

# THE ENGINEERING COUNCIL

England & Wales · Charity number 286142

## Details

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Other names	THE ENGINEERING COUNCIL, THE ENGINEERING COUNCIL (UK), ECUK
Status	Registered
Legal form	Other
Company number	<a href="#">RC000738</a>
Registered	1983-01-26
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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Website	<a href="http://www.engc.org.uk">http://www.engc.org.uk</a>

## Activities

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**Objects:** TO ADVANCE EDUCATION IN AND TO PROMOTE THE SCIENCE AND PRACTICE OF, ENGINEERING (INCLUDING RELEVANT TECHNOLOGY) FOR THE PUBLIC BENEFIT AND THEREBY TO PROMOTE INDUSTRY AND COMMERCE IN OUR UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND.

**Activities:** The Engineering Council regulates the engineering profession in the UK through the award of CEng, IEng, EngTech and ICTTech professional titles. The Engineering Council publishes registration standards and quality assures 40 professional engineering bodies licensed by the to assess individuals for registration. Engineering Council also represents the UK engineering profession internationally.

## Classification

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- **How:** Acts As An Umbrella Or Resource Body
- **What:** Economic/community Development/employment
- **Who:** The General Public/mankind

## Geography

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- **Area of benefit:** THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
- Throughout England And Wales

## Finances

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Period end	Income	Expenditure	Assets	Employees
2024-12-31	£3,335,823	£3,635,074	£3,271,525	31
2023-12-31	£3,112,602	£3,170,466	£3,341,403	30
2022-12-31	£2,971,340	£2,899,981	£3,163,483	30
2021-12-31	£2,963,619	£2,765,177	£3,030,886	33
2020-12-31	£2,980,062	£2,870,437	£2,777,200	32

## Trustees

Name	Role	Appointed
<b>Prof John Chudley BSc PhD</b>	Chair	2017-06-17
Alastair Revell BSC Hons		2021-06-10
Amanda Hill		2025-07-03
Andrew Richard Rowe BEng Hons		2021-06-10
Caroline Hamilton MBE CEng		2025-07-03
Dr Siu Man Lee		2025-07-03
Emer Murnaghan OBE CEng		2021-06-10
Emma Crichton MEng CEng		2023-06-22
Garry Martin Gilby IEng CEnv		2025-07-03
James Shields CEng CSi		2021-06-10
Margaret Graham CEng Hon		2023-06-22
Martin Penn CEng FRAeS		2023-06-22
Michael McLoughlin CEng FIET		2019-06-20
Neil Phelps IEng MIED		2019-06-20
Philip Nelson CEng		2019-06-20
Professor Kay Bond BEng PhD		2025-07-03
Professor Stephen Michael Richardson		2025-07-03
Simon Vaitkevicius CEng FIED		2023-11-16

**THE ENGINEERING COUNCIL**

England & Wales - Charity number 286142

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# Accounts

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# Engineering Council

**Registered Charity No 286142**

Annual Report and Financial Accounts 2024

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## Foreword

The Engineering Council exists to strengthen public confidence in engineering. Established by Royal Charter, our regulation of the engineering profession maintains and develops trustworthy engineering practice that keeps people safe and supports responsible social and economic development.

We set the Standards for the competence and commitment engineering professionals should demonstrate and hold the Register of those who have shown they are upholding these Standards. In this way, registration provides a benchmark that allows the public to have confidence and trust in the engineering profession.

We also set the education standards for programmes that provide the underpinning knowledge and understanding required to practise engineering, as well as setting standards for professional development.

This is made possible by the ongoing commitment of the entire professional engineering community, supported by academics, employers and the professional engineering institutions we license to assess individuals for professional registration and recognise programmes of learning and development.

Right now there are 220,000 people registered as Chartered Engineers, Incorporated Engineers, Engineering Technicians or ICT Technicians. Our challenge is to work in partnership with professional engineering institutions not only to grow the size and diversity of this registrant population but to keep developing our Standards to maintain trust in a changing profession.

Through a well-regulated and globally responsible engineering profession we will enable people and planet to flourish in the face of the climate crisis and rapid social and technological change.

### **Vision:**

That society continues to have confidence and trust in the engineering profession.

### **Mission:**

To maintain internationally recognised standards of competence and commitment for the engineering profession and to license competent institutions to champion the standards for the deliverance of public benefit.

## Charitable Object

***To advance education in, and to promote the science and practice of, engineering (including relevant technology) for the public benefit and thereby to promote industry and commerce.***

The primary public benefit of our regulatory activity is trustworthy engineering practice that keeps people safe and supports responsible social and economic development.

This is delivered through our core regulatory products and services:

- **Our Standards**
  - Standards setting out the competence and commitment that all engineering professionals should demonstrate to provide assurance of trustworthy practice.
  - Standards relating to the recognition of learning and development programmes that help the formation of competent, committed engineering professionals.
- **Professional registration** of the engineers and technicians who have demonstrated competence and commitment against our Standards.
- **Licensing** of professional engineering institutions to assess individuals for professional registration or recognise programmes of learning and development.

## Statement from the Chair and CEO

For the Engineering Council, 2024 has been an eventful year, and as we enter the last stage of our current 2025 Strategy: *Advancing Regulation*, we look forward to the challenges and opportunities that lie ahead of us.

Two landmark achievements were reached for the organisation this year. Firstly, the signing in August of our Mutual Recognition Agreement (MRA) with the USA's National Council of Examiners for Engineering and Surveying (NCEES), an agreement that establishes a streamlined process for recognising professional engineering qualifications between the UK and the USA, ensuring that engineers can practise across borders with greater ease and without compromising on professional standards.

Secondly, we received the formal approval from the Privy Council to create a Higher-Risk Buildings (HRB) Register for engineers and technicians working in the built environment sector, who have been assessed against the new UK Standard for Professional Engineering Competence and Commitment Contextualised for Higher-Risk Buildings (UK-SPEC HRB). Five Professional Engineering Institutions (PEIs) have been licensed to assess applicants for entry to the HRB Register with the first applications now completed. This achievement is testament to the way the professional engineering community and the staff at the Engineering Council have pulled together to deliver a key recommendation from the Grenfell Tower report. We remain committed to promoting competence and behaviours to prevent this type of tragedy happening again.

Internally, the new structure of the Engineering Council team took shape with the appointment of a new Head of Data & Comms with responsibility for our IT, Registration, and Marketing and Communication activities. Bringing these functions together has provided a key point of focus for our work in using data to inform both the profession's wider work and our own efforts to promote registration, including how we can inform the debate on EDI.

Our staff remain one of the Engineering Council's most important stakeholders and we are pleased to continue supporting them fairly and transparently through important new policies including on flexible working, recruitment and remuneration. We were pleased to see our efforts recognised at the end of 2024 through our award of the Health at Work Workplace Wellbeing Charter.

The development of relationships with key stakeholders progressed at pace and we were pleased to be able to join the UK Accreditation Service (UKAS) as a guarantor member. This presents an opportunity for the Engineering Council to support UKAS in the delivery of their strategic priorities.

In our charitable role, we continue to support and guide engineers and technicians, whether registered or not, on important key areas such as ethics, sustainability and equality, diversity & inclusion (EDI). This is both through setting down requirements in UK Standard for Professional Engineering Competence and Commitment (UK-SPEC), and through the publication of guidance for the whole engineering community. We were pleased to reinstate our work to support refugee engineers into employment and we look forward to matching those individuals with mentors and direct job opportunities.

Ensuring our Standards serve the public good remains central to the Engineering Council's mission. To support this goal, we continuously refine our policies and procedures to keep them relevant and effective. We take pride in maintaining our ISO 9001:2015 certification, which reflects the quality of our core regulatory functions—particularly in registration and licensing—essential to upholding the integrity of our Register.

Looking ahead, we are preparing a new website for launch in 2025 and we will continue to redevelop our **mycareerpath®** professional development system.

Several key projects progressed during 2024 including our Registration Review, and we look forward to seeing what arises from the engagement phase in early 2025. This is a very important activity for both the Engineering Council and the profession in general as we look to ensure our products and services remain relevant to an increasingly diverse workforce of engineers and technicians.

The second half of 2024 saw us consulting on our new 2030 Strategy and we have been pleased to receive such clear direction and views from the first round of consultation. It is clear that there are areas

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within which our stakeholders want to see us doing more, including our role in addressing the climate emergency and we are aware that the endpoint of the Strategy coincides with the Government's target to reduce greenhouse gas emissions by at least 68% compared to 1990 levels.

With the launch of our new 2030 Strategy scheduled for late 2025, we remain committed to our work with the professional engineering community, to our organisational values of Fairness, Integrity and Transparency and to our aim to support a Register that is representative of those who work in the UK engineering profession. It is through professional registration that we can provide a crucial means of maintaining society's trust in the engineering profession.

