIABILITIES :					
Amounts Falling Due Within One Year	14	427	1,139	334	1,045
NET CURRENT ASSETS/(LIABILITIES) :		4,658	1,995	4,066	1,713
TOTAL ASSETS LESS CURRENT LIABILITIES :		28,358	20,382	28,735	19,920
DEFINED BENEFIT PENSION SCHEME ASSET / (LIABILITY)					
	17	-	-	1,500	1,500
		28,358	20,382	30,235	21,420
RESERVES					
UNRESTRICTED INCOME FUNDS		28,358	20,382	28,735	19,920
PENSION RESERVE	17	-	-	1,500	1,500
TOTAL RESERVES		28,358	20,382	30,235	21,420

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. For the purposes of the Companies Act, net income of the Charity for the year is £3,674K (2021: £3,867K).

The notes on pages 26 to 41 form part of these financial statements.

Approved by the Board of Directors and authorised for issue on 6th October 2022, and signed on their behalf by:



S Frost - Chair

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	TOTAL FUNDS 2022 £'000	P/ YR FUNDS £'000
Net cash (used in) operating activities (Note A)	(6,102)	(2,535)
Net cash provided by investing activities (Note B)	6,761	2,796
Cash flows from financing activities	-	-
	659	261

Analysis of Net Funds £'000	At 1 Apr 2020	20/21 Movement	At 31 Mar 2021	21/22 Movement	At 31 Mar 2022
Cash at bank and in hand	4,086	261	4,347	659	5,006

CASHFLOW STATEMENT NOTES

A. Net cash used in operating activities

Net income for the reporting period	3,973	5,896
Share of profits in Joint Ventures	(4,740)	(4,962)
Depreciation	122	131
Dividends, interest and rents from investments	(354)	(258)
Rents from properties	(521)	(522)
Losses / (Gains) on investments	(299)	(2,029)
Loss on disposal of fixed assets	-	-
FRS 102 Pension operating movement	(4,350)	(800)
(Increase) / Decrease in debtors	(26)	73
(Decrease) / Increase in creditors	93	(64)
Net cash used in operating activities	(6,102)	(2,535)

B. Net cash provided by investing activities

Dividends, interest and rents from investments	354	258
Rents from properties	521	522
Distributions from Joint Ventures	5,889	1,974
Purchase of property, plant & equipment	-	-
Proceeds from the sale of investments	6,578	2,685
Purchase of investments	(6,581)	(2,643)
Net cash provided by investing activities	6,761	2,796

Analysis of changes in net debt

£'000	At 31 Mar 2021	Cashflow	At 31 Mar 2022
Cash	4,347	659	5,006
Cash equivalents	-	-	-
Total	4,347	659	5,006

THE ELECTRICAL SAFETY COUNCIL

CHARITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

				TOTAL FUNDS 2022 £'000	P/ YR FUNDS £'000
Net cash (used in) operating activities (Note A)				(6,096)	(2,530)
Net cash provided by investing activities (Note B)				6,446	4,109
				350	1,579
Analysis of Net Funds £'000	At 1 Apr 2020	20/21 Movement	At 31 Mar 2021	21/22 Movement	At 31 Mar 2022
Cash at bank and in hand	1,126	1,579	2,705	350	3,055

CASHFLOW STATEMENT NOTES

A. Net cash (used in) operating activities

Net income for the reporting period	(767)	930
Depreciation	122	131
Dividends, interest and rents from investments	(349)	(252)
Rents from properties	(521)	(522)
Losses / (Gains) on investments	(299)	(2,029)
Loss on disposal of fixed assets	-	-
FRS 102 Pension operating movement	(4,350)	(800)
(Increase) /Decrease in debtors	(26)	73
(Decrease) /Increase in creditors	94	(61)
Net cash provided by (used in) operating activities	(6,096)	(2,530)

B. Net cash provided by investing activities

Dividends, interest and rents from investments	349	252
Rents from properties	521	522
Gift aid from trading activities	5,579	3,293
Purchase of property, plant & equipment	-	-
Proceeds from the sale of investments	6,578	2,685
Purchase of investments	(6,581)	(2,643)
Net cash provided by investing activities	6,446	4,109

Analysis of changes in net debt

£'000	At 31 Mar 2021	Cashflow	At 31 Mar 2022
Cash	2,705	350	3,055
Cash equivalents	-	-	-
Sub-Total	2,705	350	3,055
Loans due in 1 year	(714)	-	(714)
Total	1,991	350	2,341

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The Electrical Safety Council is a company limited by guarantee (No. 570175) and a registered Charity (England and Wales No. 257376; Scotland No. SC039990).

The financial statements are prepared in compliance 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) (effective 1 January 2019) – (Charities SORP (FRS 102) (second edition – October 2019)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, and the Charities Act 2011. The Electrical Safety Council meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared on the historical cost basis and presented in GBP£, rounded to the nearest thousand, which is the functional currency of the Charity.

(b) Basis of Consolidation

The consolidated accounts include the results of the charitable company and its subsidiaries, ESF Enterprises Ltd and ESC Partnerships Ltd from the date of acquisition, together with a share of the results, assets and liabilities of jointly controlled entity (joint venture) Certsure LLP using the equity method of accounting, where the investment is carried at cost plus post-acquisition changes in the share of net assets of the joint venture, less any provision for impairment.

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. The Charity's gross income for the year was £6,458K (2021 - £4,098K) and the result was £4,812K surplus (2021 - £4,223K surplus).

(c) Income

Fees and other income are accounted for on the provision of the service and are exclusive of VAT.

(d) Investment Income

Investments listed on a recognised stock exchange are included in the balance sheet at market value. Unrealised gains and losses arising during the year are included in the Statement of Financial Activities. Investment income is the amount received by the group in the year.

(e) Basis of Expenditure Allocation

Charities SORP requires that support costs are allocated where appropriate to direct charitable activities. The analysis provides an understanding of the nature of the activities undertaken and the resources expended on their provision.

(f) Operating Leases

Costs arising under operating lease agreements have been charged to the Statement of Financial Activities as incurred.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES (Continued)

(g) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical and deemed cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Computer software	- Between 3 and 5 years
IT equipment	- Over 3 years
Office equipment	- Between 2 and 5 years
Freehold buildings	- 2% on cost
Freehold refurbishment	- 10% on cost
Leasehold buildings	- Over the life of the lease

(i) Foreign Exchange

Assets and liabilities are translated into sterling at rates ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling on the date of the transaction.

(j) Valuation of Fixed Asset Investments

Investments in Group undertakings are carried at historical cost, adjusted in the case of the joint ventures to reflect the Group's share of the underlying results. The Council considers this to be the most appropriate method of valuation of these holdings for the purpose of the consolidated financial statements.

Financial investments are valued at mid market value at the year end.

(k) Valuation of Investment Property

Investment properties are valued at market value and were valued at 1 April 2020 by professional valuers. The Trustees have used their judgement to update those values to current market values at 31 March 2021 and 31 March 2022. At the time those professional valuations were done, due to the outbreak of Covid-19, physical inspections were not possible and therefore valuers made assumptions as to the condition and repair remaining similar to time of prior inspections. There were also caveats on property valuations where the impact of Covid-19 on the market was not fully realized or known. Those formal valuations were therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global and Trustees were advised by the professional valuers that less certainty should be attached to the valuations than would normally be the case. On reviewing the reported values at 31 March 2021 and 31 March 2022, the Trustees determined that – albeit it has reduced since March 2020 - material valuation uncertainty still remained and adjusted the valuations to current market conditions on the basis of the best available information. Gains or losses arising on revaluation are taken to the statement of financial activities. No depreciation is provided on investment properties. The property rented to group companies (including joint ventures) is treated as not being held for investment.

(l) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and short term deposits with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES (Continued)

(m) Pension Costs

For the Defined Benefit Scheme, the Statement of Financial Activities is charged with the current service costs and the net return on assets. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown in aggregate. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The Defined Benefit Scheme is funded, with the assets of the scheme held in a fund administered by the NICEIC Pension Scheme. Pension scheme assets are measured at fair market value and liabilities are measured on an actuarial basis using the projected unit credit method of valuation and discounted at a rate based on the yield of an AA rated Corporate Bond. Actuarial valuations for the purposes of FRS 102 are updated at each balance sheet date.

The resulting defined benefit asset or liability is presented separately after total assets less current liabilities on the face of the balance sheet. Where by virtue of FRS102 Section 28.22 the employer is not entitled to a refund of a surplus, the asset is not recognized.

The Defined Contribution Scheme is a “Group Personal Pension” whereby participating employees have individual contracts with an insurance company providing a range of investment alternatives. Employer contributions are charged to the Statement of Financial Activities in the year to which they relate.

(n) Financial Instruments

a. Financial assets

The Charity’s financial assets comprise basic financial instruments, being trade and other debtors and cash and bank balances. Trade and other debtors are measured at transaction price less any impairment. Any impairment loss is recognised in the statement of financial activities.

The impairment loss is measured as the difference between an asset’s carrying amount and best estimate, which is an approximation of the amount that the Charity would receive for the asset if it were to be sold at the reporting date.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

b. Financial liabilities

The Charity’s financial liabilities comprise basic financial liabilities, being trade and other creditors. These are initially recognised at transaction price and are measured subsequently at amortised cost. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

c. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES (Continued)

(o) Going Concern

The financial statements are drawn up on the going concern basis which assumes the group will continue in operational existence for the foreseeable future. The Trustees have given due consideration to the working capital and cash flow requirements of the group for at least 12 months from the date of signature on the accounts. As part of this, they have considered any continued impact of the Covid-19 pandemic, its aftermath, as well as the current difficult economic environment. The Group and the Charity have a strong cash and reserves position at the time of approval of these financial statements. Having made enquiries, whilst there is an expectation that there may be an impact on future income both from the investment in the joint venture and the investment portfolio, the Trustees have concluded that there is a reasonable expectation that the Group and the Charity have adequate resources to continue in operational existence for at least 12 months from the date of the audit report of these financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Charity's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions which affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for income and expenditure during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, the nature of the estimation means that actual outcomes could differ from these estimates.

Defined benefit pension and other post-employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, group management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions relevant to the defined benefit pension and other post-employment benefit obligations are based in part on current market conditions. Additional disclosures concerning these obligations are given in note 17.

Revaluation of investment properties

The group carries its investment properties at fair value, with changes being recognised in income and expenditure. The trustees review the valuation of the properties on an annual basis and, taking the market conditions into account, consider the values included in the accounts to be the fair value of the properties.

3. FINANCIAL RISK MANAGEMENT

The Trustees have overall responsibility for the establishment and oversight of the Charity's risk management framework. The full Trustee Board retains responsibility for developing and monitoring the Charity's risk management strategy and policies. The senior leadership team maintain a risk register which is considered regularly by all the Trustees. There have been no changes to the Charity's exposures and risks or methods used to measure and manage these risks during the year. The Charity seeks to minimise these risks as detailed below:

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

3. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

The objective of the Charity in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Charity aims to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Charity has financial investments available. The Charity maintains a long term (up to five years) monthly cash forecast and is currently in a position to meet its commitments and obligations as they come due.

The Charity is significantly dependent on Certsure, its Joint Venture with the Electrical Contractors Association for its income, it is entitled to 75% of the profits. The Charity also lease three properties to Certsure. Certsure has a Management Board with responsibility for day to day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity and the other two are the Chief Executive Officer and Finance Director of the Charity, by which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

Market risk

The Charity is exposed to market conditions affecting the size of its investment portfolio. The value is regularly monitored and investment managers are required to attend meetings of the Financial Management Committee at least annually. The Trustees maintain the investment policy under review. The portfolio is spread across two managers to help mitigate the risks of manager underperformance. Investments are not made for a period of under five years and cash deposits are held to manage short term requirements rather than divesting investments.

The Charity is also exposed to the effect of market conditions on the position of the closed defined benefit pension scheme. The Trustees of the Charity and the Pension Scheme work closely together and the Trustees of the Pension Scheme are currently working on a journey plan towards self-sufficiency.

The Trustees do not feel the Charity is exposed to any other significant financial risk.

4. NET INCOME FROM TRADING ACTIVITY OF SUBSIDIARIES

Support costs totalling £376k (2021: £306k) have been allocated to Charitable Activities in accordance with the level of direct spend on those activities which is considered the fairest method of apportionment. Support costs comprise the costs of Charity premises, finance, governance and other overhead costs and are not separately identified by function.

	2022 £'000	2021 £'000
Installation safety	128	103
Product safety	207	173
Research	19	11
Fundraising	22	19
Total	<u>376</u>	<u>306</u>

Other costs are the costs of administration and the interest on the net defined benefit liability of the defined benefit scheme that is closed to future accrual. These costs therefore do not contribute to the current cost of charitable activities.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

5. INVESTMENT INCOME AND INTEREST

	<u>2022</u> £'000	<u>Group</u> <u>2021</u> £'000
Bank interest	5	7
Investment income	349	251
	<u>354</u>	<u>258</u>

6. STAFF COSTS

	<u>2022</u> £'000	<u>Charity</u> <u>2021</u> £'000	<u>2022</u> £'000	<u>Group</u> <u>2021</u> £'000
Staff costs				
Wages and salaries	853	901	853	901
Redundancy costs	50	-	50	-
Agency salaries	3	2	3	2
Social security costs	112	93	112	93
Pension costs	92	97	92	97
Healthcare plan	4	4	4	4
	<u>1,114</u>	<u>1,097</u>	<u>1,114</u>	<u>1,097</u>

The average number of staff employed during the period was 16 (2021: 18). During the year, following a restructuring, £50,282 was paid in termination costs and pay in lieu of notice periods being worked.

As a Charity, Trustees who are unremunerated and receive no other benefits from employment, have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to senior management who are also considered to be key management personnel. Total remuneration paid to key management personnel in the year was £375,043 (2021: £415,334). Details of reimbursed expenses incurred by Trustees are set out in note 18.

7. EMOLUMENTS OF EMPLOYEES AND DIRECTORS

Employees who received employee benefits (excluding pension contributions) of greater than £60,000 fell into the following bands. All of these employees were participating in the group personal pension scheme:

	<u>2022</u>	<u>2021</u>
£60,001 to £70,000	-	-
£70,001 to £80,000	-	1
£80,001 to £90,000	1	2
£90,001 to £100,000	2	1
£100,000-£110,000	1	1
£140,000-£150,000	-	-
	<u>4</u>	<u>5</u>

Aggregate pension contributions paid on behalf of the above higher paid employees were £48,118 (2021: £53,233).

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

8. NET INCOMING RESOURCES

	2022 £'000	2021 £'000
The Group's net incoming/(outgoing) resources are stated after charging/(crediting):		
Audit fees		
Parent	9	10
Subsidiaries	1	3
Non audit fees paid to auditors	38	40
Depreciation of tangible fixed assets	122	131
Loss on disposal of fixed assets	-	-

9. TAXATION

The Electrical Safety Council is a Charity with the registration number 257376. No UK taxation is therefore due on profits, income and gains arising from the charitable activities of the company. The subsidiaries pay over most of their taxable profits to The Electrical Safety Council, under a Gift Aid Scheme. The tax charges in relation to subsidiaries, if applicable, are disclosed in Note 8.

