

**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 Boissett	
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 6<sup>th</sup> 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* (2<sup>nd</sup> 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 21<sup>st</sup> 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 13<sup>th</sup> 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

## THE ELECTRICAL SAFETY COUNCIL

### 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



## THE ELECTRICAL SAFETY COUNCIL

### 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
<b>INCOME FROM:</b>					
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	-	-	-	-
<b>TOTAL INCOME</b>		<b>879</b>	<b>4,745</b>	<b>5,624</b>	<b>5,773</b>
<b>EXPENDITURE ON:</b>					
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
<b>TOTAL EXPENDITURE</b>		<b>1,945</b>	<b>5</b>	<b>1,950</b>	<b>1,906</b>
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)	-
<b>NET (EXPENDITURE) / INCOME</b>		<b>(767)</b>	<b>4,740</b>	<b>3,973</b>	<b>5,896</b>
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)	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>(1,038)</b>	<b>(839)</b>	<b>(1,877)</b>	<b>(4,004)</b>
Total Funds at 1 April 2021				30,235	34,239
Total Funds at 31 March 2022				<b>28,358</b>	<b>30,235</b>

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**

	<u>Note</u>	<u>Group</u> <b>2022</b>	<u>Charity</u> <b>2022</b>	<u>Group</u> <b>2021</b>	<u>Charity</u> <b>2021</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>FIXED ASSETS :</b>					
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	
		<b>23,700</b>	<b>18,387</b>	<b>24,669</b>	<b>18,207</b>
<b>CURRENT ASSETS :</b>					
Debtors	13	79	79	53	53
Cash at Bank and in Hand		5,006	3,055	4,347	2,705
		<b>5,085</b>	<b>3,134</b>	<b>4,400</b>	<b>2,758</b>
<b>CURRENT LIABILITIES :</b>					
Amounts Falling Due Within One Year	14	427	1,139	334	1,045
<b>NET CURRENT ASSETS/(LIABILITIES) :</b>		<b>4,658</b>	<b>1,995</b>	<b>4,066</b>	<b>1,713</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES :</b>		<b>28,358</b>	<b>20,382</b>	<b>28,735</b>	<b>19,920</b>
<b>DEFINED BENEFIT PENSION SCHEME ASSET / (LIABILITY)</b>	17	-	-	1,500	1,500
		<b>28,358</b>	<b>20,382</b>	<b>30,235</b>	<b>21,420</b>
<b>RESERVES</b>					
UNRESTRICTED INCOME FUNDS		28,358	20,382	28,735	19,920
PENSION RESERVE	17	-	-	1,500	1,500
<b>TOTAL RESERVES</b>		<b>28,358</b>	<b>20,382</b>	<b>30,235</b>	<b>21,420</b>

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)
<b>Net cash used in operating activities</b>	<b>(6,102)</b>	<b>(2,535)</b>

#### **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)
<b>Net cash provided by investing activities</b>	<b>6,761</b>	<b>2,796</b>

### 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)
<b>Net cash provided by (used in) operating activities</b>	<b>(6,096)</b>	<b>(2,530)</b>

#### **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)
<b>Net cash provided by investing activities</b>	<b>6,446</b>	<b>4,109</b>

### 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)
<b>Total</b>	<b>1,991</b>	<b>350</b>	<b>2,341</b>

# 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	2021
	£'000	£'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
<b>Staff costs</b>				
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
<b><u>COST</u></b>					
B/fwd	4,529	-	213	-	4,742
Reclassification	1,295	-	-	-	1,295
Disposals	-	-	-	-	-
C/fwd	<b>5,824</b>	<b>-</b>	<b>213</b>	<b>-</b>	<b>6,037</b>
<b><u>DEPRECIATION</u></b>					
B/fwd	479	-	142	-	621
Charge	84	-	38	-	122
Reclassification	106	-	-	-	106
Impairment	350				350
C/fwd	<b>1,019</b>	<b>-</b>	<b>180</b>	<b>-</b>	<b>1,199</b>
<b><u>NET BOOK VALUE</u></b>					
As at 31 March 2021	4,050	-	71	-	4,121
As at 31 March 2022	<b>4,805</b>	<b>-</b>	<b>33</b>	<b>-</b>	<b>4,838</b>

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**

<b>Group</b>	<b><u>2022</u></b> <b>£'000</b>	<b><u>2021</u></b> <b>£'000</b>
<b>Joint Ventures:</b>		
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>
<b>Share of Joint Ventures represented by:</b>		
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>
<b>Other Investments</b>	<b><u>2022</u></b> <b>£'000</b>	<b><u>2021</u></b> <b>£'000</b>
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>
<b>Other investments are represented by:</b>		
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
<b>Market value as above</b>	<u>12,844</u>	<u>12,253</u>
<b>Investments Total (Group)</b>	<u>18,157</u>	<u>18,716</u>
<b>Charity</b>	<b><u>2022</u></b> <b>£'000</b>	<b><u>2021</u></b> <b>£'000</b>
Subsidiaries (See Note 20)	-	-
Other Investments	12,844	12,253
<b>Investments Total (Charity)</b>	<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

	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b><u>2022</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2021</u></b>
	<b><u>£'000</u></b>	<b><u>£'000</u></b>	<b><u>£'000</u></b>	<b><u>£'000</u></b>
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>
	<b><u>79</u></b>	<b><u>79</u></b>	<b><u>53</u></b>	<b><u>53</u></b>

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

### 14. CREDITORS

	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b><u>2022</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2021</u></b>
	<b><u>£'000</u></b>	<b><u>£'000</u></b>	<b><u>£'000</u></b>	<b><u>£'000</u></b>
<b>Amounts falling due within one year</b>				
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>
	<b><u>427</u></b>	<b><u>1,139</u></b>	<b><u>334</u></b>	<b><u>1,045</u></b>

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:

	<b>Charity</b>		<b>Group</b>	
	<b><u>2022 £000</u></b>	<b><u>2021 £000</u></b>	<b><u>2022 £000</u></b>	<b><u>2021 £000</u></b>
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	<b><u>2,392</u></b>	<b><u>2,845</u></b>	<b><u>320</u></b>	<b><u>481</u></b>

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 30<sup>th</sup> 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.

<b>Scheme Asset Information</b>	<b>Allocation Percentage 31-Mar-22</b>	<b>Allocation Percentage 31-Mar-21</b>
Equity securities	0%	0%
Debt securities	53%	54%
Diversified fund	33%	35%
Other	14%	11%
<b>Total</b>	<b>100%</b>	<b>100%</b>
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
<b>A Profit &amp; Loss (P&amp;L)</b>		
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>B Other Comprehensive Income (OCI)</b>		
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
<b>C Total Defined Benefit Cost</b>		
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
<b>D Assumptions Used to Determine Defined Benefit Cost <sup>(3)</sup></b>		
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
<b>A Development of Net Balance Sheet Position</b>			
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>B Reconciliation of Net Balance Sheet Position</b>			
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
<b>C Assumptions and Dates Used for Measurements<sup>(3)</sup></b>			
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

<sup>3</sup> 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
<b>A Change in Defined Benefit Obligation (DBO) (including URB)</b>			
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>B Change in Scheme Assets</b>			
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
<b>C Return on Scheme Assets</b>			
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>
<b>Charged by ESC</b>		
Rent	467	466
Staff recharges	-	-
<b>Charged to ESC - Reimbursable expenses</b>	22	27
<b>Charged to ESF Enterprises Ltd - Support Services</b>	-	-

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 (&amp; 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 31<sup>st</sup> 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