### **Chairman**

Professor John Chudley BSc PhD CEng FIMarEST

### **Chief Executive Officer**

Paul Bailey BSc (Hons) FRAeS MInstP

## 1. Registration statistics as of 31 December 2024

**FIGURE 1: TOTAL NUMBER OF REGISTRANTS ON THE REGISTER IN 2024 COMPARED TO 2023**

	Interim			Final			Total		
	2023	2024	Change	2023	2024	Change	2023	2024	Change
EngTech	113	105	-7.1%	23,457	23,033	-1.8%	23,570	23,138	-1.8%
IEng	1,035	996	-3.8%	23,243	23,104	-0.6%	24,278	24,100	-0.7%
CEng	4,829	4,595	-4.9%	169,401	167,713	-1.0%	174,230	172,308	-1.1%
ICTTech				836	821	-1.8%	836	821	-1.8%
<b>Total</b>	<b>5,977</b>	<b>5,696</b>	<b>-4.7%</b>	<b>216,937</b>	<b>214,671</b>	<b>-1.0%</b>	<b>222,914</b>	<b>220,367</b>	<b>-1.1%</b>

An individual registrant can hold more than one designation or title such as Chartered Engineer (CEng) and Incorporated Engineer (IEng), or hold a title with more than one institution. Consequently there are more titles recorded on the Register than there are individual registrants. To ensure that any individual is only represented once in Figure 1 only their highest title is counted.

**FIGURE 2: TOTAL NUMBER OF TITLES ON THE REGISTER IN 2024 COMPARED TO 2023**

	Interim			Final			Total		
	2023	2024	Change	2023	2024	Change	2023	2024	Change
EngTech	113	106	-6.2%	23,680	23,247	-1.8%	23,793	23,353	-1.9%
IEng	1,066	1,024	-3.9%	23,863	23,626	-1.0%	24,929	24,650	-1.1%
CEng	4,867	4,630	-4.9%	177,370	175,056	-1.3%	182,237	179,686	-1.4%
ICTTech			N/A	872	856	-1.8%	872	856	-1.8%
<b>Total</b>	<b>6,046</b>	<b>5,760</b>	<b>-4.7%</b>	<b>225,785</b>	<b>222,785</b>	<b>-1.3%</b>	<b>231,831</b>	<b>228,545</b>	<b>-1.4%</b>

**FIGURE 3: NEW TITLES ADDED TO THE REGISTER IN 2024 COMPARED TO 2023**

	Interim			Final			Total		
	2023	2024	Change	2023	2024	Change	2023	2024	Change
EngTech		1	N/A	2,859	2,815	-1.5%	2,859	2,816	-1.5%
IEng	50	65	30.0%	1,304	2,022	55.0%	1,354	2,087	54.1%
CEng	217	227	4.6%	5,488	6,008	9.5%	5,705	6,235	9.3%
ICTTech			N/A	207	189	-8.7%	207	189	-8.7%
<b>Total</b>	<b>267</b>	<b>293</b>	<b>9.7%</b>	<b>9,858</b>	<b>11,034</b>	<b>11.9%</b>	<b>10,125</b>	<b>11,327</b>	<b>11.9%</b>

**FIGURE 4: LOSS OF TITLES ON THE REGISTER IN 2024 COMPARED TO 2023**

	Interim			Final			Total		
	2023	2024	Change	2023	2024	Change	2023	2024	Change
EngTech	8	9	12.5%	2,819	3,413	21.1%	2,827	3,422	21.1%
IEng	148	114	-23.0%	2,107	2,359	12.0%	2,255	2,473	9.7%
CEng	462	485	5.0%	7,600	8,976	18.1%	8,062	9,461	17.4%
ICTTech			N/A	162	216	33.3%	162	216	33.3%
<b>Total</b>	<b>618</b>	<b>608</b>	<b>-1.6%</b>	<b>12,688</b>	<b>14,964</b>	<b>17.9%</b>	<b>13,306</b>	<b>15,572</b>	<b>17.0%</b>

**FIGURE 5: REINSTATED TITLES ON THE REGISTER IN 2024 COMPARED TO 2023**

	Interim			Final			Total		
	2023	2024	Change	2023	2024	Change	2023	2024	Change
EngTech	1	1		210	165	-21.4%	211	166	-21.3%
IEng	12	7	-41.7%	112	100	-10.7%	124	107	-13.7%
CEng	19	21	10.5%	597	654	9.6%	616	675	9.6%
ICTTech			N/A	17	11	-35.3%	17	11	-35.3%
<b>Total</b>	<b>32</b>	<b>29</b>	<b>-9.4%</b>	<b>936</b>	<b>930</b>	<b>-0.6%</b>	<b>968</b>	<b>959</b>	<b>-0.9%</b>

Our annual Professional Registration Statistics Report digs deeper into the figures above and other trends in our registration data, according to variables such as age, sex and location. For example:

**Titles held by those living outside the UK**

	2023	2024	Change
EngTech	1,205	1,179	-2.2%
IEng	2,285	2,189	-4.4%
CEng	41,147	41,815	1.6%
ICTTech	21	23	9.5%
EUR ING	941	928	-1.4%
IntET	2	4	100%
IntETn	1	0	NA
IntPE	199	215	8.0%
<b>Total</b>	<b>45,801</b>	<b>46,355</b>	<b>1.2%</b>

**Breakdown of registrants by sex and age**

	Joiners			Total			Leavers		
	2023	2024	Change	2023	2024	Change	2023	2024	Change
<b>SEX</b>									
Female	13.25%	13.03%	-0.22%	7.75%	8.19%	0.44%	4.92%	4.59%	-0.33%
Male	86.47%	85.10%	-1.37%	92.18%	91.66%	-0.52%	95.01%	95.27%	0.26%
Unspecified	0.28%	1.87%	1.59%	0.08%	0.15%	0.07%	0.07%	0.14%	0.07%
<b>AGE</b>									
16-29	32.90%	31.74%	-1.16%	3.52%	3.70%	0.18%	6.69%	6.04%	0.65%
30-39	46.3%	44.06%	-2.24%	18.03%	18.34%	0.31%	14.33%	13.80%	-0.53%
40-49	15.40%	16.10%	0.70%	20.35%	20.91%	0.60%	11.43%	11.68%	0.25%
50-59	4.59%	6.31%	1.72%	22.51%	21.91%	-0.60%	14.40%	15.10%	0.70%
60-69	0.75%	1.62%	0.87%	17.84%	17.60%	-0.24%	22.83%	25.09%	2.26%
70+	0.06%	0.17%	0.11%	17.74%	17.54%	-0.2%	30.33%	28.29%	-2.04%

## 2. Strategy and performance in 2024

**FIGURE 6: ENGINEERING COUNCIL'S 2025 STRATEGY**

**We published our 2025 Strategy, 'Advancing Regulation' in July 2021.  
The goal of that strategy is:**

To maintain the public's confidence in the engineering profession through wider promotion of the Engineering Council's regulatory work, its leadership role within the engineering community and a greater, more diverse and engaged registrant population.

**Our 2025 Strategy is focused around four key themes:**



### **DIVERSITY & INCLUSION**

To support, develop and encourage a more diverse and inclusive profession



### **DIGITAL INNOVATION**

To support a more digitally innovative profession



### **INTERNATIONAL**

To maintain, develop and promote an internationally respected standard



### **ENGINEERING & SOCIETY**

To strengthen the sustainable and ethical core of the engineering profession

**Our two strategic enablers, which inform and structure our subsequent strategic outcomes:**



### **OPERATIONAL EXCELLENCE**

Ensuring that we maintain and enhance an agile and efficient operations model



### **STRATEGIC PARTNERING**

Ensuring that we maintain and enhance key strategic alliances with a range of important stakeholders

The Engineering Council acts as the 'Council of Engineering Institutions', impartially representing the community of professional engineering institutions and convening expert opinion about competence, commitment and professional development.

## A profession you can count on

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During 2024 we pursued our strategic themes to advance regulation, without losing focus on the core regulatory work that ensures registered engineering professionals are meeting our globally-recognised Standards of competence and commitment.

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**220,367**

At the end of 2024 there were **220,367** people on our Register, holding at least one of our professional titles. Of these, 78% are Chartered Engineers (CEng). This reflects a reduction of 1.1% since 2023. This is one of the central concerns of our Registration Review, which gathered momentum during 2024.

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**18,000**

There were **18,000** females on our Register at the end of 2024, an increase of 4.4% since 2023, but only 8.2% of the registrant population.

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**39**

At the heart of our regulatory work is our licensing of **39** professional engineering institutions (Licensed PEIs) to assess individuals for professional registration and recognise programmes of learning and development. Five are now licensed to assess candidates for our new Higher-Risk Buildings (HRB) Register – a vital step to protect public safety in a critical area.

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**175**

During 2024 we undertook 31 risk assessments and 11 licensing reviews to monitor and regulate the activity of Licensed PEIs, receiving **175** Liaison Officer reports providing a vital link between our organisations.

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**46,355**

In total, there were **46,355** titles held by registrants from outside the UK, reflecting 20% of the total registrant population. While other continents saw a slight decline, there was an increase of 1% in registrants living in Asia.

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**25,719**

There were **25,719** Course Searches completed on our website during 2024, helping prospective engineers and technicians find courses that have been recognised as meeting our Standards.