10. TANGIBLE FIXED ASSETS

Group & Charity	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Office & IT equipment £'000	Computer software £'000	TOTAL £'000
<u>COST</u>					
B/fwd	4,529	-	213	-	4,742
Reclassification	1,295	-	-	-	1,295
Disposals	-	-	-	-	-
C/fwd	5,824	-	213	-	6,037
<u>DEPRECIATION</u>					
B/fwd	479	-	142	-	621
Charge	84	-	38	-	122
Reclassification	106	-	-	-	106
Impairment	350				350
C/fwd	1,019	-	180	-	1,199
<u>NET BOOK VALUE</u>					
As at 31 March 2021	4,050	-	71	-	4,121
As at 31 March 2022	4,805	-	33	-	4,838

Land, which is not depreciated, amounting to £2,308K (2021: £1,749K) is included in net book value

11. FREEHOLD INVESTMENT PROPERTY, Group & Charity (restated)

	£'000
B'fwd	1,833
Reclassification	(1,050)
Change in market value	(78)
C'fwd	<u>705</u>

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

12. INVESTMENTS - GROUP

Group	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Joint Ventures:		
At 1 April 2021	6,462	3,474
Share of profit for the year	4,740	4,962
Less: remitted to the Group	(5,889)	(1,974)
At 31 March 2022	<u>5,313</u>	<u>6,462</u>
Share of Joint Ventures represented by:		
Fixed assets	2,019	2,185
Current assets	12,293	16,063
Creditors	(8,999)	(11,786)
	<u>5,313</u>	<u>6,462</u>
Other Investments	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Market value as at 1 April 2021	12,025	10,148
Purchases (at cost)	6,581	2,643
Disposal proceeds	(6,384)	(2,894)
Net investment gains / (losses)	588	2,128
	<u>12,810</u>	<u>12,025</u>
Cash balances held by investment managers	34	228
Market value at 31 March 2022	<u>12,844</u>	<u>12,253</u>
Historical cost as at 31 March 2022	<u>11,644</u>	<u>10,824</u>
Other investments are represented by:		
UK Equities	1,740	1,856
Overseas Equities	6,963	6,175
UK Bonds & Fixed Interest	538	886
Global Bonds & Fixed Interest	558	740
Hedge Funds	67	-
Portfolio Funds	-	154
Property	813	891
Infrastructure	479	-
Cash funds	842	399
Commodities	438	-
Others	372	924
Cash securities	34	228
Market value as above	<u>12,844</u>	<u>12,253</u>
Investments Total (Group)	<u>18,157</u>	<u>18,716</u>
Charity	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Subsidiaries (See Note 20)	-	-
Other Investments	12,844	12,253
Investments Total (Charity)	<u>12,844</u>	<u>12,253</u>

ESC Partnerships Ltd holds member rights in Certsure LLP.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

13. DEBTORS

	Group	Charity	Group	Charity
	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Trade debtors	-	-	12	12
Prepayments	58	58	38	38
Social Security and Other Taxes	<u>21</u>	<u>21</u>	<u>3</u>	<u>3</u>
	<u>79</u>	<u>79</u>	<u>53</u>	<u>53</u>

Trade debtors and amounts due from related companies included in the above are held at amortised cost.

14. CREDITORS

	Group	Charity	Group	Charity
	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Amounts falling due within one year				
Trade creditors	136	136	58	58
Social security and other taxes	25	25	28	28
Amount due to subsidiary undertakings	-	714	-	714
Accruals and deferred income	<u>266</u>	<u>264</u>	<u>248</u>	<u>245</u>
	<u>427</u>	<u>1,139</u>	<u>334</u>	<u>1,045</u>

Deferred income comprises of payments received on account and income relating to services not yet delivered. Trade creditors, amounts due to related companies and accruals are held at amortised cost.

15. OPERATING LEASES

The Group has no financial commitments in respect of non-cancellable operating leases payable. Non-cancellable operating lease rentals are receivable as follows:

	Charity		Group	
	<u>2022 £000</u>	<u>2021 £000</u>	<u>2022 £000</u>	<u>2021 £000</u>
Not later than one year	402	453	109	160
Later than one and not later than five years	1,592	1,596	211	320
Later than five years	398	796	-	-
Total commitment	<u>2,392</u>	<u>2,845</u>	<u>320</u>	<u>481</u>

The operating lease receivables are in respect of the properties held by the Charity and the Group which are leased to third parties, or in the case of the Charity, to either third parties or group companies (including joint ventures). Two of the properties held by the Charity were leased to Certsure LLP, its joint venture for a minimum period of five years commencing 1 April 2013 on a fully tenant repairing basis, with a rent review date that has expired with the leases running on at the same rental figure on a rolling basis. A further property is leased by the Charity to Certsure on a lease which expires 31 March 2023 with a reversionary lease agreed commencing on and including 1 April 2023 and running for a minimum period of five years on a fully tenant repairing basis in respect of which the rent will be reviewed as of 1 April 2023. Certsure lease a portion of this property to NQA under a lease which expires on 28 March 2023 with a reversionary underlease having been agreed for five years from 29 March 2023 with a mutual break date of 28 February 2025. The other property owned by the Charity is occupied by the Charity with a section that was leased to a third party on a five year lease which commenced 26 April 2019 with a break date of 26 April 2022 which was exercised. The Charity decided on 30th March 2022 to utilize all this property once the tenant had vacated.

16. INSURANCE

Insurance costs charged to the revenue account include professional indemnity cover in respect of the Board of Directors. It is not possible to separately identify the cost of this from the total insurance premium for the Group.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

17. PENSION SCHEME

The Group operates a pension scheme providing benefits based on final pensionable pay. The Scheme operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The assets of the scheme are held by the Trust and are invested with Legal and General and Towers Watson Investment Management.

The Scheme was closed to new members with effect from 31 December 2006 and was closed to future accrual of benefits on 28 February 2013.

The Scheme is a funded scheme and the Trustee's funding objective is to hold assets which are at least equal to the technical provisions, i.e. to meet the statutory funding objective. The contributions paid to the Scheme are agreed by the Trustee and Employer every three years, after obtaining the actuarial advice of the Scheme Actuary. Principal factors in determining the level of contributions include the covenant offered by the sponsor, the level of risk in the Scheme, the expected return on the Scheme's assets and the discontinuance funding level.

The main risks to the Scheme include:

- Investment returns insufficient to pay for the Scheme benefits
- Significant deterioration in the Employer's covenant
- Increase in the life expectancy of members
- Significant changes in the market yields on high quality UK non-government corporate bonds, which are used to determine the discount rate

The most recent comprehensive actuarial valuation was carried out by the Trustee of the Scheme as at 31 March 2020 for funding monitoring purposes. The Employer has employed an actuary who is not the Scheme Actuary to approximately update that actuarial valuation allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the Employer to measure the defined benefit obligation (DBO), as well as adjusting for benefits paid from Scheme.

It was agreed following the latest formal actuarial funding valuation as at 31 March 2020, that the Employer would pay contributions of £50k pm from April 2020 until March 2021 inclusive and would then pay £250k pa from April 2021 until an anticipated date of self-sufficiency which is a stronger funding basis than the technical provisions. In March 2022, the employer agreed to make a lump sum contribution of £4m before the end of the year and from 1 April 2022, to increase the regular contributions to £1m pa. In addition, the Employer meets the administration expenses of the Scheme and levies of the Pension Protection Fund.

Scheme Asset Information	Allocation Percentage 31-Mar-22	Allocation Percentage 31-Mar-21
Equity securities	0%	0%
Debt securities	53%	54%
Diversified fund	33%	35%
Other	14%	11%
Total	100%	100%
Fair value of Scheme assets (£ million)	99.2	94.8
Included in the above:		
Value of entity's own financial instruments	0	0
Value of property and other assets used by the Employer	0	0

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

17. PENSION SCHEME (Continued)

The figures stated are in line with the requirements of FRS 102. All figures in this note are in £ million.

The demographic assumptions are consistent with those chosen by the Trustee for the 31 March 2020 valuation. In particular, the mortality assumptions are consistent with the 2020 valuation assumptions but with margins for prudence removed and updating to use the latest version of the CMI future improvements model. That is, using 100% of the SAPS "S3" all pensioner retirements table with future improvements in longevity in line with 'CMI core projection model' (2021 version) subject to a long-term improvement rate of 1.25% pa, using the core value of the parameters and an initial addition to mortality improvements of 0.5% pa.

Under the mortality rates assumed as at 31 March 2022 the implied life expectancy for a member currently aged 63 is 24.3 years for a male and 26.7 years for a female. The life expectancy at age 63 for a member currently aged 43 is 25.6 for males and 28.1 for females.

Defined Benefit Cost - Period Ending	31-Mar-22	31-Mar-21
A Profit & Loss (P&L)		
1 Effect of employee service in the current period	-	-
2 Net interest on net defined benefit liability/(asset)	(0.1)	(0.2)
3 Scheme introductions, changes, curtailments and settlements	-	-
4 Defined benefit cost recognised in P&L	(0.1)	(0.2)
5 Cost of termination benefits (1)	-	-
6 Administration costs incurred during the period	-	-
7 Cost recognised in P&L	(0.1)	(0.2)
B Other Comprehensive Income (OCI)		
1 Actuarial (gain)/loss arising during period	(4.2)	11.7
2 Return on Scheme assets (greater)/less than discount rate	(1.7)	(1.8)
3 Change in irrecoverable surplus (2)	11.8	-
4 Remeasurement effects recognised in OCI	5.9	9.9
C Total Defined Benefit Cost		
1 Cost recognised in P&L	(0.1)	(0.2)
2 Remeasurement effects recognised in OCI	5.9	9.9
3 Defined benefit cost	5.8	9.7
D Assumptions Used to Determine Defined Benefit Cost ⁽³⁾		
1 Discount rate	2.0%	2.2%
2 Price inflation (RPI)	3.4%	2.7%
3 Price inflation (CPI)	3.0%	2.0%
4 Pension increases for in-payment benefits		
- LPI maximum 5%	3.0%	2.0%
- LPI maximum 2.5%	2.3%	1.8%
5 Pension increases for deferred benefits	3.0%	2.0%

The fair value of assets is used to determine the expected investment return during the year

- 1 Includes only termination benefits to be paid from the Plan.
- 2 Excludes amounts included in net interest/(income) on the defined benefit liability/(asset).
- 3 These beginning of year assumptions were used to calculate the defined benefit cost recognised through P&L.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

17. PENSION SCHEME (Continued)

An allowance has been made for non-pensioner members to commute 25% of their pension at retirement for tax free cash on terms that are broadly consistent with the current commutation factors. This is consistent with the assumption used at 31 March 2021.

The proportion of member's deaths assumed to give rise to dependants' pension varies with age but is typically 93% for males and 80% for females at age 63. Male participants are assumed to be 3 years older than their spouses and female participants are assumed to be 3 years younger than their spouses.

An allowance of 1% of the liabilities has been allowed for the cost of GMP equalisation which is consistent with the assumption used at 31 March 2021. The Actuary preparing these figures believes this continues to be an appropriate allowance.

The employer meets the cost of administrative expenses and we have made no inclusion of these in the disclosures.

The Projected Unit Credit Method is used to determine the present value of the DBO. Under this method, a "projected accrued benefit" is calculated based upon service as at the date of valuation. In normal circumstances, the DBO is based upon the Scheme's benefit formula.

Net Balance Sheet Position - Period Ending		31-Mar-22	31-Mar-21
A Development of Net Balance Sheet Position			
1	Defined benefit obligation (DBO) of Scheme	87.4	93.3
2	Fair value of assets (FVA) of Scheme	99.2	94.8
3	Surplus/(deficit) of Scheme	11.8	1.5
4	Irrecoverable surplus (effect of asset ceiling)	(11.8)	-
5	Net defined benefit asset/(liability)	0.0	1.5
B Reconciliation of Net Balance Sheet Position			
1	Net defined benefit asset/(liability) at end of prior period	1.5	10.6
2	Effect of employee service in the current period	-	-
3	Net interest on net defined benefit asset/(liability)	0.1	0.2
4	Remeasurement effects recognised in OCI	(5.9)	(9.9)
5	Scheme introductions, changes, curtailments and	-	-
6	Employer contributions	4.3	0.6
7	Benefits paid directly by the Employer	-	-
8	Transfer payments	-	-
9	Net defined benefit asset/(liability) at end of current period	0.0	1.5
C Assumptions and Dates Used for Measurements(3)			
1	Discount rate	2.7%	2.0%
2	Price inflation (RPI)	3.8%	3.4%
3	Price inflation (CPI)	3.4%	3.0%
4	Pension increases for in-payment benefits		
	- CPI maximum 5%	3.4%	3.0%
	- CPI maximum 2.5%	2.4%	2.3%
5	Pension increases for deferred benefits	3.4%	3.0%
6	Scheme participant census date	31-Mar-20	31-Mar-20

3 These assumptions are at the end of the fiscal year

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

17. PENSION SCHEME (Continued)

Changes in reported benefit obligations & assets - Period Ending		31-Mar-22	31-Mar-21
A Change in Defined Benefit Obligation (DBO) (including URB)			
1	DBO at end of prior period	93.3	83.1
2	Effect of employee service in the current period	-	-
3	Interest cost on the DBO	1.8	1.8
4	Remeasurement of the DBO	(4.2)	11.7
5	Scheme introductions, changes, curtailments and settlements	-	-
6	Scheme participants' contributions	-	-
7	Benefits paid from Scheme assets	(3.5)	(3.3)
8	Benefits paid directly by the Employer	-	-
9	Taxes paid	-	-
10	Acquisitions	-	-
11	Divestitures	-	-
12	Termination benefits	-	-
13	DBO at end of current period	87.4	93.3
B Change in Scheme Assets			
1	Fair value of assets at end of prior period	94.8	93.7
2	Interest income on Scheme assets	1.9	2.0
3	Return on Scheme assets greater/(less) than discount rate	1.7	1.8
4	Scheme introductions, changes, curtailments and settlements	-	-
5	Employer contributions	4.3	0.6
6	Scheme participants' contributions	-	-
7	Benefits paid from Scheme assets	(3.5)	(3.3)
8	Administrative costs paid	-	-
9	Taxes paid	-	-
10	Acquisitions	-	-
11	Divestitures	-	-
12	Fair value of assets at end of current period	99.2	94.8
C Return on Scheme Assets			
1	Total return on Scheme assets	3.6	3.8

The DBO is based on an update of the results of the Trustee's actuarial valuation as at 31 March 2020, with the basis changed to reflect the assumptions set out above. Liabilities are projected to the measurement date by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the situation at the period end date and adjustments in respect of actual benefit payments and known inflation over the projection period. The objective of this calculation is to produce an estimate of the actuarial values required by FRS 102.

This approach introduces an element of approximation relative to the result of a hypothetical full actuarial valuation at the measurement date. The advantage of this approach is that it simplifies the computation required. The disadvantage is that this approach is inherently less accurate than fully detailed calculations and the loss of accuracy is difficult to quantify without carrying out the same detailed calculations.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

17. PENSION SCHEME (Continued)

Circumstances where the difference between the results obtained using a projection approach rather than a full actuarial valuation may be material include:

- where there is a long period of projection between the preceding actuarial valuation and the fiscal year end;
- where there are substantial differences between the assumptions used at this fiscal year end and the preceding actuarial valuation;
- where there are significant elements of Scheme experience which are not allowed for in the update, for example membership movements such as the rates of retirement or death; and
- where the assets at the end of the fiscal year have been estimated based upon unaudited financial information from the Scheme's investment managers at an effective date before the fiscal year end.