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**26**

There are **26** US states signed up to our landmark UK-US agreement to facilitate the mobility of professionally registered and licensed engineers between the two countries.

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**34,000**

During 2024 there were more than **34,000** items of continuous professional development logged on **mycareerpath™**, our online system that 31 client institutions use to help members log progress towards professional registration.

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**7,000**

Overall there were **7,000** new **mycareerpath™** accounts created in 2024, driven significantly by our newest client institution, the Chartered Institute of Building Services Engineers (CIBSE).

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**250+**

During 2024 more than **250** volunteers from throughout the engineering community gave time and expertise to advance regulation in engineering through our committees and panels. This includes more than 50 people involved in working groups to guide our activity in areas such as EDI and artificial intelligence.

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### 3. 2024 Activities and Achievements

#### **Diversity & Inclusion**

During 2024, our Equality, Diversity and Inclusion (EDI) Working Group continued to guide our strategic activities in pursuit of a more representative registrant population and engineering profession.

Improving our data collection, including how we interrogate existing data, is a key strand of this activity. With this in mind, we created a public version of our annual registration statistics report for the first time, to improve transparency and accountability. The report focuses attention on some of the key challenges we face as a profession, such as improving both the recruitment and retention of women engineers and technicians.

Alongside this strategic work, we focussed on strengthening EDI at an operational level, across Licensed Professional Engineering Institutions (LPEIs) and in our own activities, such as through the launch of our Neurodiversity Policy.

In November we held a workshop in partnership with EqualEngineers, bringing staff from LPEIs together to share practical strategies for implementing EDI initiatives and principles.

As well as supporting shared EDI initiatives such as awareness days and industry awards, we continued to share our own case studies of engineers and technicians, showcasing the diversity of talent represented in the profession.

#### **Digital Innovation**

Through our Artificial Intelligence (AI) Working Group, we worked in partnership with the Science Council and the Society for the Environment to explore the impact of AI in relation to education, skills and professional registration. The resulting report embraces AI as a positive opportunity while setting out the risks it brings, especially in relation to ethics and EDI.

Alongside recommendations welcoming appropriate use of AI both for supporting engineering education and professional registration, the Working Group identified areas where we will need to develop guidance and ensure our Standards reflect the competences or learning outcomes engineering professionals will need to respond to this technological and societal change.

In 2024 we entered the final phase of our two-part project to refresh the interfaces of the **mycareerpath**® professional development system. This application, owned and managed by the Engineering Council and licensed by 30 professional engineering institutions, allows professionals to plan and record their learning. This could be progress towards professional registration, or ongoing continuing professional development (CPD). The project aims to ensure the continuing viability and success of the application for the next five years, and to keep pace with developments in web standards, accessibility, and data security.

#### **International**

Collaboration with international partners remained high on the agenda in 2024, with the Engineering Council engaged with colleagues across the world through a variety of high-profile networks and alliances.

We represent the UK in the International Engineering Alliance (IEA), which oversees six international agreements on the establishment of standards for engineering education and professional engineering competence.

Our international work has included consultations with the Government on issues including trade agreements, mutual recognition of professional qualifications and the Professional Qualifications Act.

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In June we took part in the inaugural Presidents' Summit of the European Network for the Accreditation of Engineering Education held in Lisbon, providing an opportunity to collaborate with colleagues from Europe and beyond who share our commitment to developing globally responsible engineers.

In August we signed a historic Mutual Recognition Agreement with the USA's National Council of Examiners for Engineering and Surveying (NCEES). The agreement establishes a streamlined process for recognising professional engineering qualifications between the UK and the USA, supporting engineers to practise across borders with greater ease and without compromising on professional standards.

### **Engineering & Society**

A key part of our work to strengthen public confidence in engineering involves playing our part in the new Building Safety regime being established in the wake of the Grenfell disaster. In 2024 the Privy Council approved the creation of the new Higher-Risk Building (HRB) Register. This will support building owners to ensure that only engineers with relevant competence undertake certain activities.

To further strengthen this work we created a facades specialist annex, to build on last year's publication of the UK Standard for Professional Engineering Competence and Commitment Contextualised for Higher-Risk Buildings (UK-SPEC HRB) and its previously published annexes.

The Engineering Council welcomed the publication of the Grenfell Tower Phase 2 report, which makes recommendations to strengthen regulation and improve systems. We also fully support the public inquiry into the Post Office Horizon scandal, and await the conclusions and recommendations of the final report. We remain committed to working with Government, professional engineering institutions and the wider profession to uphold and promote the highest standards of competence and ethical behaviour for all engineers and technicians.

Through our work on the Mentoring Refugees into Work Committee - a joint initiative with the Refugee Employment Network, the Royal Academy of Engineering and several professional engineering institutions - we have further developed the programme to support refugees who have come to the UK from across the world, including Ukraine, into engineering employment. This support aims to help engineers and technicians gain the relevant skills while introducing them to professional networks.

The Engineering Council was also voted in as a member of the United Kingdom Accreditation Service (UKAS), becoming the twenty-fourth member of the Government-appointed body. This membership will enable further collaboration and assure appropriate standards of competence across the engineering profession.

## 4. Risk and compliance

### **How the Engineering Council manages risk and opportunities**

The Engineering Council maintains a Risk and Opportunities Management Policy & Procedure which forms part of the EngC's internal control and governance arrangements. It explains the EngC's underlying approach to risk management including how the organisation views, identifies, assesses, and manages risk. It also describes the process the Board uses to manage the Engineering Council's risk management process and evaluate the effectiveness of the internal control procedures. In 2024 a formal review of the Risk Management Framework commenced which is expected to be completed in early 2025 and includes a review of the current Risk and Opportunities Management Policy & Procedure.

Engineering Council maintains a Trustee Risk Register which identifies risks that could have an impact on the organisation's ability to deliver its strategic objectives, including all legal and financial mandates, assess the probability and impact of those risks occurring and details the measures in place to manage and mitigate them.

The Trustee Risk Register is supported by several Functional Risk Registers, each covering the main activities of the Board's Committees and Panels, and which identify risks that could have an impact on the organisation's ability to deliver its strategic objectives in those areas. These registers are reviewed at each of the Committee/Panel meetings with the Risk Moderation Panel, via delegated authority from the Management Panel, undertaking a holistic review every quarter.

### **Role of the Executive Team and Management Panel**

Day to day management of individual risks is the responsibility of the appropriate staff member where decisions are delegated to them as recorded in the Risk Register. The Risk Moderation Panel reviews the Risk Register at each meeting and reports any concerns about risk and their management to the Board. The Risk Register is reviewed at each Board meeting. Should any other risk emerge during the year that is assessed to fall into one of the categories described above or which may result in the levels of tolerable risk set out in the EngC's risk appetite statement being exceeded then this should be referred to the Board for review.

As part of the business planning process, the Executive Team scans the horizon to identify changes in the external environment that may have an impact on the Engineering Council's operations. Both PESTLE and SWOT analysis frameworks are utilised to do this, which then instructs the 'opportunity and risk' identification process.

As part of the business planning process, all key tasks will record risks, opportunities and issues that may affect the achievement of expected outputs in either Functional Risk Registers or the Projects Risk & Opportunities Register and Issues Register.

Based on the horizon scan and organisational SWOT analysis, the emergent opportunities are identified and captured in the Risk and Opportunities Register. The Executive Team reviews the Opportunity Register in the autumn of each year and prepares and prioritises projects that may exploit the opportunities, subject to resources being available. This will also inform any options analysis, which then drives the budgeting forecast the following year.

This process involves assessing the most significant individual risks on the basis of the likelihood of it occurring, and what the impact to the organisation would be should the risk occur and considering ways of avoiding the risk(s) or mitigating its effect. Each area of risk has been assessed by providing a score to both the impact and the probability of each risk and using these to calculate the overall severity, and therefore, Gross Risk. With the identification and definition of suitable controls and monitoring actions, a judgement is then made as to what extent the Gross Risk is reduced or increased, thereby reflecting what the Net Risk is.

### **Role of the Board**

The Trustees assessed the major risks to which the Engineering Council was exposed in accordance with Charity Commission guidance and were satisfied that systems were in place to mitigate the Engineering Council's exposure to major risks.

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The organisation's Risk and Opportunity Management Policy & Procedure contains the following key principles that outline the Engineering Council's approach to risk management:

- a. As the EngC's principal body, the Board is responsible for risk management;
- b. The Board is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding the public and other funds and assets for which it is responsible in accordance with its Charter and By-laws;
- c. There should be an open and receptive approach to mitigating risk;
- d. The Management Panel (MP) manages the EngC's Risk and Opportunity Management Process.
- e. The Finance, Audit & Remuneration Panel (FARP) advises the Board on risk assurance.
- f. The Risk Register is reported to the Board via MP.
- g. The CEO and Executive Team, with input from the volunteer committees and panels where relevant, are responsible for encouraging and implementing good risk management practice across the organisation, in particular the identification, evaluation and management of risk.
- h. Early warning mechanisms will be put in place and monitored to alert the Board so that remedial action can be taken to manage any potential hazards.

The Policy & Procedure includes consideration of the organisation's **Risk Appetite** i.e., the level of risk that EngC is prepared to accept in pursuit of its strategic objectives. This Statement informs the EngC's strategy and business planning processes and is reviewed annually by the Board. It sets the context for managing risk and forms an integral part of this policy. The Risk Appetite Statement will also form the basis of delegated levels of authority for decisions including at subordinate panels and committees.

In terms of its willingness to accept certain types of risk, the EngC's approach is to minimise exposure to reputational, compliance and financial risk, whilst accepting that a certain level of risk must be taken to achieve its strategic objectives. Acceptance of risk is subject to ensuring that risks and potential benefits are fully considered and understood before activities are undertaken and that sensible measures are in place to mitigate risk.

As of 31 December 2024, there were **three HIGH**, two **MEDIUM** and one **LOW** Net Risk on the Trustees Risk Register.

The **HIGH** Net Risks are as follows:

**1. Risk of international Partners losing confidence in quality of UK registration and UK engineering programmes**

**MITIGATION**

- Continued focus on strengthening relations within the European Higher Education Area (EHEA), including visibility of UK programmes in the European Engineering Education database (EEED), promotion of EUR ING and EUR-ACE labels.
- Working to maintain the acceptability of alternative routes to international engineering registers.
- Promotion of Publicly Available Standard (PAS) 525 and a focus on experiential learning as a key component of competence development.
- Working with overseas regulators bilaterally.

**2. Risk that registrant recruitment, retention & demographics results in loss of registrants and decreasing income to both EngC and EngUK.**

**MITIGATION**

- EngC Strategy includes key objectives in the area of retention (including consideration of Diversity and Inclusion).

**3. Risk that reviews of the profession or competing regulatory drivers will result in the EngC's regulatory function and its registers being removed or developed by an alternative body.**

**MITIGATION**

- EngC represented on Professional Engineering Committee (PEC) and contributing to government consultations on regulatory affairs.

The **MEDIUM** Net Risks are as follows:

**1. Risk of IT security due to attack by virus or hacker, or systems failure, or staff/volunteer unintentional breach resulting in corruption or deletion of electronic data.**

**MITIGATION:**

- Keeping IT suppliers reviewed and managed with professional advice.
- Firewall audit undertaken. Clean rule book established on virtual servers.
- Third-party virus screening of e-mails provided by Microsoft.
- Appropriate backup procedures and software reinstallation procedures implemented.
- Staff/volunteer awareness regarding spoofing emails etc.

**2. Risk of impact to business-as-usual / strategic activities resulting from the Privy Council and Governance Panel (PCGP) having insufficient members to be quorate.**

**MITIGATION**

- EngC staff actively approaching stakeholders for expressions of interest for Panel membership.
- EngC currently developing the position of Honorary Solicitor which, as part of the role, would be a full member.
- PCGP terms of reference to be revised, recommending the Panel be comprised of only one Trustee, allowing for more flexibility going forward regarding membership

**Internal and external auditing**

The Quality Management System (QMS) is now embedded within the Engineering Council's Operational Framework and a robust internal audit schedule is in place. This plan is created and revised by the internal Quality Management Team (QMT), which also manages the internal audit team. In addition, QMT monitors the internal audit process, reviews internal audit reports and follows up on both ISO9001 and internal audit non-conformances and root cause analysis. All findings are recorded in the Internal Audit Log as requested by the Executive Team. The Engineering Council was successfully recertified against the ISO 9001:2015 quality management standard in January 2025.

## 5. Financial review

The areas of activity funded during 2024 are set out in section 3 - **2024 Activities and Achievements**. A detailed breakdown of expenditure for the year appears in notes 7-13 to the Financial Statements. FARP regularly scrutinises the organisation's expenditure to ensure that the work of the Engineering Council remains cost-effective.

In summary, in 2024 the Engineering Council reported income of £3,335,823 (2023 - £3,112,602), expenditure of £3,635,074 (2023 - £3,170,466) and net movement in funds before other recognised (losses)/gains of £-197,878 (2023 – net movement of £70,920). After recognised gains/(losses), the Engineering Council reported a loss in 2024 of £69,878 (2023 – gain of £177,920).

The inclusion of the Engineering Council Pension Scheme under FRS102 has reduced staff costs by £136,000 (2023 - £122,000), increased direct costs by £264,000 (2023 - £229,000) and resulted in an actuarial gain on the scheme of £232,000 (2023 – loss of £147,000). The overall effect of applying FRS102 is thus to increase income for the year by £128,000 (2023 – £107,000) and to decrease the net movement in funds by £104,000 (2023 – increase of £254,000).

### Engineering Council Pension Scheme

The Trustees of the Engineering Council Pension Scheme met three times during 2024. The Engineering Council, as the Principal Employer, made contribution towards scheme running costs of £136,000, as opposed to £122,000 made in 2023. This change resulted from the triennial valuation, at 31 December 2018, showed a past service surplus of £327K compared to the deficit disclosed by the 2015 valuation of £1.2M. The principal factors affecting the change in the deficit were the deficit reduction contributions made by the Employer and the value placed on the liabilities, which was lower than in the previous year due mainly to the increase in the corporate bond yield.

Following the recent triennial valuation at 31 December 2021, when the Scheme reported a surplus on a technical provisions' basis of £988K, the Trustees and the Employer have agreed that an annual contribution towards the Scheme running costs will continue to be made until the next triennial valuation which is due at 31 December 2024.

### Reserves

In 2024 the Engineering Council held funds of £3,271,525 (£3,341,403 – 2023) as follows:

**Unrestricted general funds** - The Engineering Council's policy is to maintain a level of unrestricted reserves, in accordance with accepted good practice, of a minimum of six months of operating budget. In 2024 six months operating budget was £1.62M (£1.53M – 2023). In calculating the level of reserves it should hold, the FARP also reviewed the key financial risks to the organisation and identified changes to funding mechanism and/or a shortfall in the annual operating grant, which could result in a lack of funds for Engineering Council operations. Consequently, a minimum reserve of six months operating budget was deemed appropriate.

Disregarding the tangible fixed assets for reserves policy purposes, the charity's general fund was £3,220,969 (2023 - £3,258,150); a figure not materially different from twelve months' expenditure.

At its October 2024 meeting FARP agreed the principle of utilising reserves in excess of six months' operating costs to fund projects that supported the organisation's strategic plan, but only on condition that a minimum of six months' operating costs be retained at all times.

### Restricted funds

The pension reserve was £nil at the year end with the pension grant received in year again being equivalent to the current year recovery plan contributions of £136k (£122k – 2023).

The general fund, as shown in the financial statements, includes an unrecognised surplus of £0.915M (2023 surplus - £0.811M), due to an excess of assets over liabilities in the scheme this year. The figure as calculated under FRS102 is in respect of the defined benefit scheme.

## Annual Report and Financial Accounts 2024

This amount is not recognised within the Engineering Council's financial statements as the organisation has no rights over the Scheme's assets. The Trustees believe that this notional funding calculation, which can vary considerably according to the assumptions made at each year-end, has no material effect on the organisation's cash flow in the short term, and that in the long term its effects can be sustained from future income.

The majority of the reserves are held in investments, with the remainder held in cash.

### **Investment Policy and Returns**

The Engineering Council's reserves have been held in the Cazenove Charity Sustainable Multi-Asset Fund since May 2022.

FARP reviews the fund performance at each of its meetings and the fund manager attends FARP at least once a year to discuss fund performance. Cazenove fund managers attended FARP in May 2024 to report on its performance, positioning and outlook for the remainder of 2024 and beyond.

Cazenove also reports on their sustainability responsibilities and on their Climate Transition Action Plan which commits:

- Intention for 100% of their discretionary assets to become net zero by 2050, or sooner
- To use its influence to encourage companies and managers they invest in to also commit to net zero
- To allocate its capital to climate solutions

Cazenove have also recently adopted the "Sustainability Focus" label under FCA Sustainability Disclosure Requirements regime. Under the label regime Cazenove commit to having a minimum of 70% of the Fund's investments in assets that:

- Benefit Stakeholders by making a positive contribution to people and the planet
- Contribute to Solutions by helping to advance one or more of the UN Sustainable Development Goals
- Avoid Harm by 100% of investments not conflicting with the Fund's sustainability objective.