The calculations are based on the assumption that no asset ceiling restrictions apply. No allowance has been made in the assumptions for the future award of any discretionary benefits.

The Actuary preparing these figures has advised that the results documented are estimates based on data that may be imperfect and on assumptions about future events. He also stated that certain Scheme provisions may be approximated or deemed immaterial and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately. The Actuary preparing the figures advised he believed that the use of approximations in these calculations, if any, has not resulted in a significant difference relative to the results that would have been obtained by using more detailed calculations or more precise data.

A range of results, different from those presented in this report, could be considered reasonable. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as:

- Scheme experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- changes in Scheme provisions or applicable law; and
- significant events such as restructurings, acquisitions and divestitures.

No analysis was performed of the potential range of such future measurements.

The surplus (asset) indicated by the difference between the value of the Scheme assets and the DBO has not been recognised on the Balance Sheet in accordance with FRS102 Section 28.22. The employer does not have a right to a refund of the surplus.

18. RELATED PARTY TRANSACTIONS

The charity rents three of its buildings to Certsure LLP. Certsure LLP provides support services, primarily IT, Finance, HR and Facilities to ESF Enterprises Ltd, the provision of this service is charged at cost. As part of its support activities (including IT, HR and facilities), Certsure LLP provided support to the Charity but the cost is not separately identified or charged.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2022

	<u>Certsure LLP</u>	
	<u>2022</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>
Charged by ESC		
Rent	467	466
Staff recharges	-	-
Charged to ESC - Reimbursable expenses	22	27
Charged to ESF Enterprises Ltd - Support Services	-	-

The Charity received Gift Aid from ESC Partnerships Ltd, a wholly owned subsidiary, amounting to £5,579,284 during the year (2021: £3,263,000). It received no Gift Aid from ESF Enterprises Ltd, a wholly owned subsidiary, during the year (2021: £30,000)

During the year expenses were reimbursed to eight Trustees amounting to £2,269, (2021 – three Trustees amounting to £356). These payments were to cover travel, subsistence and accommodation costs incurred.

19. STATUS OF COMPANY

- The Electrical Safety Council is a Charity in England and Wales with the registration number 257376. It also has Charity status in Scotland with the registration number SC039990. No UK taxation is due on profits, income or gains arising from the charitable activities of the company.
- The Electrical Safety Council is registered as a company in England and Wales with the number 570175 and is limited by guarantee.

20. GROUP UNDERTAKINGS

The following were the principal subsidiaries and joint ventures during the year, and have all been included in the consolidated financial statements for the whole year.

<u>Subsidiaries (& Cos Hse Registration)</u>	<u>Country of Incorporation</u>	<u>Class of share</u>	<u>Parent Company's Interest</u>	
			<u>Direct</u>	<u>Indirect</u>
(1)ESF Enterprises Limited (02513162)	Great Britain	Ordinary	100%	-
(2) ESC Partnerships Ltd (08281269)	Great Britain	Ordinary	100%	-

Financial information for the year and at the year end is shown below:

<u>Company</u>	<u>£'000 at 31 March 2022</u>			<u>£'000 for year ended 31 March 2022</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Funds</u>	<u>Turnover</u>	<u>Expenditure</u>	<u>Profit/(Loss)</u>
ESF Enterprises Limited	718	2	716	-	3	(3)
ESC Partnerships Ltd	7,260	-	7,260	-	-	834

<u>Joint Ventures</u>	<u>Country of Incorporation</u>	<u>Class of share</u>	<u>Parent Company's Interest</u>	
			<u>Direct</u>	<u>Indirect</u>
(1) Certsure LLP (OC379918)	UK	-	-	75%

Certsure LLP carries out certification and training and activities. The accounting date is the year to 31st March 2022.

THE ELECTRICAL SAFETY COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

The Charity owns the entire issued share copy of the following subsidiary undertakings (2) which are registered in England and are dormant:

Electrical Safety Summit Ltd	8551833
Electrical Industry Safety Summit	8551701
Plugsafe UK Ltd	8565296
Electrical Safety First Ltd	8531140
Energy Safety First Ltd	8773701
Product Safety Round Table Ltd	8821644
Electrical Product Safety Round	8822216
Fire Safety First Ltd	8776272
Electrical Fire Safety First Ltd	8776489
Fire Safety First (UK) Ltd	8776490
Utilities Safety First Limited	8773777
Utility Safety First Limited	8773812

The Charity also owns indirectly, the entire issued share capital of the following subsidiary undertakings (1) which are registered in England and are dormant:

NICEIC Contractor Services Ltd	04661718
NICEIC Certification Services Ltd	04411293
NICEIC Professional Services Ltd	04411297

(1) Registered office: Warwick House, Houghton Hall Park, Houghton Regis, Dunstable, LU5 5ZX

(2) Registered office: 45 Great Guildford Street, London, SE1 0ES

Accounts

THE ELECTRICAL SAFETY COUNCIL
(A Company Limited by Guarantee)

Company No. 570175
Charity (England and Wales) No. 257376: (Scotland) No. SC039990

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

THE ELECTRICAL SAFETY COUNCIL

ANNUAL REPORT YEAR ENDED 31 MARCH 2021

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THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION

Patrons

Lord Graham Tope

Board Members and Management

A Chaplin	Chair
A Ferguson	Resigned 9 October 2020
A Parkes	Resigned 8 October 2021
P Canning	Resigned 8 October 2021
N Ratty	Resigned 8 October 2021
A Williams	
P Hide	
S Bounoua	
E Hudson	
T Connelly	
A Wells	
A Boisset	
K Husselbee	
A Damirchi	
S Frost	Appointed 1 May 2021
R Olszewski	Appointed 1 May 2021

Senior Staff and Officers – Charity

Lesley Rudd	Chief Executive Officer
Jennifer Trim	Company Secretary

Senior Staff and Officers – Trading Subsidiaries

ESF Enterprises Ltd

M Robinson	Chair	Resigned 1 March 2021
M Sibley	Finance Director	
K Parker	Non-Executive Director	Appointed 1 March 2021
D Young	Non Executive Director	Resigned 4 January 2021
N Ratty	Non Executive Director	Resigned 8 October 2021
E Hudson	Non Executive Director	Appointed 8 October 2021

ESC Partnerships Ltd

P Hide	Non Executive Director	Resigned 31 March 2021
P Canning	Non-Executive Director	Resigned 8 October 2021
S Frost	Non-Executive Director	Appointed 1 May 2021
E Hudson	Non Executive Director	Appointed 8 October 2021
J Trim	Non-Executive Director	

Registered Charity (England and Wales) No. 257376

Registered Charity (Scotland) No. SC039990

Registered Company No. 570175

THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION (Continued)

Financial Management Committee

E Hudson (Chair)	J Trim (Secretary)
A Chaplin	P Hide
A Damirchi	A Parkes (to 8 October 2021)
P Canning (to 8 October 2021)	L Rudd
R Olszewski (from 8 October 2021)	

Electrical Installation Safety Forum

S Devine IET (Chair)
M Allen ESC (Secretary)
B F Walker (co-opted independent)
A Vessey EDA
P Canning ESC (to Oct '21)
M Coles IET
P Norris BEAMA
P Sayer BEAMA
D Forrester SELECT
F Bertie Napit
C Pugsley LFB
K Morton HSE (to Dec '20)
S Mason HSE
M Smith ECA
P Abreu ENA
T Connelly ESC
G Gundry Corgi AESM
J O'Neil Certsure
J Hodge BCA
A Wells ESC

Electrical Safety of Products Committee

S Bounoua ESC (Chair)
B F Walker (co-opted independent)
S Curtler ESC (Secretary)
N Ratty ESC (to Oct '21)
R Jefferis Intertek
C Pack BEAMA
H Patel BEIS
C Heemskerk CTSI
M Allen ESC
P Hide ESC
P Canning ESC (to Oct '21)
T Eldridge ESC (to Dec '20)
C Flynn ESC
J Devaney BSI
A Boisset ESC)
C Rose LFB
A Gordon (Compliance Solutions)
D Bolton BRC (to Dec '20)
C Skinner AMDEA
R Harris BSI CPIN

Campaign Development Group

A Damirchi ESC
A Williams ESC
E Drackford ESC (Chair, to 8 Oct '21)
M Allen ESC
P Walshe ESC
L Rudd ESC

Remuneration & Appointments Committee

A Chaplin ESC
N Ratty ESC (to 8 Oct '21)
S Bounoua ESC
K Husselbee (Chair)
A Boisset ESC
L Rudd ESC
J Trim ESC

Bankers	HSBC, 28 Borough High Street, London SE11YB
Solicitors	Bristows, 100 Victoria Embankment, London EC4Y 0DH.
Auditor	Moore Kingston Smith LLP, 4 Victoria Square, St Albans, Herts AL1 3TF
Investment Managers	Cazenove Fund Management, 12 Moorgate, London EC2R 6DA Rathbone Investment Management Ltd, 1 Curzon Street, London W1J
Registered Office	45 Great Guildford Street, London SE1 0ES

THE ELECTRICAL SAFETY COUNCIL

CHAIR'S STATEMENT 2020/21

I was honoured to be asked to succeed Alison Parkes as Chair of the Board of Trustees at Electrical Safety First from October 2020. Like her, I am immensely proud of what the Charity has achieved during the course of the past year, a year in which headlines have continued to be dominated by Covid-19 and latterly climate change. Our full-time staff team has been equal to the challenge, adapting to the brave new world of virtual reality with, for example, home working and a hugely successful virtual Product Safety Conference last November. The Board of Trustees has also had to be adaptive continuing its oversight work through a variety of virtual forums (including holding our meetings via MS Teams!).

I would like to extend a warm welcome to new trustees Sarah Frost and Richard Olszewski, who joined the Board earlier this year. They bring a great deal of relevant experience. I am looking forward to being able to meet all trustees face to face again as soon as circumstances permit.

During the year, we have been able to continue to make progress against the Charity's goals. In particular, we saw the long-awaited introduction of five-yearly electrical checks in privately rented homes in England and the establishment of Consumer Scotland, with a requirement to establish a database of major electrical product recalls. These are significant steps in protecting consumers from electrical risk.

We continue to examine the Charity's strategy to make sure our goals remain up-to-date and relevant and that we are ready to address new risks and electrical safety issues associated with climate change and the path to 'net zero'. In addition, our workstreams are considering the change in lifestyle that has resulted from the Covid-19 pandemic that has led to more people working from home, shopping online and buying second-hand electrical goods. Much of this will build on our existing work but there are also new areas in which we will need to become involved, alongside our other key campaigning issues which remain as important as ever.

As always, our campaigning activity is underpinned by robust research, including government fire data and our own consumer awareness research. By focusing on target regions in the UK identified through this research as being most at risk on certain topics, for example product recalls and registration, we are able to track the success of our campaigns in prompting positive behaviour change, and adapt our messages for each region based on their perceived barriers to taking effective action to keep themselves safe.

The Charity's principal source of revenue to fund our activities is Certsure LLP, our commercial joint venture with the Electrical Contractors' Association; earlier this year the Management Board of Certsure appointed an independent Chair (Gary Anderson).

Despite an initial concern over the potential effect of Covid-19 on the Charity's income, I am pleased to report that it has not as yet had a significant impact on our long-term planning and we expect to be able to continue with our current work and maybe even build the extent of our charitable activities.

Alison Parkes and Paul Canning are retiring from the Board this year after each has completed nine years as a trustee. Nick Ratty will also be retiring after six years' service. During the financial year, Anne Ferguson decided to step down as a trustee having served as chair immediately prior to Alison. All have made immense contributions to the work of the Board and I want to record our thanks to each one of them for that. I'd also like to express my gratitude to Alison for her leadership of the Board (2018-2020) while she was Chair and for her wise counsel during the transition to myself – thank you.

Finally I want to acknowledge the work of Lesley and the whole of her team at Electrical Safety First

THE ELECTRICAL SAFETY COUNCIL

CHAIR'S STATEMENT 2020/21 (continued)

for their continued hard work and the professionalism they have maintained throughout these most testing of times. Thank you all.



Andy Chaplin
Chair
The Electrical Safety Council
8 October 2021

CHIEF EXECUTIVE OFFICER'S REVIEW

When I joined Electrical Safety First in February 2020, I was looking forward to an interesting and challenging first year with the Charity. I had no idea just how challenging that first year was going to be. Within a few weeks the country was in lockdown, and we found ourselves adapting to working remotely whilst trying to keep electrical safety included in a news and policy agenda that was understandably focused on the Covid-19 pandemic.

However, despite these unprecedented challenges, the last year has still seen significant progress for some of the Charity's key priorities.

June 2020 saw the introduction of five-yearly checks on the electrical installations in privately rented homes in England. This is something for which the Charity has campaigned for many years and we will continue to work with the devolved Welsh and Northern Irish governments to ensure that they also introduce five-yearly checks as soon as possible. While this is a significant step towards improving electrical safety for tenants, there is still inequality between housing tenures, with no requirement outside Scotland for any electrical checks in socially rented housing. We have consulted extensively with the Social Rented Sector, with the results being presented in a policy paper that states a clear case and support for the introduction of mandatory five-yearly checks in socially rented homes.

The inequality of electrical safety protection across housing tenures is an issue that can present serious safety risks. As we continue to learn from the Grenfell Tower tragedy of 2017, we believe that it is vital that electrical safety is included in the Building Safety Bill, which entered Parliament this year. We are calling for mandatory five-yearly electrical checks to be carried out in all homes in High Rise Residential Buildings, regardless of tenure.

Another important milestone for the Charity came when the Consumer Scotland Act was passed in June last year. The Act sets up Consumer Scotland as a new body that will work across a range of consumer protection issues. We successfully campaigned for this to include the establishment of a central database for major product recalls in Scotland and the provision of advice to affected consumers. We hope to work with the Scottish Government on both the development and promotion of the database.

In a year that saw deserted High Streets and shopping centres due to lockdowns and social distancing restrictions, it is unsurprising that more people than ever before chose to shop online. Reflecting this shift in consumer behaviour, a lot of our campaigning activity has focused on the risks of buying electrical products from unregulated third-party sellers via online marketplaces. These campaigns also support the Charity's call for the Government to better clarify the roles and responsibilities of online marketplaces and introduce legislation, possibly via a Bill proposed by the Charity, that would make them take responsibility for ensuring that the products sold on their platforms by third party sellers are safe.

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CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

We launched a petition in October last year calling for action to be taken against the sale of dangerous electricals via online marketplaces. It has now had over 25,000 signatures, with more than 8,000 people contacting their local MP to ask for their support on this important issue.

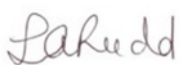
The Charity offers a range of innovative digital tools that make it easier for consumers to access information about electrical safety issues, including product recalls and registration as well as helping to identify potentially unsafe electrical products sold online by third party sellers. We have had considerable interest in these tools from manufacturers and retailers, who welcome new ways in which people can find the information they need. We launched a new smartphone app in the Spring of 2021 which offers another way for people to find out about product recalls, register a product or find a registered electrician local to them – all in a convenient format that can be easily accessed, breaking down the barriers, including “it’s too time consuming” or “I don’t know how to do it”, that people cite for not carrying out these basic checks that can keep them safe.