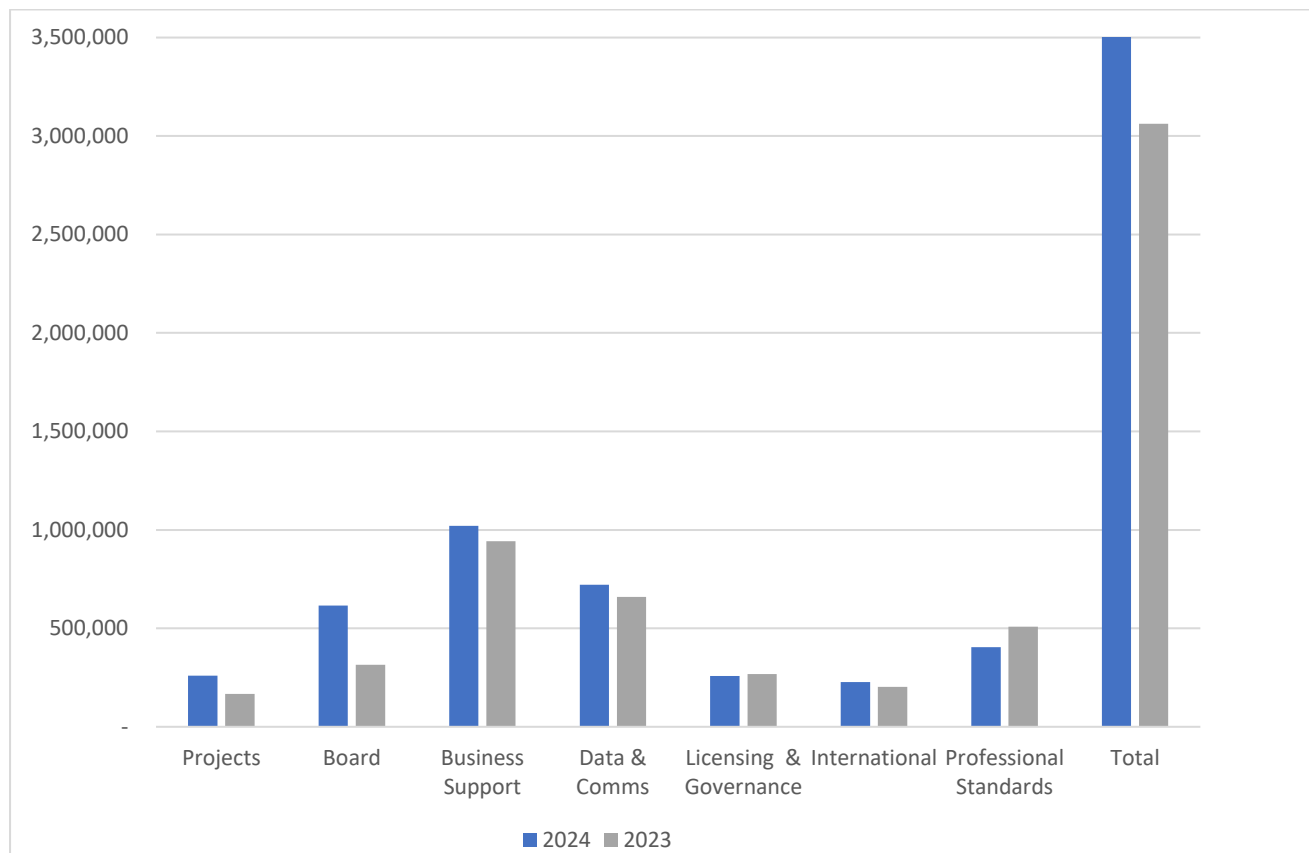
Investing in this Sustainable Multi-Asset Fund provides a secondary charitable benefit to the public and supports Engineering Council's commitment to Sustainability.

Additionally, Engineering Council's defined contribution pension scheme, as managed by Scottish Widows, is heavily incorporating responsible investment into its default fund and is aiming to halve its carbon footprint on its investment portfolios by 2030 and achieve net zero across all investments by 2050, another example of secondary charitable benefit.

### Expenditure on charitable activities

The following graph sets out the amounts spent on key areas of activity in 2024 and 2023.

**FIGURE 7: 2024 & 2023 EXPENDITURE**



## 6. Public benefit

The Board of Trustees is mindful of its responsibility to ensure that the Engineering Council, as a charity, acts for the benefit of the public.

As set out above, our Charitable Object is to advance education in, and to promote the science and practice of, engineering for the public benefit and thereby to promote industry and commerce. The primary public benefit of our regulatory activity is trustworthy engineering practice that keeps people safe and supports responsible social and economic development.

Trustees always ensure that the activities undertaken by the Engineering Council are in line with its charitable objectives and believe that they have complied with their duty in accordance with the UK Charities Act 2022 to follow the Charity Commission’s guidance on the operation of this public benefit.

## 7. How we operate

### How we are governed

The Engineering Council, whose registered office is 5<sup>th</sup> Floor, 10 Lower Thames St, London EC3R 6EN was incorporated by Royal Charter on 27 November 1981 and is a registered charity, No. 286142, whose objects are:

*To advance education in, and to promote the science and practice of, engineering (including relevant technology) for the public benefit and thereby to promote industry and commerce in Our United Kingdom and elsewhere.*

### How we are funded

The Engineering Council's principal source of funding is the annual registration fees of individual registered engineers and technicians. The fees are collected by the professional engineering institutions and remitted to EngineeringUK, from which a grant is made to the Engineering Council.

This operating grant is used to cover the cost of carrying out regulatory activities, which include maintenance of standards; licensing of professional engineering institutions as Licensees and Professional Affiliates; international representation in Engineers Europe (previously FEANI) and the International Engineering Alliance; operation of the engineering profession's national Register; and support for the promotion of registration by professional engineering institutions.

The annual registration fees from Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians support the work of the Engineering Council and EngineeringUK.

The Engineering Council does not engage any external fundraisers nor raises funds from the general public and as such no complaints have been received in this respect.

### The Board of Trustees

The Engineering Council is governed by a 22-member Board of Trustees, which is appointed in accordance with the Engineering Council's Bye-laws. Twelve of the members are appointed by the major professional engineering institutions, three by the smaller institutions and the remaining seven by EngineeringUK. The composition of the Board provides stakeholder representation through institution-nominated members, and the involvement of the wider profession through EngineeringUK nominees.

The Board met on three occasions in 2024 (March, June and November) with the meetings chaired by Professor John Chudley BSc PhD CEng FIMarEST.

The Board appoints the Chief Executive Officer, who is in turn responsible for staffing within parameters established by the Board.

The constitution and membership of the Board is published on the Engineering Council website ([www.engc.org.uk](http://www.engc.org.uk)). A Partner Portal requiring a password (<https://partner.engc.org.uk>) is available to stakeholders, primarily Licensees, Professional Affiliates, Engineering Council Trustees, and volunteer members of the Engineering Council's Committee and Panels, as well as Engineering Council staff. The Charter and Bye-laws, Regulations and Terms of Reference of the Board's Committees and Panels are published on the Partner Portal together with other information including agendas, minutes and papers and proceedings of the Board, Committees and Panels.

Within three months of joining the Board, Trustees are given an induction by the Executive Team, which is based on the Institute of Chartered Secretaries and Administrators Best Practice Guide to the Appointment and Induction of Charity Trustees. Further trustee training, including GDPR training, is undertaken as appropriate.

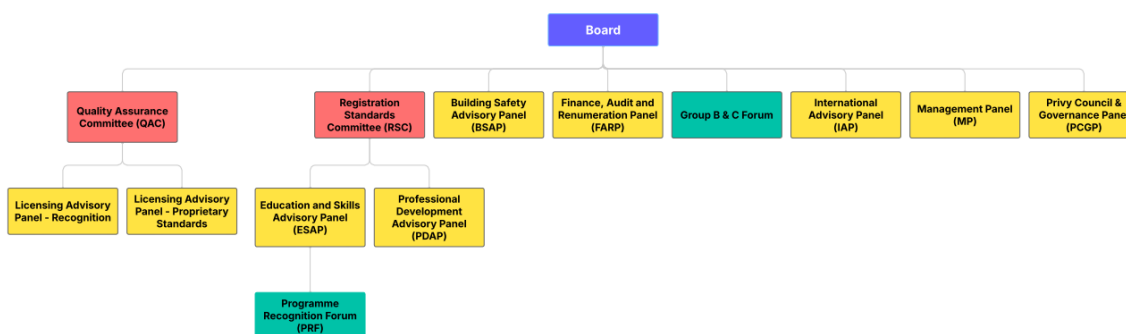
The following table presents changes to Board members during 2024.