As well as adapting to what the media has described as the “new normal”, we are also looking ahead to the electrical safety issues that the next few years will present. The UK Government’s target for ‘net zero’ greenhouse gas emissions by 2050 has significant implications for the future use of electricity. One of the biggest issues for the Charity will be ensuring that the transformation that decarbonisation is bringing has electrical safety at its centre. We have developed a white paper which considers the electrical safety implications of the decarbonisation of heat in UK homes, an increase in the ownership and use of electric vehicles and a rapid growth in the use of smart technology in the home. We are developing our strategy for “future homes” to make sure that we have a strong voice in this very important conversation in order to safeguard consumers.

In November our annual product safety conference was held online for the first time, with no cost for attending. Sessions were held over two days with over 350 people joining our virtual event to listen to expert speakers address issues around the evolution of product safety, highlighting how today’s electrical products must not only be safe to use, but also cyber-secure and sustainable. Our 2021 conference will once again be run as a free online event.

Electrical Safety First has a small team with a large remit – to make sure that everybody in the UK stays safe from the dangers presented by electricity. This year we have started to look at how we can do more to establish the Charity as one that celebrates and champions diversity, both internally and in our external activities. Staff have all undertaken training on Equality, Diversity and Inclusion and we are now looking at ways to ensure that our campaigning activity is as inclusive as it can be. It’s important that we reach everybody in the UK and that we deliver our campaigns in a way that will not exclude those who may not access information through the more traditional channels or have additional requirements.

I will finish by thanking my colleagues at Electrical Safety First and the Board of Trustees for their hard work, adaptability and support during the year. Particular thanks go to our Chairs over the last twelve months, Alison Parkes and Andy Chaplin, who have offered invaluable support and guidance. I am very proud that we have all risen to the challenges presented by Covid-19 with positive attitudes that have ensured that, despite not being able to meet in person for a year, we have still worked as a strong and effective team, delivering excellent results that will see a positive change in consumer awareness of electrical safety issues, and policy change that will provide a safer environment for millions of people.



Lesley Rudd
Chief Executive Officer, The Electrical Safety Council
8 October 2021

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Directors, who are also the Trustees of the Charity, submit their annual report and the audited financial statements for the year ended 31 March 2021. The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* (revised 2015) consistent with Financial Reporting Standard (FRS) 102 in preparing this report. The legal and administrative information on pages 1 and 2 form part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Electrical Safety Council is a company limited by guarantee and a registered Charity. The Charity is governed by its Articles of Association which were amended on 12 March 2020 having been last previously amended on 9 December 2010.

The Charity is not required to convene an AGM; engagement with stakeholders and representatives of beneficiary groups is undertaken through a variety of channels which include media and digital campaigns to encourage safer behaviour and address product safety. The Charity continued to work with the Government in Westminster and with the Welsh Assembly, Scottish Parliament and the legislation in Northern Ireland.

Board Members are Directors for the purposes of company law, are Trustees for charity purposes and also comprise the Charity's Council. All new director appointments are based on selection criteria which ensure that collectively the Board maintains a broad range of relevant skills and experience.

No monetary value has been attributed to the work of volunteers which comprises mostly the unpaid time of the Charity's Board of Directors, although their contribution is significant and vital to the current activities and continued future success of the Charity and its subsidiaries. The Charity continued to use the full \$40,000 monthly grant allocated by Google and at the end of March 2021 ranked #1 on Google for 40 search items, including "Part P Certificate", "Electrical Fire Safety" and "Electrical condition report".

An induction programme is offered to all new Trustees to ensure that they are briefed on the Charity's objects, strategy and activities. Directors are encouraged to attend relevant training seminars during the course of the year. Training is also provided on a group basis to the Board on relevant and topical issues.

The Charity's strategy is set by the Board of Directors - the Electrical Safety Board. The Board meets four times a year, plus other meetings as required. The Trustees keep the governance arrangements and the constitution of Charity Committees under review. The Directors are covered by indemnity insurance.

The Board delegates to the Charity's Executive Team the exercise of certain powers in connection with the management, administration and financial management of the Charity, with regular reporting on these matters to the Board.

Responsibilities delegated to the Board's sub-committees are ratified through the Board of Directors. The Chief Executive Officer and other members of executive management attend meetings of the Board of Trustees and the sub-committees.

The Board of ESF Enterprises Ltd includes a Trustee of the Charity. In addition to the appointment of this Trustee to the Board, oversight was achieved by the establishment of clear terms of reference in relation to the Trading Group's activities - alongside a scheme of delegated financial authority. The same scheme of oversight covers ESC Partnerships Ltd whose Board comprises two Trustees.

Certsure LLP, the joint venture with the Electrical Contractors Association from which a wholly owned subsidiary of the Charity, ESC Partnerships Ltd, is currently entitled to 75% of the profits has a Management Board with responsibility for day to day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity with the other two being the Chief Executive Officer and Finance Director of the Charity which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The Charity's Committees in operation during the year were:

- Electrical Safety of Products Committee
- Electrical Installation Safety Forum
- Financial Management Committee
- Remuneration and Appointments Committee
- Campaign Development Group

The Charity does not raise funds from the general public and therefore does not undertake, or engage with or permit third parties to undertake on its behalf, fundraising activities to raise funds for the Charity.

The Charity believes that everyone has the right to be safe from the dangers that electricity can present. It is committed to a culture of inclusivity and equality, and believes that the diversity of its team is what empowers it to campaign on behalf of everyone in the UK, to keep them safe from electrical risk. The Charity endeavours to ensure that every member of staff and Trustees voice is heard and that it is able to use individual experiences and unique talents in a truly collaborative approach to achieving the Charity's goals. The Charity's staff are valued and supported, and by acknowledging and respecting that we are all different, the Charity believes it is better able to represent all of the people it is working to protect.

PUBLIC BENEFIT

The Directors are mindful of their duties, and have paid due regard to the guidance provided by the Charity Commission, to ensure that the Charity continues to carry out its charitable aims being the advancements of health and the saving of lives with the aim of delivering public benefit activities which include:

- Dedicated campaigning activities targeted at increasing awareness and reducing risks to the general public.
- Parliamentary lobbying for changes to legislation to improve electrical safety for all.
- Participation on national and international committees overseeing and developing electrical standards which aim to maintain and improve the safety of all users of electricity.
- Maintenance of a website providing information and education on electrical safety.
- The operation of a free of charge email address providing advice and guidance on electrical safety matters to all members of the general public.

STRATEGIC REVIEW

The Objectives of the Charity

The principal objective of the Charity remains the protection of users of electricity against the hazards of faulty, unsafe and otherwise defective electrical installations and products. Achievement of the charitable objective is undertaken by both the Electrical Safety Council and its Joint Venture with the Electrical Contractors' Association, Certsure LLP.

The Charity's mission is the safety of **all** users of electricity with a specific focus on:

- Improving the safety of electrical installations.
- Improving the safety of electrical products.
- Direct interventions and grants.

Charitable activities undertaken by the Charity's Joint Venture with the Electrical Contractors' Association, Certsure LLP, which supported the Charity's safety objectives included:

- Assessment, certification and registration of individuals and entities carrying out electrical work through:
 - Operating the Approved Contractors' Scheme which is a voluntary electrical safety self-regulating body.
 - Running the Part P CPS Scheme, a self-certification scheme for providers of electrical services and related ancillary trades to domestic dwellings under Part P of the Building Regulations.
- Distribution and retail of technical publications and certificates.
- Provision of electrical training courses

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Activities and Outcomes for the Year

Electrical Safety First's small in-house team runs media campaigns during the year, aimed at increasing awareness of electrical safety risks and encouraging positive behaviour change. These focus on priority issues identified through robust consumer research and Government data which are included within the Charity's strategy. The Charity has adapted to the different priorities that have arisen out of the UK's response to the Coronavirus pandemic, with much of the campaigning activity reflecting lifestyle changes that have resulted from the restrictions. Campaigning and related activities of the Charity included:

Consumers at home

In April, guidance was given to people spending more time at home including tips for safe homeworking. Research identified that significant numbers were adopting unsafe practices including nearly half admitting to "daisy chaining" (connecting) adaptors to support home working and the guidance addressed these issues. The closure of beauty salons and hairdressers resulted in increased purchases of electrical beauty products from online market places. Via a visual assessment, the Charity's technical team identified that a number of products available from a variety of sources posed an electrical safety risk and the Charity's advice reminded people to shop directly from manufacturers or known and trusted websites rather than third party sellers.

This was revisited in Electrical Fire Safety Week in November in anticipation of Christmas Shopping including some short videos being recorded for Trading Standards Scotland. Following the campaign's launch, The Charity was invited to appear on ITV's Tonight programme and the BBC's Watchdog, commenting on their own investigations into dangerous electrical products sold online.

Unsafe and Recalled Electrical Products available via Online Marketplaces

The Charity made improvements to the digital tools it offers to help consumers stay safe. Its Alexa Skills voice app, which allows people to ask if the electrical appliances in their homes are subject to a recall notice, was extended to Google Home. Further improvements are planned to improve both the user experience and analytics, to enable the Charity to learn more about how the information is being used.

To help people shop safely online, the 'Check It Out' extension alerts shoppers who are looking to purchase electrical products on Amazon and eBay when they are buying from a third party seller rather than directly from a manufacturer or well-known retailer. Initially available on Chrome, this year the Charity launched versions for Firefox, MS Edge and Safari. There are plans to further develop this to include other "marketplaces", including the increasingly popular Instagram Marketplace.

The Charity has developed a new smartphone app, to be launched in Spring 2021 on iOS with Android coming later in the year. It will offer a range of electrical safety information, from registering a product to finding an electrician.

A number of high-profile retailers, manufacturers and stakeholders have committed to helping the Charity promote these tools, and the Charity is inviting others to follow suit.

Product Recalls and Registration

The major consumer awareness survey carried out by the Charity in January 2020 identified regions that were particularly "at risk" on key campaigning issues including product registration and recalls. More research was carried out in those regions which resulted in the development of campaign messages that would resonate there. A follow-up survey in January 2021 saw an improvement in awareness levels around recalls and registration across the UK, with the target regions showing significant improvements.

E vehicles and transport

Although the use of privately owned models remains illegal on public land, the introduction of hire schemes for e-scooters in cities across the UK has led to an increase in their popularity. The Charity's campaign reminded people to only purchase from reputable retailers and to charge safely. As the e-scooter hire scheme was rolled out across the country, messages were shared with local media, using region-specific data to support the story. As the UK moves towards an increased reliance on electric vehicles, there will be more work to do in this area – from the purchase of safe products to ensuring the infrastructure is adequate across the country to allow people to charge them safely.

Electrical Safety Issues in the News

Despite Covid-19 affecting planned campaigns, the Charity continued to offer expert comment on key issues, including the Online Harms and Building Safety Bills. The Charity proposed new legislation through a

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Parliamentary Bill which would make online marketplaces responsible for products which are listed on their sites via third party sellers. The Charity also supported landlords and tenants through the introduction of five yearly electrical checks in privately rented homes, with a detailed explanation of the new legislation published, increased content on the Charity's website and a Facebook Live Q&A run by the Technical Director.

Research and Investigations

The Charity carried out an investigation into the safety and security of internet connected (smart) appliances. Safety testing found that eight out of nine samples were electrically unsafe. None of the samples met all of the internet connectivity requirements although no high risk threats were found. Following referral to OPSS, half of the products were removed from sale and four products were listed on RAPEX, the EU's rapid alert system for unsafe products.

The first phase of the Charity's fire rated downlighter project was completed. This involved desk research into the marketing materials provided by online suppliers of downlighters. This information will be reviewed to ensure that it is adequate.

The Charity also carried out ad-hoc product investigations. The findings of the investigation into the safety of paddling pool heaters were included in the OPSS 'Stay safe this summer' campaign. Also, as a result of our investigation, 16 A rated portable electric vehicle chargers sold via Amazon were recalled.

Working in Partnership and Stakeholder Engagement

By working with manufacturers, retailers and other organisations, the Charity is able to reach a much wider audience with its campaigns.

Electrical Safety First has been concerned for some time about the low response rate to electrical recalls in the UK. The Charity has set up a working group to understand and find a clear way forward on supporting improved recalled rates. The Improving Product Registration and Recall (IPRR) group is chaired by the Charity and brings together sectors that represent manufacturers, retailers and other interested parties. The group is seeking a way in which electrical product registration rates can be improved to have a positive impact on recall responses.

The Charity's relationship with the Scottish Fire and Rescue Service (SFRS) has continued to grow, cementing the Charity's recognition as electrical safety experts in Scotland. The Charity is a key member of their Electrical Safety Working Group which was established to collaborate on campaigns to help reduce electrical fires and injuries in Scottish homes. During 2020, the group launched a social media campaign, 'Bright Spark', to help people identify and use properly qualified and registered local electricians. There are currently several avenues for consumers to find competent and qualified individual electricians and businesses, but there is no comprehensive database and there is low recognition among consumers for the multiple databases that do exist.

The Charity's technical team continues to be recognised as expert voices when it comes to product safety. During the year they have carried out research and testing to support the Charity's consumer campaigns and worked in partnership with various safety organisations to further protect consumers from electrical risk. Through our representation on the British Standards Institute's committees, this year has seen:

- The introduction of enhanced safety requirements for refrigeration appliances to prevent fires.
- The development and publication of PAS 7055, which covers safety requirements for button and coin batteries.
- Proposals being drafted for the indelible marking of white goods, to ensure that appliances can be identified after a fire.
- The development of requirements that will ensure that the power rating of appliances does not exceed the rating of the fitted plug. This proposal will be presented at the International Standards Committee for electrical appliances, part of the International Electrotechnical Commission.

In partnership with the Office for Product Safety and Standards (OPSS) and the Trading Standards Institute, the Charity delivered 20 hours of online training to around 400 Trading Standards Officers throughout the UK on basic electrical safety and the safety of second hand electrical goods.

Industry Events

2020 saw the 12th year of the annual Product Safety Conference – the Charity's flagship event which helps to protect the consumer by working closely with industry to share solutions and best practice. To ensure that it was

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

safe to attend and accessible to all during the pandemic, November's conference was run online and free of charge. The theme of the conference was *A Sustainable Future* looking at how we can use sustainable thinking at every level to shape intelligent, safety-led design, manufacture and sale of electrical products.

The 2020 Safety Innovation Award saw three organisations shortlisted for their innovative product or project that was able to demonstrate an improvement to consumer safety. This year's winner was JOB-Group for their product E-Bulb, the smallest fire extinguisher in the world. The E-Bulb can be placed directly at the source of origin of a fire – on an electrical circuit board / power adapter or potential hot spot - of almost any consumer appliance. In the event of a fire starting, the E-Bulb detects the fire, reliably extinguishes it, and cuts power to prevent re-ignition.

The Charity participated in a Distribution Connection and Use of System Agreement (DCUSA) working group to find a solution to the longstanding issue of providing temporary isolation so electricians can work safely when replacing consumer units/fuseboxes – this is an ongoing issue. In September, the Charity held a seminar on electric vehicle charging point installations, facilitating industry discussions with organisations including Certsure/NICEIC, NAPIT, the ECA and the Office for Low Emission Vehicles (OLEV).

In October the Charity presented at the International Consumer Product Health and Safety Organization international symposium on sustainability in product safety. In January a joint workshop was hosted with the National Consumer Federation on digital safety in design, working towards the development of a set of design principals that will hopefully feed into standards work, ensuring that connected products are safe and secure. In December, the Charity's Technical Director delivered the keynote speech at Beko's International Reliability Day.

The Charity also worked closely with high-profile industry experts, including the Electrotechnical assessment specification management committee, Smart meter operational group and Safety Advisory Group, and strengthened its relationship with the Office for Product Safety and Standards (OPSS).

Online

Overall there were fewer visitors to the Electrical Safety First website compared with the previous year. This was largely due to fewer people visiting the popular content about travel adaptors because of international travel restrictions. However, in February 2021 the highest amount of SEO traffic was hit to local "Find an Electrician" pages with 7,214 visits, marking a 64% increase on February 2020. The Charity has added a new "Your Questions Answered" function to the guidance section which is expanded as new questions are submitted.

Website Statistics 2020-21: Total Website Visits: 2,912,609 (4,289,813); Unique Visitors: 2,490,859 (3,648,565) ; Page Views: 4,156,051 (6,257,342)

Best performing consumer pages:

1. Watts to Amps - 340,996 (8.20%)
2. Amps to Watts – 313,133 (7.53%)
3. Home Appliance Ratings – 263,070 (6.33%)
4. RCDs Explained – 132,709 (3.19%)
5. Overloading Sockets – 128,739 (3.10%)

Best performing pages for electrical professionals:

1. Best Practice Guides – 94,170 (2.29%)
2. Wiring Regulations – New, Rewired and Similar – 47,921 (1.15%)
3. Wiring Regulations Landing Page – 21,709 (0.52%)
4. Wiring Regulations – Inspection, Testing, Certification and Reporting – 21,678 (0.52%)
5. Professional Resources Landing Page – 18,196 (0.44%)

Best performing pages for electrical professionals:

1. Best Practice Guides – 94,170 (2.29%)
2. Wiring Regulations – New, Rewired and Similar – 47,921 (1.15%)
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5. Professional Resources Landing Page – 18,196 (0.44%)

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Most popular downloads:

1. Best Practice Guides – 37,764
2. List of Whirlpool affected dryers – 11,634
3. Landlords' Guide England and Wales – 8,436
4. Guidance on Minimum Provision of Sockets – 4,282
5. Landlords' Interim Checklist – 1,473

The Charity has started developing a best practice guide on the minimum specification for periodic inspection and testing in domestic rented accommodation which is due to be published in 2021. The guidance the Wiring Regulations hosted on the website is continually updated, achieving just under 70,000 page views during the year.

Social Media followers

Facebook	19,800 likes, 22,202 followers
Twitter	24,112 followers
Instagram	1,674 followers
LinkedIn	1,176 followers

The majority of visitors to the website and Facebook page come from the 25-34 year old age group. The low percentage of 18-24 year olds visiting the Facebook page is a reflection of its decreasing popularity amongst younger people, who are more likely to use other platforms for their brand engagement. Although the Facebook page continues to perform well, the Charity will be investigating new platforms, including Tik Tok, during the next year to ensure that it continues to reach consumers of all ages.

The Charity's sites for children and teenagers offer support for both teachers and students with suggested lesson plans, worksheets, revision quizzes and games. With home schooling replacing classroom-based learning for large parts of the year, significant increases in visitors to these sites were seen.

Switched on Kids: Visits: 153, 529 (+43.85%); Page Views: 1,010,700 (+28.75%); Downloads: 51,208 (up 24.24%)

230 Volts: Visits: 15,021 (+20.90%); Page Views: 64,392 (+9.83%); Downloads: 3,795 (+9.21%)

Certsure Joint Venture

Charitable objectives continued to be delivered through the Certsure LLP joint venture. Certsure offers industry-leading certification services, Building Regulations schemes, training, products and support to the construction industry and beyond. Profits from these activities provide a significant part of the Charity's income.

Despite the challenges that the COVID-19 pandemic brought, Certsure continued to deliver over 32,000 assessments over the course of the year. Adopting a safe and flexible approach in line with current guidance, businesses were able to have their assessments carried out remotely, at their premises, or as a blended option of the two. This ensured that Certsure supported the Government's desire to keep the construction industry active during this time while supporting the needs of customers. This approach also guaranteed that Certsure's customers continued to adhere to the latest industry standards and provided assurance to consumers through safe and compliant installations.

To support the legislation that introduced five-yearly electrical checks in privately rented homes in England, Certsure launched a dedicated scheme that checks that contractors who opt in have the relevant qualifications and insurances in place to undertake work in the Private Rented Sector (PRS). Once approved, these businesses then feature on the PRS register on the Registered Competent Person Electrical website. The website, which is promoted by Electrical Safety First and MHCLG, allows landlords or their agents to search for electrical contractors registered to undertake Electrical Installation Condition Reporting in the PRS in England. Since its launch in 2020, over 5,000 contractors have opted to be included on the PRS register.

With all face-to-face events cancelled in 2020, Certsure accelerated its successful webinar series, The Wire, adding more topics to meet customers' needs. Free and exclusive to registered contractors, The Wire is delivered by industry-leading technical experts and designed to provide contractors with the knowledge they need to remain

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

ahead of the curve. Each webinar is accredited and counts toward contractors' Continued Professional Development (CPD), where they can use the knowledge and experience towards their next assessment. The 2020/21 series, which launched in April 2020, was viewed by over 10,000 contractors, and resulted in over 40,000 CPD certificates being issued supporting both Certsure's and Electrical Safety First's aspirations to raise standards in the industry. Certsure was already working on providing an all-new virtual training suite that mirrors the learnings and outcomes of classroom-based training courses. As a result of the pandemic, plans were accelerated and more virtual options were added to the comprehensive training portfolio. Since its rollout in May 2020, over 3,400 contractors have booked onto a virtual training course on subjects such as electric vehicle charging and the 18th edition of the Wiring Regulations.

Throughout the COVID-19 pandemic, Certsure has continued to provide industry leading technical development to electrical contractors through the production of technical publications such as its quarterly "Connections" magazine. The technical helpline has answered more than 56,500 calls in 2020/21 and answered 4500 emails. Certsure is committed to promoting the importance of using a registered electrical contractor. Part of this involves securing coverage in local, national and consumer press. Between 2020 and 2021, the NICEIC and ELECSA brands were featured in over 100 articles across the media landscape. All articles referenced raising safety standards and delivering technical excellence, through the use of a registered electrical contractor.

Working with Government and Politicians

Electrical Safety First works closely with the UK and devolved governments and parliamentarians to improve electrical safety standards in UK homes. Despite the Covid-19 pandemic meaning that face-to-face engagement with Government was not possible, the Charity still continued to influence MPs and policy makers both at Westminster and in the devolved parliaments. Many of the Charity's campaigns and activities have a nationwide remit throughout the UK.

Westminster

Over the last year the Charity has worked on the **Fire Safety Bill**, introduced by the UK Government to ensure that people feel safe in their homes and that a tragedy like the Grenfell Tower fire never happens again. The Charity helped MPs and Lords table amendments to the Bill to add a requirement for people living in High Rise Residential Buildings (HRRBs) to have regular electrical safety checks regardless of the tenure of their property and that a register of appliances within these buildings would be kept. This had very good cross party support. At a meeting with the Government Minister the Charity agreed to withdraw the amendments, as the Government believed the Building Safety Bill would be a more appropriate Bill for these requests. However, the Charity achieved an important concession with the confirmation that a working group would be established to look more closely at electrical safety. The Charity is a member of this small group of experts and the first meeting was held at the end of March. A Government consultation was also announced on electrical safety in the social rented sector. Most HRRBs in England contain socially rented flats so this is important step forward to protect residents. The Online & Home Electrical Safety All Party Parliamentary Group (APPG) for which the Charity provides the Secretariat, has continued to pursue improvements to consumer protection around product safety and online marketplaces. It has looked very closely at the issues of online harms, and a letter was sent to Caroline Dinenage MP, Minister of State for Digital and Culture, with 44 signatories representing cross-party support for the sale of dangerous electrical products to be included in the legislation.

Following a consultation with the Social Rented Sector (SRS), which showed overwhelming support for mandatory electrical safety checks, the Charity published a paper, *Improving Electrical Safety in the Social Rented Sector in England*. A Social Housing Bill to improve and regulate the sector is anticipated and the Charity hopes that the SRS Electrical Safety Working Group and findings from the consultation will have an input into this Bill as it progresses.

Wales

For the second annual Welsh Electrical Safety Week (30th November – 6th December), the Charity covered the topical subject of consumers buying their Christmas shopping online, with almost three in five (57%) Welsh residents saying that they would be buying their electrical gifts from online marketplaces. Prior to the awareness week, a 90 second statement was given in the Senedd in support of the campaign. The Charity provided digital content and messaging for stakeholders to share on their social media channels. The campaign was covered by BBC News Wales, appearing as its top online story.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Charitable Activities in Scotland

Like elsewhere in the UK, the Short-Term Let (STL) sector in Scotland has grown significantly over the last few years but it lacks a consistent regulatory safety framework. The majority are in owner-occupied properties which only have to meet basic electrical safety requirements, in contrast with properties offered as private rentals, which have the highest level of protection in Scotland. Through its 'Short-Changed' campaign, the Charity has called for STLs to have mandatory, five-yearly, electrical safety checks carried out by registered electricians, placing it on a par with the Private Rented Sector. As most fires are caused by appliances in Scotland, the Charity also campaigned for the checks to cover both the electrical installation and any electrical products provided with a let. The Charity was delighted that draft legislation for the sector includes these proposals for mandatory electrical safety checks. This will require over 32,000 STL properties to complete an electrical safety check at least every five years, protecting around 1.6 million guests annually. Subject to the approval of Holyrood, the legislation will be introduced later in 2021 and STL hosts will have until 1st April 2023 to comply with the new regulations. The Charity successfully lobbied for an amendment to the Consumer Scotland Bill in the Scottish Parliament. The Bill aimed to establish a new body, Consumer Scotland, which would have responsibility for co-ordinating advice and undertaking advocacy work on consumer issues in Scotland. The Charity's proposals required the body to establish a central database of major product recalls in Scotland and provide advice to consumers adversely affected by them. The Charity gained both government and cross-party political support for these proposals, and the Bill which included the amendments became The Consumer (Scotland) Act 2020 when it received Royal Assent on 9th June 2020.

Northern Ireland

The Charity published its first major piece of research in Northern Ireland, 'Recharge', which reviewed the level of electrical risk in Northern Ireland's housing, with a particular focus on the Private rented sector (PRS) and vulnerable groups. The report found that private tenants had less protection from electrical risk than in other parts of the UK and older and disabled people are disproportionately impacted by fires and accidents resulting from electricity in the home. The report offers a series of recommendations to enhance electrical safety for all these groups and across tenures. The research was used by the Charity to engage Executive Ministers, Members of the Legislative Assembly (MLAs) and stakeholders working across the housing and disability sectors, including the Commissioner for Older People in Northern Ireland, and made significant progress in raising awareness of these important issues and the profile of the Charity's work in Northern Ireland.

A key policy focus in Northern Ireland has been to achieve vital protections for tenants living in the Private Rented Sector (PRS). In England and Scotland, regular, five-yearly electrical safety checks in the PRS are legally required, with Wales expected to follow suit shortly. Working closely with the Department for Communities in the Northern Ireland Executive, and through engagement with and support from a range of stakeholders including Housing Rights and the Chartered Institute of Housing Northern Ireland, the Charity achieved the inclusion of similar protections in new legislation for PRS tenants in Northern Ireland. The Private Rented Sector Bill, which is expected to complete its passage in the Assembly by the end of 2021, will impose duties on landlords to carry out periodic electrical safety checks for any privately rented property. As a result, landlords will be prevented from commencing a new lease where an electrical safety check has not been completed.

Future Plans for 2021-22 include:

Continue working to ensure the Charity fulfills the aims set out in its strategy for 2018-2023 which are:

- To ensure the Charity is the "Go To" organisation for electrical safety.
- To campaign for the safety of electrical infrastructure and associated connected devices equipment.
- To contribute to the development of regulations and standards that support the safety of consumers of electrical installations and electrical products.
- To protect and develop our income to maintain and increase our impact whilst adhering to the values of the charity.

To do this the Charity has specific objectives towards achieving these goals that are measurable. Progress is recorded and regularly reported to quarterly Trustee meetings.

The COVID-19 pandemic and current economic climate have created new challenges for some of those the Charity aims to help. The Charity is therefore reviewing its grant schemes to identify areas of improvement so that we can best meet the needs of vulnerable groups and individuals we support in furtherance of the Charity's objects. The Charity will publish the details of our new grants scheme once the development work is complete.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Electrical Safety First as a Thought Leader

The Charity's engagement with specialist, professional media, and government outlets supports its Thought Leadership and public affairs activities, which highlight the Charity's relevance and expertise. As the recognised expert in its field, the Charity works with a wide array of stakeholder organisations, including government departments, trade, consumer, and non-profit organisations, and across the electro-technical industry supply chain. Strong partnerships are vital to extending the Charity's reach and conveying its messages to a wider audience. The Charity's in-depth features in stakeholder and related media offer a detailed rationale for its policy positions and consumer campaigns - and provide a platform for our Thought Leadership views on emerging trends and developments. These articles and blogs appear across a wide range of media channels and sectors. They include housing media, such as Inside Housing, Property Journal (the Chartered Institute of Housing magazine) and Landlord Today. But they also encompass features for other important stakeholders, from the Chartered Institute of Environmental Health, the international fire safety sector and various health and safety outlets, to those aimed at older people and the legal profession.

The Charity believes it is also vital that it continues to be a significant expert voice in the industry press. Regular features support an ongoing dialogue with manufacturers, retailers, and installers, as well as those entering emerging areas such as electric vehicles and smart homes. Features this year have included 'The Evolution of the Electrician' - a thought leadership piece for Professional Electrician magazine that discussed the ways in which the industry is changing in response to Net Zero. This illustrates how the Charity's expertise can flag forthcoming trends, opportunities and challenges in the consumer or legislative landscape. In this way, the Charity helps ensure all key stakeholders are informed of potential implications, for both business and consumer protection.

This year the Charity has commented on topics as diverse as the 'Right to Repair' Bill and the circular economy, the dangers of the online sale of counterfeit and second-hand goods, and the need for regular electrical checks across all housing tenures. The Charity has also highlighted the innovative, tailored tools that we have developed to help keep consumers safe. In supporting public affairs events, template releases for parliamentarians have proved particularly effective and are reproduced in their blogs and constituency columns in local press, as well as on their own websites.

In addition to membership of various standards setting committees and working groups, the Charity provides briefings and information to various government departments and NGOs. The Charity now has an established presence in the government's Intellectual Property Office (IPO) annual report, where its work addressing the rising tide of electrical counterfeits is effectively showcased.

Another important element of the Thought Leadership strategy is supporting the practical application of better regulation - which is also the aim of the OPSS Regulatory Awards. The Charity was highly commended in the 2021 awards, with a submission focused on the specialised training developed for Trading Standard officers, which was based on its research for OPSS on second hand goods bought offline.

This Thought Leadership strategy and in-depth features clearly position the Charity as the trusted leader in its field, with the expertise and ideas required to deal with the demands of a complex, rapidly changing world. The Charity aims to inspire those conversations that might otherwise have been lost or possibly never even considered.