	Nominated by	Board Member	Term of Office ended	Term of Office started
1	BCS, The Chartered Institute for IT	EURING Alastair Revell BSC(Hons) CEng CITPFBCS FRSA FIAP		
2	Chartered Institution of Building Services Engineers	Mr Andrew Rowe BEng (Hons) CEng MCIBSE MSLI MIWFM		
3	Institution of Chemical Engineers	Dr Rob Best CEng FICHEM		
4	Institution of Civil Engineers	Mrs Emer Murnaghan OBE BEng CEng MICE CEnv MIW FIEI		
5	Institution of Engineering & Technology	Mr James Baker* CEng FIET		
6	Institution of Engineering & Technology	Ms Margaret Graham CEng Hon FIET		
7	Institute of Marine Engineering, Science & Technology	Prof John Chudley BSc PhD CEng FIMarEST- Chair		
8	Institute of Materials, Minerals and Mining	Mr Jim Shields CEng CSci FIMMM CGeol FGS FICE FIQ		
9	Institution of Mechanical Engineers	Mr Mike McLoughlin CEng FIMechE FIET		
10	Royal Aeronautical Society	Mr Martin Penn CEng FRAeS		
11	Society of Operations Engineers	Prof. Steve Burnage CEng CEnv FIMechE FSOE IMAAEEES		
12	Institution of Structural Engineers	Mr Phil Nelson CEng FIStructE		
13	Group B Institutions	EURING Simon Vaitkevicius CEng FIED		
14	Group B Institutions	Mr Neil Phelps IEng MIED		
15	Group C Institutions	Mr Tony Gibson CEng MNucl MIET MAPM MINCOSE		
16	EngineeringUK	Mr David Short CEng FRAeS FIET		
17	EngineeringUK	Vacancy in 2024		
18	EngineeringUK	Mr Matt Gantley		
19	EngineeringUK	Ms Estelle Clark CQP FCQI		
20	EngineeringUK	Mrs Josephine Parker MBE CEng FCIWEM FICE FIWater		
21	EngineeringUK	Ms Emma Crichton MEng CEng MICE		
22	EngineeringUK	Ms Ann Francke OBE CMgr CCMI		

**\*Second term extended by three years in accordance with Regulation 6B.6 as a non-voting Board Member at EngC Board Meeting 28 March 2024**

### Committees and Panels

The Board operates through the two principal Committees and a number of Advisory Panels that have been established to ensure the Board remains informed on key areas by appropriate experts, as well as to widen stakeholder engagement and increase diversity. Committee Chairs are members of the Board whereas Advisory Panel Chairs may be Board members but are not required to be so. Other Committee and Panel members are nominated by the Licensees, or relevant stakeholder groups.



The **Registration Standards Committee (RSC)** is responsible for maintaining the standards of competence and commitment and maintaining the underpinning knowledge and understanding requirements for professional registration. This includes publishing, and keeping under review, the Regulations for Registration, the UK Standard for Professional Engineering Competence (UK-SPEC) and the recognised standards derived from it including the UK Standard for Professional Engineering Competence – Higher-Risk Buildings (UK-SPEC HRB) and the ICT Technician Standard; and the standards for the recognition of engineering education programmes, qualifications and apprenticeships. RSC also publishes and keeps under review practice guidance for professionals on matters such as ethics, safety, security, risk management, sustainability and whistleblowing. RSC comprises nominees from professional engineering institutions, including from academia and industry, and supported by Advisory Panels comprising experts from a diverse range of stakeholder organisations. The committee met three times in 2024.

The **Quality Assurance Committee (QAC)** is responsible for licensing Professional Engineering Institutions that are considered competent to assess candidates for professional registration, accredit academic programmes, and approve professional development schemes. This involves a periodic review of the institutions’ registration process, reviewing and making appropriate changes to licensing policies and processes, and encouraging information exchange between institutions, while maintaining an overview of licence related issues. It also approves suitable bodies as Professional Affiliates. QAC comprises members nominated by the Licensees who are registrants and of suitable standing and experience. The QAC has also established two licensing advisory panels to provide advice on issues concerning recognition, and also Proprietary Standards. The QAC met four times in 2024.

The **International Advisory Panel (IAP)** is responsible for advising on matters that have an impact on the global recognition of Engineering Council standards and the international mobility of engineering professionals. This involves advising on the international promotion of the national Register, updating the Board on relevant international developments, guiding the Engineering Council’s international activity and identifying suitable representatives of the UK engineering profession to join international committees. IAP acts as the National Monitoring Committee for Engineers Europe (previously FEANI) registration purposes and as the responsible Committee for the UK section of International Registers. IAP also promotes the flow of communications between the Engineering Council and the Licensees on international matters. IAP comprises nominees from Licensees, including from academia and industry, with international experience and expert knowledge of mobility issues affecting professional engineers and technicians. The Panel met three times in 2024.

The **Finance, Audit and Remuneration Panel (FARP)** has responsibility for keeping the financial management of the Engineering Council under review. Through the delegated authority of the Board, it approves variations to expenditure and investment policy within established limits. The Panel advises the Board and CEO on financial services; monthly management accounts; remuneration; staff pensions; subscription and fees policies; the annual budget, report and accounts; risk assessment policy; audit reports and delegated financial authorities. In addition to the Chair, FARP comprises two current trustees and three other members with relevant knowledge and experience. The Panel met three times in 2024.

The **Privy Council and Governance Panel (PCGP)** is responsible for the periodic review of the Charter, Bye-laws and Regulations of the Engineering Council, and making proposals for change to the Board. The Panel also advises the Board on its response to requests for advice from the Privy Council Office and other

## Annual Report and Financial Accounts 2024

government departments on matters concerning the constitution of relevant institutions. PCGP provides advice to professional engineering institutions on constitution, governance, and disciplinary procedures. This involves publishing and reviewing guidance on disciplinary procedures, and consulting with Licensed Professional Engineering Institutions on significant proposed changes to policies or procedures. PCGP also considers representations from Licensees, registrants or members of the public concerning the conduct of institutions or registrants, and determines whether, and if so how, appeal proceedings should take place. PCGP comprises suitable nominees from the Board, together with advisors to assist in this work of the Panel. The PCGP met three times in 2024.

The **Management Panel (MP)** is responsible for day-to-day operational decision making and management of the organisation. The Panel is chaired by the CEO and comprises of the CEO, the Deputy CEO/Head of Policy & Standards, the Head of Business Support, the Head of Licensing & Governance and the Head of Data & Comms and meets approximately every four to six weeks. Its standing agenda includes IT and Management Information Systems, project management/project reporting, risk management, business planning, HR, finance, quality management and business continuity.

The **Group B and C Panel** provides a forum for the exchange of information and good practice with respect to membership and registration matters concerning small (Group C) and medium-sized (Group B) institutions. It also discusses pan-engineering issues of joint concern and, where appropriate, provides focus for campaigns or lobbying and the dissemination of a collective view. The Panel provides a platform for organisations and individuals to present topics of common interest, including identifying and implementing opportunities for co-operation between institutions for mutual benefit and the public good.

The **Building Safety Advisory Panel (BSAP)** was established to advise on building safety regulatory matters relevant to the competence of engineering professionals, and to build, maintain and manage Engineering Council relationships with key building safety stakeholders including government departments and the building safety regulator (BSR). The BSAP also nominates, supports, and oversees Engineering Council representatives to key stakeholder groups in the sector, and informs Engineering Council responses to external building safety policy matters. The BSAP provides expert advice on these areas to the Board, QAC, and RSC as appropriate, and may also establish forums as needed to share practice and facilitate communication with and between the Licensees. The BSAP met six times in 2024.

The **Education & Skills Advisory Panel (ESAP)** was established to provide advice relating to education and skills initiatives and core business activities as may be requested by the Engineering Council Board, its Committees, or another Advisory Panel. This may include, for example, matters arising from licensing and quality assurance activities where these require a more detailed knowledge and understanding of education and skills development, or matters impacting on engineering education and skills development for all categories of registration. The ESAP also helps to inform Engineering Council responses to external policy matters that relate to education and skills. The ESAP may also establish forums as needed to share practice and facilitate communication with and between, and indeed has established the Programme Recognition Forum (PRF) for discussion of matters related to recognition of programmes against the Engineering Council's Approval and Accreditation of Qualifications and Apprenticeships (AAQA) and Accreditation of Higher Education Programmes (AHEP) Standards. The ESAP met three times in 2024.

The **Professional Development Advisory Panel (PDAP)** was established to provide advice relating to professional development matters as requested by the Engineering Council Board, its Committees, or another Advisory Panel. In particular, the PDAP advises the Registration Standards Committee (RSC) on the development, maintenance, promotion, and implementation of the Engineering Council Standards and guidance related to professional development. Similarly, the PDAP advises the Quality Assurance Committee (QAC) on matters arising from licensing and quality assurance activities where these require a more detailed knowledge and understanding of professional development, interpretation of Engineering Council Standards and Regulations relating to recognition of Initial Professional Development (IPD) schemes, and evaluation of conformity to these Standards and Regulations. The PDAP also monitors the wider professional development landscape and identifies good practice to inform the engineering profession of any developments that would lead to a "best in class" professional development programme, and helps inform Engineering Council responses to any external professional development policy matters. The PDAP met three times in 2024.

### **Volunteer Effort**

Volunteer effort, through its Board, committees, panels and working groups, continues to be crucial to the work of the Engineering Council. A conservative estimate gives the total days given freely to the Engineering Council throughout the year as approximately 1,200. Given the standing of those involved the financial equivalent would be in the order of £620,000 per annum. These figures have not significantly changed in the last year with our volunteers continuing to provide a similar level of support post the pandemic.

Two remote volunteers' seminars were held in 2024. One held face to face in June and one held remotely in November, both were well attended.

### **Remuneration Policy**

The Engineering Council is committed to ensuring that it pays staff fairly and at an appropriate level in order to attract and retain people with the right skills and experience to ensure that the organisation delivers its charitable objectives and strategic plan.