Financial Position and Reserves

Overall Result

The Group has recorded a reduction in funds during 2020/21 of £4,004K consisting of net income of £5,896K and a £9,900K actuarial loss on the Pension Scheme (see note 17). The reserves at year end which are wholly unrestricted totalled £30,235K and include a Pension Reserve of £1,500k.

Gift aid of £3,293K (2020: £3,075K) has been received by the Charity from its subsidiaries. The Charity's subsidiaries include ESC Partnerships Ltd which is one of two members of Certsure LLP and which generated £3,263k of the 20/21 gift aid. The other member of Certsure LLP is the Electrical Contractors' Association Ltd which is a wholly owned subsidiary of the Electrical Contractors' Association, a members' association.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Income

Total Charity income was £4,098K, the main component of which was the £3,293K received from subsidiaries in gift. Other incoming resources are income payable to the Charity by both Certsure LLP and a third party for use of its properties together with investment income and income generated by Charitable Activities.

Expenditure

Total expenditure for the year was £1,906K (2020: £2,288K). The prior year included a £100k credit relating to the pension scheme whereas this year's equivalent is a £200k credit so the underlying reduction in spend is a little lower than the headline figures suggest. There have also been some cost savings due to activities being curtailed by the pandemic.

Fixed Assets

The majority of the Charity's tangible fixed assets comprise the land, buildings, furniture, equipment and IT hard and software used in the Group on a daily basis. Changes in tangible fixed assets are summarised in note 10 to the financial statements.

Pension Scheme

The scheme assets of the closed final salary pension scheme exceed the liabilities by £1.5m when measured in accordance with FRS 102. The employer is however making deficit contributions due to the different basis on which the funding position is assessed. The deficit on this basis impacts the Charity's short and medium-term cash flows by the funding arrangements agreed with the Pension Scheme Trustee. Following the 31 March 2020 triennial valuation, these payments comprise continuation of the annual amount of £600k to March 2021 followed by £250k pa until an anticipated date of self-sufficiency which is a stronger funding basis than technical provisions.

Outlook

The Group's financial position overall remains healthy. Financially, Covid-19 has not had a significant impact on the income of the Charity and forecasts suggest that the current income levels will be maintained. The Charity holds significant reserves but the Trustees are also mindful of the deficit that still exists in the Pension Scheme and are balancing that with using resources to deliver on its objectives.

Cash, Investment Policy and Returns

Group cash and investment balances excluding joint ventures have increased over the last year to £16,600K (2020: £14,253K), an increase largely due to the investment gain of £2.1m.

The Charity's investment policy has as its objective "to produce returns and be a vehicle for holding the agreed level of Charity reserves". The investment target return is once any income required has been taken to maintain and where possible enhance the real value of the portfolio without taking unnecessary risks. A total return approach to investment is taken i.e. generating return from income and capital gains and losses.

An investment portfolio of £12.3M of funds with a long-term investment horizon was managed by two fund managers, Rathbones and Cazenove. Improved conditions in the financial markets since the end of the previous year resulted in a total return of a gain of £2,379K being delivered on the portfolio, comprising a £2,128K capital gain combined with by £251K of income.

The investment policy is maintained under ongoing review in light of changing Group funding requirements and all portfolios are now balanced between equities, fixed interest investments, alternative investments and cash based on an intermediate risk profile. All income generated is being paid to the Charity to fund current spending. Since the year end, the decision has been taken to move some of the portfolio to CCLA whilst retaining the two existing managers.

The balance of the Charity's investments relate to the joint venture of Certsure LLP and property. Properties leased to group companies (including joint ventures) are not treated as investment properties. Therefore the investment property held by the Charity reflects the proportion of two properties that are leased to third parties.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Reserves and Risk Assessment

Risk management processes are embedded in the day-to-day operations of the Charity and its trading activities which have their own separate risk register. Risk registers are reviewed regularly by management to ensure completeness and that the risk ratings and impacts remain appropriate.

Significant changes in the Charity's risk register are reported at the Electrical Safety Council's Board meetings. The full Board reviews the Charity's risk register in detail. The risk register relating to Certsure LLP is reviewed by the Certsure Management Board which includes two Charity Trustees along with the Charity Chief Executive and Finance Director.

The Financial Management Committee, on behalf of the Board, conducts an annual review of the level of unrestricted reserves by considering the risks associated with the various income streams, expenditure plans and Balance Sheet items. In setting the reserves target the Committee considers the future resources needed for the Charity to continue meeting its charitable objectives. The Committee also recognises that assets such as fixed assets are not easily or quickly realised.

This review enables an estimate to be made of the level of reserves that will be sufficient to allow time to re-organise and dispose of long term assets in the event of a down turn whilst maintaining core charitable activities including the Charity's:

- consumer awareness and campaigning activities;
- objectives to improve electrical product and installation safety;
- commitment to technical excellence

The reserves policy is kept under review and states that reserves, which are defined as the charity's and its wholly owned subsidiaries' cash and investment portfolio, amounting to at least two years pure /discretionary charitable expenditure be maintained after provision for the next three years' pension deficit payments.

The policy goes on to state that if the level of reserves exceeds the minimum amount, the Trustees will consider the best use of the "excess" funds. Matters to be taken into account include the progress of the defined benefit pension scheme to self-sufficiency, the merits of holding or investing the additional amount to fund future spend and the merits of undertaking additional charitable activities. The Trustees are currently considering how best to use the funds available to further the charitable objectives and reduce the risks posed by the pension scheme to the Charity. In the meantime, the Trustees consider it appropriate to retain the current level of reserves whilst the pension scheme has not yet reached self-sufficiency.

The Trustees have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to Senior Management. Trustees are unremunerated and the remuneration of the Key Management Personnel is determined by the Nominations and Governance Committee who take into consideration general pay increases awarded under the collective agreement which covers the majority of staff as well as external comparatives.

Financial Instruments

The Group's policy including Joint Ventures is to finance working capital through retained reserves and monies received in advance from customers as a result of its annual fee cycle. The Group does not actively use other financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. It is exposed to minimal foreign exchange risk as the customer base is mostly within the UK. The nature of the Group's financial risk instruments means that they are not subject to price or liquidity risk.

The Board does not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or results.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Employee Training and Recruitment

The Group including Joint Ventures has an active personal development training programme to ensure that all employees have the skills and knowledge necessary to achieve the business and personal goals to which they aspire. The Group is an equal opportunity employer that values diversity in its employees and it has recruitment policies directed to ensure that it is open to all.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' annual report incorporating a strategic review and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Charity and of the incoming resources and application of resources, including its income and expenditure, of the Group for the year. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Charity will continue in business.

The Directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

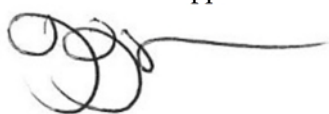
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Directors' Awareness Statement

Each of the Directors has confirmed that so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware, and that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Auditor

A resolution to appoint Moore Kingston Smith LLP as auditor will be proposed at a future Board meeting.



By order of the Board
Jennifer Trim
Company Secretary
8 October 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL

Opinion

We have audited the financial statements of The Electrical Safety Council (the “parent charitable company”) and its subsidiaries (the “group”) for the year ended 31 March 2021 which comprise the consolidated and charity statement of financial activities, consolidated and charity balance sheets, consolidated statement of cash flows, charity statement of cash flows and 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 FRS 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 group’s and the parent charitable company’s affairs as at 31 March 2021 and of the groups incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006, the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 group 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 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 audit 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 charitable company'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 directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report and Strategic Review for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report or Strategic Review.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 17, the directors 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 directors 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 directors are responsible for assessing the group's and parent charitable company'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 liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

We 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 we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act and with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members and the charity's trustees those matters we are required to state to them in an auditor's 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 charitable company, the charitable company's members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Silvia Vitiello, *Senior Statutory Auditor*

For and on behalf of Moore Kingston Smith LLP, Statutory Auditor
4 Victoria Square
St Albans
Herts AL1 3TF

Date: 13 October 2021

Moore Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2021
(incorporating Consolidated Income and Expenditure Account)

				2021	2020
	Note	Unrestricted Charity Funds £'000	Trading Subsidiaries £'000	Total Funds £'000	Total Funds £'000
INCOME FROM:					
Investment Income – Investments	5	252	6	258	360
Investment Income – Properties		522	-	522	519
Other Trading activities - Share of profits in Joint Ventures	12	-	4,962	4,962	3,474
Income from Charitable Activities		31	-	31	118
Other Incoming Resources	18	-	-	-	2,536
TOTAL INCOME		805	4,968	5,773	7,007
EXPENDITURE ON:					
Raising funds					
Discontinued trading operations		-	2	2	(14)
Investment Management Costs		35	-	35	24
Fundraising Costs		69	-	69	69
Subtotal - Raising Funds	4	104	2	106	79
Charitable Activities					
Installation Safety		577	-	577	775
Product Safety		959	-	959	1,247
Grants and Direct		80	-	80	-
Research		63	-	63	50
Subtotal - Charitable activities	4	1,679	-	1,679	2,072
Other Expenditure	4	121	-	121	137
TOTAL EXPENDITURE		1,904	2	1,906	2,288
Net Investment (Losses) / Gains - Investments	12	2,128	-	2,128	(1,160)
Net Investment (Losses) / Gains – Property		(99)	-	(99)	(149)
NET (EXPENDITURE) / INCOME		930	4,966	5,896	3,410
Actuarial Gain / (Loss) on Pension Scheme	17	(9,900)	-	(9,900)	4,600
Transfer of Gift Aid		3,293	(3,293)	-	-
NET MOVEMENT IN FUNDS		(5,677)	1,673	(4,004)	8,010
Total Funds at 1 April 2020				34,239	26,229
Total Funds at 31 March 2021				30,235	34,239

All Charitable funds are unrestricted. All recognised gains and losses are included above.

The notes on pages 26 to 41 form part of these financial statements.

THE ELECTRICAL SAFETY COUNCIL
BALANCE SHEETS AS AT 31 MARCH 2021

	Note	<u>Group</u> 2021	<u>Charity</u> 2021	<u>Group</u> 2020	<u>Charity</u> 2020
		£'000	£'000	£'000	£'000
FIXED ASSETS :					
Tangible Assets - used	10	4,121	4,121	4,252	4,252
Tangible Assets - investment properties	11	1,833	1,833	1,932	1,932
Investments	12	12,253	12,253	10,167	10,167
Investments in Joint Ventures	12	6,462		3,474	
		24,669	18,207	19,825	16,351
CURRENT ASSETS :					
Debtors	13	53	53	126	126
Cash at Bank and in Hand		4,347	2,705	4,086	1,126
		4,400	2,758	4,212	1,252
CURRENT LIABILITIES :					
Amounts Falling Due Within One Year	14	334	1,045	398	1,106
NET CURRENT ASSETS/(LIABILITIES) :		4,066	1,713	3,814	146
TOTAL ASSETS LESS CURRENT LIABILITIES :		28,735	19,920	23,639	16,497
DEFINED BENEFIT PENSION SCHEME ASSET / (LIABILITY)	17	1,500	1,500	10,600	10,600
		30,235	21,420	34,239	27,097
<u>RESERVES</u>					
UNRESTRICTED INCOME FUNDS		28,735	19,920	23,639	16,497
PENSION RESERVE	17	1,500	1,500	10,600	10,600
TOTAL RESERVES		30,235	21,420	34,239	27,097

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. For the purposes of the Companies Act, net income of the Charity for the year is £3,867K (2020: £4,719K).

The notes on pages 26 to 41 form part of these financial statements.

Approved by the Board of Directors and authorised for issue on 8th October 2021, and signed on their behalf by:


A Chaplin - Chair

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	TOTAL FUNDS 2021 £'000	P/ YR FUNDS £'000
Net cash (used in) operating activities (Note A)	(2,535)	(3,356)
Net cash provided by investing activities (Note B)	2,796	4,821
Cash flows from financing activities	-	-
	261	1,465

Analysis of Net Funds £'000	At 1 Apr 2019	19/20 Movement	At 31 Mar 2020	20/21 Movement	At 31 Mar 2021
Cash at bank and in hand	2,621	1,465	4,086	261	4,347

CASHFLOW STATEMENT NOTES

A. Net cash used in operating activities

Net income for the reporting period	5,896	3,410
Share of profits in Joint Ventures	(4,962)	(3,474)
Depreciation	131	136
Dividends, interest and rents from investments	(258)	(360)
Rents from properties	(522)	(519)
Losses / (Gains) on investments	(2,029)	1,309
Loss on disposal of fixed assets	-	11
FRS 102 Pension operating movement	(800)	(3,700)
(Increase) / Decrease in debtors	73	(6)
(Decrease) / Increase in creditors	(64)	(163)
Net cash used in operating activities	(2,535)	(3,356)

B. Net cash provided by investing activities

Dividends, interest and rents from investments	258	360
Rents from properties	522	519
Distributions from Joint Ventures	1,974	3,903
Purchase of property, plant & equipment	-	-
Proceeds from the sale of investments	2,685	4,218
Purchase of investments	(2,643)	(4,179)
Net cash provided by investing activities	2,796	4,821

Analysis of changes in net debt

£'000	At 31 Mar 2020	Cashflow	At 31 Mar 2021
Cash	4,086	261	4,347
Cash equivalents	-	-	-
Total	4,086	261	4,347

THE ELECTRICAL SAFETY COUNCIL

CHARITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

				TOTAL FUNDS 2021 £'000	P/ YR FUNDS £'000	
Net cash (used in) operating activities (Note A)				(2,530)	(3,355)	
Net cash provided by investing activities (Note B)				4,109	3,979	
				1,579	624	
Analysis of Net Funds £'000		At 1 Apr 2019	19/20 Movement	At 31 Mar 2020	20/21 Movement	At 31 Mar 2021
Cash at bank and in hand		502	624	1,126	1,579	2,705

CASHFLOW STATEMENT NOTES

A. Net cash (used in) operating activities

Net income for the reporting period	930	(92)
Depreciation	131	136
Dividends, interest and rents from investments	(252)	(346)
Rents from properties	(522)	(519)
Losses / (Gains) on investments	(2,029)	1,309
Loss on disposal of fixed assets	-	11
FRS 102 Pension operating movement	(800)	(3,700)
(Increase) /Decrease in debtors	73	(6)
(Decrease) /Increase in creditors	(61)	(148)
Net cash provided by (used in) operating activities	<u>(2,530)</u>	<u>(3,355)</u>

B. Net cash provided by investing activities

Dividends, interest and rents from investments	252	346
Rents from properties	522	519
Gift aid from trading activities	3,293	3,075
Purchase of property, plant & equipment	-	-
Proceeds from the sale of investments	2,685	4,218
Purchase of investments	(2,643)	(4,179)
Net cash provided by investing activities	<u>4,109</u>	<u>3,979</u>

Analysis of changes in net debt

£'000	At 31 Mar 2020	Cashflow	At 31 Mar 2021
Cash	1,126	1,579	2,705
Cash equivalents	-	-	-
Sub-Total	1,126	1,579	2,705
Loans due in 1 year	(715)	1	(714)
Total	<u>411</u>	<u>1,580</u>	<u>1,991</u>

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The Electrical Safety Council is a company limited by guarantee (No. 570175) and a registered Charity (England and Wales No. 257376; Scotland No. SC039990).