FARP has delegated authority from the Board of Trustees to determine all matters relating to staff pay and reward. In determining staff remuneration, FARP considers factors such as the increase in cost of living and the general rate of salary increases in the market during the preceding 12 months. Bonus payments are awarded on a discretionary basis to provide staff with appropriate incentives to encourage enhanced performance and to reward them in a fair and responsible manner for their individual contributions to the success of the organisation.

### **KEY MANAGEMENT PERSONNEL**

#### **Chief Executive Officer**

Paul Bailey BSc (Hons) FRAeS MInstP

#### **Head of Policy & Standards and Deputy CEO**

Katy Turff BA (Hons) CMgr MCMI

#### **Head of Business Support**

Wanda Proctor BA (Hons) ACMA

#### **Head of Licensing & Governance**

Stuart Ingram BA (Hons)

#### **Head of Data & Comms**

David Titmas BA (Hons)

## Professional Advisors

Service	Organisation	Address
Actuaries & Pension Administrators	Cartwright Benefit Consultants Ltd.	Marlborough House, Victoria Road, Chelmsford, Essex, CM1 1LN
Auditors	HaysMac LLP	10 Queen Street Place, London EC4R 1AG
Bankers	HSBC Bank plc	165 Fleet Street, London, EC4A 2DY
Financial Accountants	Kreston Reeves LLP	2nd Floor, Maritime Place, Quayside, Chatham Maritime, Chatham, Kent, ME4 4QZ
Investment Managers	Cazenove Capital	1 London Wall Place, London, EC2Y 5AU
Lawyers	Veale Wasbrough Vizards LLP	Narrow Quay House, Narrow Quay, Bristol BS1 4QA

## 8. Statement of Trustees' responsibilities

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

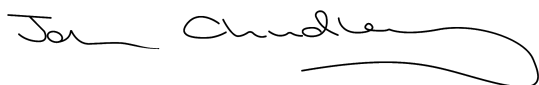
The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which provides a true and fair view of the state of affairs and the incoming resources and application of resources, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities Statements of Recommended Practice (SORP)
- make judgments and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, insofar as these are appropriate to the Council, its Royal Charter and Bye-laws, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

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

The above Trustees' Report on pages 1-23 was approved by the Trustees on 19 June 2025 and signed on their behalf by the Chairman of the Board at the Annual General Meeting on 3 July 2025:



Professor John Chudley BSc PhD CEng FIMarEST

## 9. Independent auditor's report to the Trustees of The Engineering Council

### Opinion

We have audited the financial statements of The Engineering Council for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

give a true and fair view of the state of the charity's affairs as at 31 December 2024 and of the charity's net movement in funds for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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.

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or

- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement [set out on page 23], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Charities Act 2011 and its Royal Charter, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and the application of FRS102, income tax and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to application of controls around authorisation of expenditure and payments. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Review of minutes of meetings;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Annual Report and Financial Accounts 2024

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

*HaysMac LLP*

HaysMac LLP  
Statutory Auditors  
3 July 2025

10 Queen Street Place  
London  
EC4R 1AG

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

## The Engineering Council

### Statement of financial activities for the year ended 31 December 2024

	Note	Restricted funds 2024 £	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
<b>Income from:</b>					
Charitable activities	4	136,187	3,101,662	3,237,849	3,077,339
Other trading activities	5	-	10,927	10,927	7,210
Investments	6	-	87,047	87,047	28,053
<b>Total income</b>		<b>136,187</b>	<b>3,199,636</b>	<b>3,335,823</b>	<b>3,112,602</b>
<b>Expenditure on:</b>					
Raising funds		-	3,065	3,065	2,523
Charitable activities	7	136,187	3,495,822	3,632,009	3,167,943
<b>Total expenditure</b>		<b>136,187</b>	<b>3,498,887</b>	<b>3,635,074</b>	<b>3,170,466</b>
<b>Net expenditure before net gains on investments</b>		<b>-</b>	<b>(299,251)</b>	<b>(299,251)</b>	<b>(57,864)</b>
Net gains on investments		-	101,373	101,373	128,784
<b>Net movement in funds before other recognised (losses)/gains</b>		<b>-</b>	<b>(197,878)</b>	<b>(197,878)</b>	<b>70,920</b>
<b>Other recognised gains/(losses):</b>					
Actuarial gains/(losses) on defined benefit pension schemes		-	232,000	232,000	(147,000)
Derecognition of pension surplus		-	(104,000)	(104,000)	254,000
<b>Net movement in funds</b>		<b>-</b>	<b>(69,878)</b>	<b>(69,878)</b>	<b>177,920</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		-	3,341,403	3,341,403	3,163,483
Net movement in funds		-	(69,878)	(69,878)	177,920
<b>Total funds carried forward</b>		<b>-</b>	<b>3,271,525</b>	<b>3,271,525</b>	<b>3,341,403</b>

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

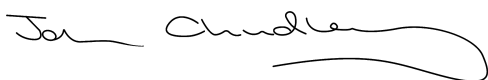
The notes on pages 30 to 52 form part of these financial statements.

## The Engineering Council

### Balance sheet as at 31 December 2024

	Note	2024 £	2023 £
<b>Fixed assets</b>			
Tangible assets	14	50,556	83,253
Investments	15	2,429,849	2,243,002
		<u>2,480,405</u>	<u>2,326,255</u>
<b>Current assets</b>			
Debtors	16	65,162	164,170
Cash at bank and in hand		1,105,990	1,259,957
		<u>1,171,152</u>	<u>1,424,127</u>
Creditors: amounts falling due within one year	17	(380,032)	(408,979)
		<u>791,120</u>	<u>1,015,148</u>
<b>Net current assets</b>		<u>791,120</u>	<u>1,015,148</u>
<b>Net assets including pension scheme liabilities</b>		<u><u>3,271,525</u></u>	<u><u>3,341,403</u></u>
<b>Charity funds</b>			
Restricted funds	18	-	-
Unrestricted funds	18	3,271,525	3,341,403
		<u>3,271,525</u>	<u>3,341,403</u>
<b>Total funds</b>		<u><u>3,271,525</u></u>	<u><u>3,341,403</u></u>

The financial statements were approved and authorised for issue by the Trustee and signed on their behalf by:



**Professor John Chudley BSc PhD CEng FIMarEST**

Chair of Trustees

Date: **03/07/25**

The notes on pages 30 to 52 form part of these financial statements.

## The Engineering Council

### Statement of cash flows for the year ended 31 December 2024

	2024 £	2023 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	74,571	214,284
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Dividends, interests and rents from investments	(14,910)	5,574
Purchase of tangible fixed assets	(26,781)	(8,969)
Proceeds from sale of investments	348,493	1,492
Purchase of investments	(433,967)	(11,796)
Gains on sale of investments	(101,373)	(128,784)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	(228,538)	(142,483)
	<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>	(153,967)	71,801
Cash and cash equivalents at the beginning of the year	1,259,957	1,188,156
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<u>1,105,990</u>	<u>1,259,957</u>

The notes on pages 30 to 52 form part of these financial statements

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 1. General information

The Engineering Council is an unincorporated charity registered with the Charity Commission, with charity number 286142. The registered office is 10 Lower Thames Street, London, EC3R 6EN.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Engineering Council meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

##### 2.2 Going concern

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

##### 2.3 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

##### 2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Charitable activities are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity, all incurred in achieving the charity's objectives.

All expenditure is inclusive of irrecoverable VAT.

**Notes to the financial statements  
for the year ended 31 December 2024**

**2. Accounting policies (continued)**

**2.5 Tangible fixed assets and depreciation**

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Fixtures and fittings	- 20% straight line
Office equipment	- 25% straight line
Computer equipment	- 33% straight line

Assets of nil book value are removed from the asset register after 10 years, irrespective of whether they exist or not. These are included in "Disposals during the year" as appropriate.

**2.6 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

**2.7 Interest receivable**

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

**2.8 Operating leases**

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**2.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2.10 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Notes to the financial statements  
for the year ended 31 December 2024**

**2. Accounting policies (continued)**

**2.11 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

**2.12 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.13 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.

**2.14 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustee in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 2. Accounting policies (continued)

##### 2.15 Pensions

The Engineering Council contributes to a contracted-out defined benefit pension scheme, the Engineering Council Pension Scheme. This scheme was closed to new entrants on 3 July 2002. The Scheme closed to future accrual with effect from 30 April 2012.

The Engineering Council fully adopts Financial Reporting Standard 102 (FRS102) and the impact of this standard has been reflected throughout the financial statements.

In accordance with FRS102, the Statement of Financial Activities includes: the cost of benefits accruing during the year in respect of current service costs (charged against staff costs within charitable activities); the interest cost and the expected return on assets (shown as direct costs); and actuarial gains and losses (disclosed within other recognised gains and losses).

In accordance with FRS102, the balance sheet includes the surplus or deficit in the scheme. This has been estimated for the purposes of FRS102 based on the results of the funding Actuarial Valuation, adjusted for the different assumptions and taking into consideration subsequent cash flows.

Further details regarding the scheme are disclosed in note 24.