The financial statements are prepared in compliance 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) (effective 1 January 2019) – (Charities SORP (FRS 102) (second edition – October 2019)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, and the Charities Act 2011. The Electrical Safety Council meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared on the historical cost basis and presented in GBP£, rounded to the nearest thousand, which is the functional currency of the Charity.

(b) Basis of Consolidation

The consolidated accounts include the results of the charitable company and its subsidiaries, ESF Enterprises Ltd and ESC Partnerships Ltd from the date of acquisition, together with a share of the results, assets and liabilities of jointly controlled entity (joint venture) Certsure LLP using the equity method of accounting, where the investment is carried at cost plus post-acquisition changes in the share of net assets of the joint venture, less any provision for impairment.

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. The Charity's gross income for the year was £4,098K (2020 - £6,594K) and the result was £4,223K surplus (2020 - £2,983K surplus).

(c) Income

Fees and other income are accounted for on the provision of the service and are exclusive of VAT.

(d) Investment Income

Investments listed on a recognised stock exchange are included in the balance sheet at market value. Unrealised gains and losses arising during the year are included in the Statement of Financial Activities. Investment income is the amount received by the group in the year.

(e) Basis of Expenditure Allocation

Charities SORP requires that support costs are allocated where appropriate to direct charitable activities. The analysis provides an understanding of the nature of the activities undertaken and the resources expended on their provision.

(f) Operating Leases

Costs arising under operating lease agreements have been charged to the Statement of Financial Activities as incurred.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (Continued)

(g) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical and deemed cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Computer software	- Between 3 and 5 years
IT equipment	- Over 3 years
Office equipment	- Between 2 and 5 years
Freehold buildings	- 2% on cost
Freehold refurbishment	- 10% on cost
Leasehold buildings	- Over the life of the lease

(i) Foreign Exchange

Assets and liabilities are translated into sterling at rates ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling on the date of the transaction.

(j) Valuation of Fixed Asset Investments

Investments in Group undertakings are carried at historical cost, adjusted in the case of the joint ventures to reflect the Group's share of the underlying results. The Council considers this to be the most appropriate method of valuation of these holdings for the purpose of the consolidated financial statements.

Financial investments are valued at mid market value at the year end.

(k) Valuation of Investment Property

Investment properties are valued at market value and were valued at 1 April 2020 by professional valuers. The Trustees have used their judgement to update those values to current market values at 31 March 2021. At the time those professional valuations were done, due to the outbreak of Covid-19, physical inspections were not possible and therefore valuers made assumptions as to the condition and repair remaining similar to time of prior inspections. There were also caveats on property valuations where the impact of Covid-19 on the market was not fully realized or known. Those formal valuations were therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global and Trustees were advised by the professional valuers that less certainty should be attached to the valuations than would normally be the case. On reviewing the reported values at 31 March 2021, the Trustees determined that – albeit to a lesser degree than in the prior year - material valuation uncertainty still remained and adjusted the valuations to current market conditions on the basis of the best available information. Gains or losses arising on revaluation are taken to the statement of financial activities. No depreciation is provided on investment properties. The property rented to group companies (including joint ventures) is treated as not being held for investment.

(l) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and short term deposits with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (Continued)

(m) Pension Costs

For the Defined Benefit Scheme, the Statement of Financial Activities is charged with the current service costs and the net return on assets. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown in aggregate. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The Defined Benefit Scheme is funded, with the assets of the scheme held in a fund administered by the NICEIC Pension Scheme. Pension scheme assets are measured at fair market value and liabilities are measured on an actuarial basis using the projected unit credit method of valuation and discounted at a rate based on the yield of an AA rated Corporate Bond. Actuarial valuations for the purposes of FRS 102 are updated at each balance sheet date.

The resulting defined benefit asset or liability is presented separately after total assets less current liabilities on the face of the balance sheet.

The Defined Contribution Scheme is a “Group Personal Pension” whereby participating employees have individual contracts with an insurance company providing a range of investment alternatives. Employer contributions are charged to the Statement of Financial Activities in the year to which they relate.

(n) Financial Instruments

a. Financial assets

The Charity’s financial assets comprise basic financial instruments, being trade and other debtors and cash and bank balances. Trade and other debtors are measured at transaction price less any impairment. Any impairment loss is recognised in the statement of financial activities.

The impairment loss is measured as the difference between an asset’s carrying amount and best estimate, which is an approximation of the amount that the Charity would receive for the asset if it were to be sold at the reporting date.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

b. Financial liabilities

The Charity’s financial liabilities comprise basic financial liabilities, being trade and other creditors. These are initially recognised at transaction price and are measured subsequently at amortised cost. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

c. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (Continued)

(o) Going Concern

The financial statements are drawn up on the going concern basis which assumes the group will continue in operational existence for the foreseeable future. The Trustees have given due consideration to the working capital and cash flow requirements of the group for at least 12 months from the date of signature on the accounts. As part of this, the Trustees have considered the impact of the continued Covid-19 pandemic and measures taken in the UK. The Group and the Charity have a strong cash and reserves position at the time of approval of these financial statements. Having made enquiries, whilst there is an expectation that there may be an impact on future income both from the investment in the joint venture and more particularly, the investment portfolio, the Trustees have concluded that there is a reasonable expectation that the Group and the Charity have adequate resources to continue in operational existence for at least 12 months from the date of the audit report of these financial statements..

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Charity's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions which affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for income and expenditure during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, the nature of the estimation means that actual outcomes could differ from these estimates.

Defined benefit pension and other post-employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, group management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions relevant to the defined benefit pension and other post-employment benefit obligations are based in part on current market conditions. Additional disclosures concerning these obligations are given in note 17.

Revaluation of investment properties

The group carries its investment properties at fair value, with changes being recognised in income and expenditure. The trustees review the valuation of the properties on an annual basis and, taking the market conditions into account, consider the values included in the accounts to be the fair value of the properties.

3. FINANCIAL RISK MANAGEMENT

The Trustees have overall responsibility for the establishment and oversight of the Charity's risk management framework. The full Trustee Board retains responsibility for developing and monitoring the Charity's risk management strategy and policies. The senior leadership team maintain a risk register which is considered regularly by all the Trustees. There have been no changes to the Charity's exposures and risks or methods used to measure and manage these risks during the year. The Charity seeks to minimise these risks as detailed below:

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

3. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

The objective of the Charity in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Charity aims to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Charity has financial investments available. The Charity maintains a long term (up to five years) monthly cash forecast and is currently in a position to meet its commitments and obligations as they come due.

The Charity is significantly dependent on Certsure, its Joint Venture with the Electrical Contractors Association for its income, it is entitled to 75% of the profits. The Charity also lease three properties to Certsure. Certsure has a Management Board with responsibility for day to day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity and the other two are the Chief Executive Officer and Finance Director of the Charity, by which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

Market risk

The Charity is exposed to market conditions affecting the size of its investment portfolio. The value is regularly monitored and investment managers are required to attend meetings of the Financial Management Committee at least annually. The Trustees maintain the investment policy under review. The portfolio is spread across two managers to help mitigate the risks of manager underperformance. Investments are not made for a period of under five years and cash deposits are held to manage short term requirements rather than divesting investments.

The Charity is also exposed to the effect of market conditions on the position of the closed defined benefit pension scheme. The Trustees of the Charity and the Pension Scheme work closely together and the Trustees of the Pension Scheme are currently working on a journey plan towards self sufficiency.

The Trustees do not feel the Charity is exposed to any other significant financial risk.

4. NET INCOME FROM TRADING ACTIVITY OF SUBSIDIARIES

Support costs totalling £306k (2020: £382k) have been allocated to Charitable Activities in accordance with the level of direct spend on those activities which is considered the fairest method of apportionment. Support costs comprise the costs of Charity premises, finance, governance and other overhead costs and are not separately identified by function.

	2021 £'000	2020 £'000
Installation safety	103	136
Product safety	173	219
Research	11	9
Fundraising	19	18
Total	<u>306</u>	<u>382</u>

Other costs are the costs of administration and the interest on the net defined benefit liability of the defined benefit scheme that is closed to future accrual. These costs therefore do not contribute to the current cost of charitable activities.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

5. INVESTMENT INCOME AND INTEREST

	<u>2021</u> £'000	<u>Group</u> <u>2020</u> £'000
Bank interest	7	28
Investment income	251	332
	<u>258</u>	<u>360</u>

6. STAFF COSTS

	<u>2021</u> £'000	<u>Charity</u> <u>2019</u> £'000	<u>2021</u> £'000	<u>Group</u> <u>2020</u> £'000
Staff costs				
Wages and salaries	901	892	901	892
Agency salaries	2	4	2	4
Social security costs	93	121	93	121
Pension costs	97	98	97	98
Healthcare plan	4	5	4	5
	<u>1,097</u>	<u>1,120</u>	<u>1,097</u>	<u>1,120</u>

The average number of staff employed during the period was 18 (2020: 19).

As a Charity, Trustees who are unremunerated and receive no other benefits from employment, have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to senior management who are also considered to be key management personnel. Total remuneration paid to key management personnel in the year was £415,334 (2020: £406,914). Details of reimbursed expenses incurred by Trustees are set out in note 18.

7. EMOLUMENTS OF EMPLOYEES AND DIRECTORS

Employees who received employee benefits (excluding pension contributions) of greater than £60,000 fell into the following bands. All of these employees were participating in the group personal pension scheme:

	<u>2021</u>	<u>2020</u>
£60,001 to £70,000	-	-
£70,001 to £80,000	1	1
£80,001 to £90,000	2	3
£90,001 to £100,000	1	1
£100,000-£110,000	1	-
£140,000-£150,000	-	-
	<u>5</u>	<u>5</u>

Aggregate pension contributions paid on behalf of the above higher paid employees were £53,233 (2020: £56,473).

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

8. NET INCOMING RESOURCES	2021 £'000	2020 £'000
The Group's net incoming/(outgoing) resources are stated after charging/(crediting):		
Audit fees		
Parent	10	9
Subsidiaries	3	3
Non audit fees paid to auditors	40	35
Depreciation of tangible fixed assets	131	136
Loss on disposal of fixed assets	-	11
Operating lease charges	-	-

9. TAXATION

The Electrical Safety Council is a Charity with the registration number 257376. No UK taxation is therefore due on profits, income and gains arising from the charitable activities of the company. The subsidiaries pay over most of their taxable profits to The Electrical Safety Council, under a Gift Aid Scheme. The tax charges in relation to subsidiaries, if applicable, are disclosed in Note 8.

10. TANGIBLE FIXED ASSETS

Group & Charity	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Office & IT equipment £'000	Computer software £'000	TOTAL £'000
<u>COST</u>					
B/fwd	4,529	-	213	-	4,742
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
C/fwd	4,529	-	213	-	4,742
<u>DEPRECIATION</u>					
B/fwd	394	-	96	-	490
Charge	85	-	46	-	131
Disposals	-	-	-	-	-
C/fwd	479	-	142	-	621
<u>NET BOOK VALUE</u>					
As at 31 March 2020	4,135	-	117	-	4,252
As at 31 March 2021	4,050	-	71	-	4,121

Land, which is not depreciated, amounting to £1,749K (2020: £1,749K) is included in net book value

11. FREEHOLD INVESTMENT PROPERTY, Group & Charity (restated)

	£'000
B'fwd	1,932
Change in market value	(99)
C'fwd	<u>1,833</u>

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

12. INVESTMENTS - GROUP

Group	<u>2021</u> £'000	<u>2020</u> £'000
Joint Ventures:		
At 1 April 2020	3,474	3,903
Share of profit for the year	4,962	3,474
Less: remitted to the Group	(1,974)	(3,903)
At 31 March 2021	<u>6,462</u>	<u>3,474</u>
Share of Joint Ventures represented by:		
Fixed assets	2,185	2,829
Current assets	16,063	7,281
Creditors	(11,786)	(6,636)
	<u>6,462</u>	<u>3,474</u>
Other Investments	<u>2021</u> £'000	<u>2020</u> £'000
Market value as at 1 April 2020	10,148	10,887
Purchases (at cost)	2,643	4,179
Disposal proceeds	(2,894)	(3,758)
Net investment gains / (losses)	2,128	(1,160)
	<u>12,025</u>	<u>10,148</u>
Cash balances held by investment managers	228	19
Market value at 31 March 2021	<u>12,253</u>	<u>10,167</u>
Historical cost as at 31 March 2021	<u>10,824</u>	<u>10,435</u>
Other investments are represented by:		
UK Equities	1,856	2,312
Overseas Equities	6,175	3,848
UK Bonds & Fixed Interest	886	1,187
Global Bonds & Fixed Interest	740	404
Hedge Funds	-	-
Portfolio Funds	154	215
Property	891	1,010
Cash funds	399	373
Others	924	799
Cash securities	228	19
Market value as above	<u>12,253</u>	<u>10,167</u>
Investments Total (Group)	<u>18,716</u>	<u>13,641</u>

12. INVESTMENTS (Continued)

Charity	<u>2021</u> £'000	<u>2020</u> £'000
Subsidiaries (See Note 20)	-	-
Other Investments	12,253	10,167
Investments Total (Charity)	<u>12,253</u>	<u>10,167</u>

ESC Partnerships Ltd holds member rights in Certsure LLP.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

13. DEBTORS	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
Trade debtors	12	12	56	56
Prepayments	38	38	50	50
Social Security and Other Taxes	3	3	20	20
	<u>53</u>	<u>53</u>	<u>126</u>	<u>126</u>

Trade debtors and amounts due from related companies included in the above are held at amortised cost.

14. CREDITORS	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
Amounts falling due within one year				
Trade creditors	58	58	100	100
Social security and other taxes	28	28	28	28
Amount due to subsidiary undertakings	-	714	-	715
Accruals and deferred income	248	245	269	263
Other creditors	-	-	1	-
	<u>334</u>	<u>1,045</u>	<u>398</u>	<u>1,106</u>

Deferred income comprises of payments received on account and income relating to services not yet delivered. Trade creditors, amounts due to related companies and accruals are held at amortised cost.

5. OPERATING LEASES

The Group has no financial commitments in respect of non-cancellable operating leases payable. Non-cancellable operating lease rentals are receivable as follows:

	Charity		Group	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Not later than one year	453	453	160	176
Later than one and not later than five years	1,596	965	320	411
Later than five years	796	-	-	-
Total commitment	<u>2,845</u>	<u>1,418</u>	<u>481</u>	<u>587</u>

The operating lease receivables are in respect of the properties held by the Charity and the Group which are leased to third parties, or in the case of the Charity, to either third parties or group companies (including joint ventures). Two of the properties held by the Charity were leased to Certsure LLP, its joint venture for a minimum period of five years commencing 1 April 2013 on a fully tenant repairing basis, with a rent review date that has expired with the leases running on at the same rental figure on a rolling basis. A further property is leased by the Charity to Certsure on a lease which expires 31 March 2023 with a reversionary lease agreed commencing on and including 1 April 2023 and running for a minimum period of five years on a fully tenant repairing basis in respect of which the rent will be reviewed as of 1 April 2023. Certsure lease a portion of this property to NQA under a lease which expires on 28 March 2023 with a reversionary underlease having been agreed for five years from 29 March 2023 with a mutual break date of 28 February 2025. The other property owned by the Charity is occupied by the Charity with a section that is leased to a third party on a five year lease which commenced 26 April 2019 with a break date of 26 April 2022.

16. INSURANCE

Insurance costs charged to the revenue account include professional indemnity cover in respect of the Board of Directors. It is not possible to separately identify the cost of this from the total insurance premium for the Group.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

17. PENSION SCHEME

The Group operates a pension scheme providing benefits based on final pensionable pay. The Scheme operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The assets of the scheme are held by the Trust and are invested with Legal and General and Towers Watson Investment Management.

The Scheme was closed to new members with effect from 31 December 2006 and was closed to future accrual of benefits on 28 February 2013.

The Scheme is a funded scheme and the Trustee's funding objective is to hold assets which are at least equal to the technical provisions, i.e. to meet the statutory funding objective. The contributions paid to the Scheme are agreed by the Trustee and Employer every three years, after obtaining the actuarial advice of the Scheme Actuary. Principal factors in determining the level of contributions include the covenant offered by the sponsor, the level of risk in the Scheme, the expected return on the Scheme's assets and the discontinuance funding level.

The main risks to the Scheme include:

- Investment returns insufficient to pay for the Scheme benefits
- Significant deterioration in the Employer's covenant
- Increase in the life expectancy of members
- Significant changes in the market yields on high quality UK non-government corporate bonds, which are used to determine the discount rate

The most recent comprehensive actuarial valuation was carried out by the Trustee of the Scheme as at 31 March 2020 for funding monitoring purposes. The Employer has employed an actuary who is not the Scheme Actuary to approximately update that actuarial valuation allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the Employer to measure the defined benefit obligation (DBO), as well as adjusting for benefits paid from Scheme.

As agreed following the latest formal actuarial funding valuation as at 31 March 2020, the Employer paid contributions of £50k pm from April 2020 until March 2021 inclusive and will then pay £250k pa from April 2021 until an anticipated date of self-sufficiency which is a stronger funding basis than the technical provisions. In addition, the Employer meets the administration expenses of the Scheme and levies of the Pension Protection Fund.

Scheme Asset Information	Allocation Percentage 31-Mar-21	Allocation Percentage 31-Mar-20
Equity securities	0%	0%
Debt securities	54%	57%
Real estate/property	0%	0%
Diversified fund	35%	31%
Other	11%	12%
Total	100%	100%
Fair value of Scheme assets (£ million)	94.8	93.7
Included in the above:		
Value of entity's own financial instruments	0	0
Value of property and other assets used by the Employer	0	0

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

17. PENSION SCHEME (Continued)

The figures stated are in line with the requirements of FRS 102. All figures in this note are in £ million.

The demographic assumptions are consistent with those chosen by the Trustee for the 31 March 2020 valuation. In particular, the mortality assumptions are consistent with the 2020 valuation assumptions but with margins for prudence removed and updating to use the latest version of the CMI future improvements model. That is, using 100% of the SAPS "S3" all pensioner retirements table with future improvements in longevity in line with 'CMI core projection model' (2020 version) subject to a long-term improvement rate of 1.25% pa, using the core value of the parameters and an initial addition to mortality improvements of 0.5% pa.

Under the mortality rates assumed as at 31 March 2021 the implied life expectancy for a member currently aged 63 is 24.2 years for a male and 26.6 years for a female. The life expectancy at age 63 for a member currently aged 43 is 25.6 for males and 28.1 for females.

Defined Benefit Cost - Period Ending	31-Mar-21	31-Mar-20
A Profit & Loss (P&L)		
1 Effect of employee service in the current period	-	-
2 Net interest on net defined benefit liability/(asset)	(0.2)	(0.1)
3 Scheme introductions, changes, curtailments and settlements	-	-
4 Defined benefit cost recognised in P&L	(0.2)	(0.1)
5 Cost of termination benefits (1)	-	-
6 Administration costs incurred during the period	-	-
7 Cost recognised in P&L	(0.2)	(0.1)
B Other Comprehensive Income (OCI)		
1 Actuarial (gain)/loss arising during period	11.7	(3.0)
2 Return on Scheme assets (greater)/less than discount rate	(1.8)	(1.6)
3 Change in irrecoverable surplus (2)	-	-
4 Remeasurement effects recognised in OCI	9.9	(4.6)
C Total Defined Benefit Cost		
1 Cost recognised in P&L	(0.2)	(0.1)
2 Remeasurement effects recognised in OCI	9.9	(4.6)
3 Defined benefit cost	9.7	(4.7)
D Assumptions Used to Determine Defined Benefit Cost ⁽³⁾		
1 Discount rate	2.2%	2.3%
2 Price inflation (RPI)	2.7%	3.3%
3 Price inflation (CPI)	2.0%	2.4%
4 Pension increases for in-payment benefits		
- LPI maximum 5%	2.0%	2.4%
- LPI maximum 2.5%	1.8%	2.0%
5 Pension increases for deferred benefits	2.0%	2.4%

The fair value of assets is used to determine the expected investment return during the year

- 1 Includes only termination benefits to be paid from the Plan.
- 2 Excludes amounts included in net interest/(income) on the defined benefit liability/(asset).
- 3 These beginning of year assumptions were used to calculate the defined benefit cost recognised through P&L.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

17. PENSION SCHEME (Continued)

An allowance has been made for non-pensioner members to commute 25% of their pension at retirement for tax free cash on terms that are broadly consistent with the current commutation factors. This is consistent with the assumption used at 31 March 2020.

The proportion of member's deaths assumed to give rise to dependants' pension varies with age but is typically 93% for males and 80% for females at age 63. Male participants are assumed to be 3 years older than their spouses and female participants are assumed to be 3 years younger than their spouses.

An allowance of 1% of the liabilities has been allowed for the cost of GMP equalisation which is consistent with the assumption used at 31 March 2020. The Actuary preparing these figures believes this continues to be an appropriate allowance.

The employer meets the cost of administrative expenses and we have made no inclusion of these in the disclosures.

The Projected Unit Credit Method is used to determine the present value of the DBO. Under this method, a "projected accrued benefit" is calculated based upon service as at the date of valuation. In normal circumstances, the DBO is based upon the Scheme's benefit formula.

Net Balance Sheet Position - Period Ending		31-Mar-21	31-Mar-20
A Development of Net Balance Sheet Position			
1	Defined benefit obligation (DBO) of Scheme	93.3	83.1
2	Fair value of assets (FVA) of Scheme	94.8	93.7
3	Surplus/(deficit) of Scheme	1.5	10.6
4	Irrecoverable surplus (effect of asset ceiling)	-	-
5	Net defined benefit asset/(liability)	1.5	10.6
B Reconciliation of Net Balance Sheet Position			
1	Net defined benefit asset/(liability) at end of prior period	10.6	2.3
2	Effect of employee service in the current period	-	-
3	Net interest on net defined benefit asset/(liability)	0.2	0.1
4	Remeasurement effects recognised in OCI	(9.9)	4.6
5	Scheme introductions, changes, curtailments and	-	-
6	Employer contributions	0.6	3.6
7	Benefits paid directly by the Employer	-	-
8	Transfer payments	-	-
9	Net defined benefit asset/(liability) at end of current period	1.5	10.6
C Assumptions and Dates Used for Measurements(3)			
1	Discount rate	2.0%	2.2%
2	Price inflation (RPI)	3.4%	2.7%
3	Price inflation (CPI)	3.0%	2.0%
4	Pension increases for in-payment benefits		
	- CPI maximum 5%	3.0%	2.0%
	- CPI maximum 2.5%	2.3%	1.8%
5	Pension increases for deferred benefits	3.0%	2.0%
6	Scheme participant census date	31-Mar-20	31-Mar-17

3 These assumptions are at the end of the fiscal year

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

17. PENSION SCHEME (Continued)

Changes in reported benefit obligations & assets - Period Ending		31-Mar-21	31-Mar-20
A Change in Defined Benefit Obligation (DBO) (including URB)			
1	DBO at end of prior period	83.1	86.8
2	Effect of employee service in the current period	-	-
3	Interest cost on the DBO	1.8	2.0
4	Remeasurement of the DBO	11.7	(3.0)
5	Scheme introductions, changes, curtailments and settlements	-	-
6	Scheme participants' contributions	-	-
7	Benefits paid from Scheme assets	(3.3)	(2.7)
8	Benefits paid directly by the Employer	-	-
9	Taxes paid	-	-
10	Acquisitions	-	-
11	Divestitures	-	-
12	Termination benefits	-	-
13	DBO at end of current period	93.3	83.1
B Change in Scheme Assets			
1	Fair value of assets at end of prior period	93.7	89.1
2	Interest income on Scheme assets	2.0	2.1
3	Return on Scheme assets greater/(less) than discount rate	1.8	1.6
4	Scheme introductions, changes, curtailments and settlements	-	-
5	Employer contributions	0.6	3.6
6	Scheme participants' contributions	-	-
7	Benefits paid from Scheme assets	(3.3)	(2.7)
8	Administrative costs paid	-	-
9	Taxes paid	-	-
10	Acquisitions	-	-
11	Divestitures	-	-
12	Fair value of assets at end of current period	94.8	93.7
C Return on Scheme Assets			
1	Total return on Scheme assets	3.8	3.7

The DBO is based on an update of the results of the Trustee's actuarial valuation as at 31 March 2020, with the basis changed to reflect the assumptions set out above. Liabilities are projected to the measurement date by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the situation at the period end date and adjustments in respect of actual benefit payments and known inflation over the projection period. The objective of this calculation is to produce an estimate of the actuarial values required by FRS 102.

This approach introduces an element of approximation relative to the result of a hypothetical full actuarial valuation at the measurement date. The advantage of this approach is that it simplifies the computation required. The disadvantage is that this approach is inherently less accurate than fully detailed calculations and the loss of accuracy is difficult to quantify without carrying out the same detailed calculations.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

17. PENSION SCHEME (Continued)

Circumstances where the difference between the results obtained using a projection approach rather than a full actuarial valuation may be material include:

- where there is a long period of projection between the preceding actuarial valuation and the fiscal year end;
- where there are substantial differences between the assumptions used at this fiscal year end and the preceding actuarial valuation;
- where there are significant elements of Scheme experience which are not allowed for in the update, for example membership movements such as the rates of retirement or death; and
- where the assets at the end of the fiscal year have been estimated based upon unaudited financial information from the Scheme's investment managers at an effective date before the fiscal year end.

The calculations are based on the assumption that no asset ceiling restrictions apply. No allowance has been made in the assumptions for the future award of any discretionary benefits.

The Actuary preparing these figures has advised that the results documented are estimates based on data that may be imperfect and on assumptions about future events. He also stated that certain Scheme provisions may be approximated or deemed immaterial and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately. The Actuary preparing the figures advised he believed that the use of approximations in these calculations, if any, has not resulted in a significant difference relative to the results that would have been obtained by using more detailed calculations or more precise data.

A range of results, different from those presented in this report, could be considered reasonable. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as:

- Scheme experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- changes in Scheme provisions or applicable law; and
- significant events such as restructurings, acquisitions and divestitures.

No analysis was performed of the potential range of such future measurements.

18. RELATED PARTY TRANSACTIONS

The charity rents three of its buildings to Certsure LLP. Certsure LLP provides support services, primarily IT, Finance, HR and Facilities to ESF Enterprises Ltd, the provision of this service is charged at cost. As part of its support activities (including IT, HR and facilities), Certsure LLP provided support to the Charity but the cost is not separately identified or charged.

	Certsure LLP	
	<u>2021</u>	<u>2020</u>
	£'000	£'000
Charged by ESC		
Rent	466	466
Staff recharges	-	-
Sale of NICEIC Brand & Approved Contractor Roll (1)	-	2,536
Charged to ESC - Reimbursable expenses	27	27
Charged to ESF Enterprises Ltd - Support Services	-	-

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

(1) On 6 June 2019, the Charity finalised a sale to Certsure LLP of its rights in the NICEIC Brand and the NICEIC Approved Contractor Roll for £2,536,000. These rights had been licensed to Certsure since its creation in 2013. The sale was at market value. The Trustees had previously agreed to the Charity ceasing to receive royalties in February 2018.

The Charity received Gift Aid from ESC Partnerships Ltd, a wholly owned subsidiary, amounting to £3,263,000 during the year (2020: £2,550,000). It also received Gift Aid from ESF Enterprises Ltd, a wholly owned subsidiary amounting to £30,000 (2020: £525,000)

During the year expenses were reimbursed to three Trustees amounting to £356 (2020 – 13 Trustees amounting to £6,729). These payments were to cover travel, subsistence and accommodation costs incurred.

19. STATUS OF COMPANY

- a) The Electrical Safety Council is a Charity in England and Wales with the registration number 257376. It also has Charity status in Scotland with the registration number SC039990. No UK taxation is due on profits, income or gains arising from the charitable activities of the company.
- b) The Electrical Safety Council is registered as a company in England and Wales with the number 570175 and is limited by guarantee.

20. GROUP UNDERTAKINGS

The following were the principal subsidiaries and joint ventures during the year, and have all been included in the consolidated financial statements for the whole year.

<u>Subsidiaries (& Cos Hse Registration)</u>	<u>Country of Incorporation</u>	<u>Class of share</u>	<u>Parent Company's Interest</u>	
			<u>Direct</u>	<u>Indirect</u>
(1)ESF Enterprises Limited (02513162)	Great Britain	Ordinary	100%	-
(2) ESC Partnerships Ltd (08281269)	Great Britain	Ordinary	100%	-

Financial information for the year and at the year end is shown below:

<u>Company</u>	<u>£'000 at 31 March 2021</u>			<u>£'000 for year ended 31 March 2021</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Funds</u>	<u>Turnover</u>	<u>Expenditure</u>	<u>Profit/(Loss)</u>
ESF Enterprises Limited	722	3	719	-	3	(3)
ESC Partnerships Ltd	8,095	-	8,095	-	-	1,705

<u>Joint Ventures</u>	<u>Country of Incorporation</u>	<u>Class of share</u>	<u>Parent Company's Interest</u>	
			<u>Direct</u>	<u>Indirect</u>
(1) Certsure LLP (OC379918)	UK	-	-	75%

Certsure LLP carries out certification and training and activities. The accounting date is the year to 31st March 2021.

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YEAR ENDED 31 MARCH 2021

The Charity owns the entire issued share copy of the following subsidiary undertakings (2) which are registered in England and are dormant:

Electrical Safety Summit Ltd	8551833
Electrical Industry Safety Summit	8551701
Plugsafe UK Ltd	8565296
Electrical Safety First Ltd	8531140
Energy Safety First Ltd	8773701
Product Safety Round Table Ltd	8821644
Electrical Product Safety Round	8822216
Fire Safety First Ltd	8776272
Electrical Fire Safety First Ltd	8776489
Fire Safety First (UK) Ltd	8776490
Utilities Safety First Limited	8773777
Utility Safety First Limited	8773812

The Charity also owns indirectly, the entire issued share capital of the following subsidiary undertakings (1) which are registered in England and are dormant:

NICEIC Contractor Services Ltd	04661718
NICEIC Certification Services Ltd	04411293
NICEIC Professional Services Ltd	04411297

(1) Registered office: Warwick House, Houghton Hall Park, Houghton Regis, Dunstable, LU5 5ZX

(2) Registered office: 45 Great Guildford Street, London, SE1 0ES