The Engineering Council also contributes to a defined contribution stakeholder pension scheme operated by Scottish Widows. Contributions are charged to the Statement of Financial Activities as they fall due.

##### 2.16 Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

##### 2.17 Value Added Tax

Due to the nature of the Engineering Council's income sources, almost all VAT incurred on purchases is irrecoverable. Irrecoverable VAT input charges have therefore been included in the expenditure areas to which they relate.

**Notes to the financial statements  
for the year ended 31 December 2024**

**3. Critical accounting estimates and areas of judgment**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Defined benefit pension scheme*

In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The charity also contributes to the Engineering Council Pension Scheme. The scheme is a defined benefit scheme in accordance with section 28 of FRS 102. Service costs, curtailments, settlement gains and losses, net financial returns and rereasurement gains and losses are included in the Statement of Financial Activities in the year to which they relate.

Changes in the assets and liabilities of the scheme in the year are disclosed and allocated as follows:

- Changes relating to current or past service costs and gains and losses on settlements and curtailments and pension finance costs arising from changes in the net of the interest costs and expected return on assets, are allocated to the relevant activity heading based on staff costs of employees within the scheme.
- Pension finance charges arising from similar changes are recognised as expenditure.
- Remeasurement gains and losses are recognised as other recognised gains and losses.

The assets, liabilities and movements in the surplus or deficit of the scheme are calculated by qualified independent actuaries as an update to the latest full actuarial valuation.

Details of the scheme assets and liabilities and major assumptions are shown in note 24.

*Tangible fixed assets*

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that accrual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Although tangible fixed assets are significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically, no changes have been required.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 4. Income from charitable activities

	<b>Restricted funds 2024 £</b>	<b>Unrestricted funds 2024 £</b>	<b>Total funds 2024 £</b>
Grants	136,187	2,952,451	<b>3,088,638</b>
FEANI income	-	92,711	<b>92,711</b>
Admin fee from EngineeringUK	-	12,000	<b>12,000</b>
Professional services	-	13,500	<b>13,500</b>
MCP license fees	-	31,000	<b>31,000</b>
	<u>136,187</u>	<u>3,101,662</u>	<u><b>3,237,849</b></u>

Prior year - 2023

	<i>Restricted funds 2023 £</i>	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
Grants	121,802	2,811,859	2,933,661
FEANI income	-	85,388	85,388
Admin fee from EngineeringUK	-	14,290	14,290
Professional services	-	13,000	13,000
MCP license fees	-	31,000	31,000
	<u>121,802</u>	<u>2,955,537</u>	<u>3,077,339</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 5. Other trading activities

	<b>Unrestricted funds 2024 £</b>	<b>Total funds 2024 £</b>
Trading income	10,927	<b>10,927</b>
Stamp purchases	(3,065)	<b>(3,065)</b>
	<u>7,862</u>	<u><b>7,862</b></u>
	<u><u>7,862</u></u>	<u><u><b>7,862</b></u></u>
Prior year - 2023		
	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
Trading income	7,210	7,210
Stamp purchases	(2,523)	(2,523)
	<u>4,687</u>	<u>4,687</u>
	<u><u>4,687</u></u>	<u><u>4,687</u></u>

Trading income comprises professional stamps and replacement registration certificates.

#### 6. Investment income

	<b>Unrestricted funds 2024 £</b>	<b>Total funds 2024 £</b>
Interest from fixed asset investments	72,458	<b>72,458</b>
Bank interest receivable	14,589	<b>14,589</b>
	<u>87,047</u>	<u><b>87,047</b></u>
	<u><u>87,047</u></u>	<u><u><b>87,047</b></u></u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

Prior year - 2023

	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
Interest from fixed asset investments	22,734	22,734
Bank interest receivable	5,319	5,319
	<u>28,053</u>	<u>28,053</u>

#### 7. Analysis of expenditure by activities

	<b>Activities undertaken directly 2024 £</b>	<b>Support costs 2024 £</b>	<b>Total funds 2024 £</b>
Charitable activities	<u>3,228,270</u>	<u>403,739</u>	<u>3,632,009</u>
Prior year - 2023			
	<i>Activities undertaken directly 2023 £</i>	<i>Support costs 2023 £</i>	<i>Total funds 2023 £</i>
Charitable activities	<u>2,849,385</u>	<u>318,558</u>	<u>3,167,943</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 8. Direct costs

	<b>Restricted funds 2024 £</b>	<b>Unrestricted funds 2024 £</b>	<b>Total funds 2024 £</b>
Pension expense (note 12)	-	264,000	<b>264,000</b>
Project spend	-	225,958	<b>225,958</b>
Recruitment and temporary staff	-	49,098	<b>49,098</b>
Training	-	29,209	<b>29,209</b>
Computer and information systems costs	-	192,256	<b>192,256</b>
Marketing	-	5,881	<b>5,881</b>
Travel and subsistence	-	84,892	<b>84,892</b>
Subscriptions and meetings	-	111,540	<b>111,540</b>
Accommodation costs	-	318,026	<b>318,026</b>
Wages and salaries (note 11)	136,187	1,762,281	<b>1,898,468</b>
Project spend wages and salaries (note 11)	-	48,942	<b>48,942</b>
	<u>136,187</u>	<u>3,092,083</u>	<u><b>3,228,270</b></u>

Prior year - 2023

	<i>Restricted funds 2023 £</i>	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
Pension expense (note 12)	-	229,000	229,000
Project spend	-	31,536	31,536
Recruitment and temporary staff	-	83,528	83,528
Training	-	27,471	27,471
Computer and information systems costs	-	249,328	249,328
Marketing	-	1,926	1,926
Travel and subsistence	-	50,881	50,881
Subscriptions and meetings	-	101,391	101,391
Accommodation costs	-	275,686	275,686
Wages and salaries (note 11)	121,802	1,676,836	1,798,638
	<u>121,802</u>	<u>2,727,583</u>	<u>2,849,385</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 9. Support costs

	<b>Unrestricted funds 2024 £</b>	<b>Total funds 2024 £</b>
<b>General support</b>		
Telephone	10,646	<b>10,646</b>
Printing, stationery and office supplies	55,334	<b>55,334</b>
Maintenance of equipment	27,858	<b>27,858</b>
Sundries	5,598	<b>5,598</b>
Rental of office equipment	8,265	<b>8,265</b>
Bank charges	11,402	<b>11,402</b>
Accountancy	3,975	<b>3,975</b>
Legal and professional	72,650	<b>72,650</b>
Insurance	61,297	<b>61,297</b>
Application fees	28,206	<b>28,206</b>
Depreciation	59,477	<b>59,477</b>
Exchange rate variance	17	<b>17</b>
<b>Governance</b>	<b>344,725</b>	<b>344,725</b>
Accountancy	26,731	<b>26,731</b>
Auditors' remuneration	32,283	<b>32,283</b>
	<b>403,739</b>	<b>403,739</b>

Support costs are allocated in full to the only charitable activity of the charity.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

Prior year - 2023

	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
<b>General support</b>		
Telephone	10,674	10,674
Printing, stationery and office supplies	46,658	46,658
Maintenance of equipment	31,902	31,902
Sundries	6,786	6,786
Rental of office equipment	8,309	8,309
Bank charges	9,010	9,010
Accountancy	4,200	4,200
Legal and professional fees	22,049	22,049
Insurance	52,913	52,913
Application fees	21,680	21,680
Office move costs	1,224	1,224
Depreciation	57,548	57,548
Exchange rate variance	23	23
	<hr/>	<hr/>
	272,976	272,976
<b>Governance</b>		
Accountancy	26,673	26,673
Auditors' remuneration	18,909	18,909
	<hr/>	<hr/>
	318,558	318,558
	<hr/> <hr/>	<hr/> <hr/>

#### 10. Auditor's remuneration

	<b>2024 £</b>	<b>2023 £</b>
Fees payable to the charity's auditor for the audit of the charity's annual accounts - excluding VAT	<b>19,600</b>	18,909
	<hr/> <hr/>	<hr/> <hr/>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 11. Staff costs

	2024 £	2023 £
Wages and salaries	1,558,653	1,464,791
Social security costs	172,879	161,796
Contribution to defined contribution pension schemes	479,878	401,051
	<u>2,211,410</u>	<u>2,027,638</u>

Included within staff costs is £48,942, which relates to project costs (2023: £Nil).

There were no ex-gratia termination payments included within wages and salaries during the year. (2023: £Nil).

The average number of persons employed by the charity during the year was as follows:

	2024 No.	2023 No.
	<u>31</u>	<u>30</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2024 No.	<i>As restated</i> 2023 No.
In the band £60,001 - £70,000	2	-
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	1	-
In the band £130,001 - £140,000	-	1
In the band £150,001 - £160,000	1	-

The total employment benefits of the key management personnel were £569,892 including employer's national insurance contributions of £49,861 (2023 - £531,747 including employer's national insurance contributions of £48,529).

#### 12. Pension expense

	2024 £	2023 £
Interest on pension scheme liabilities	420,000	449,000
Interest on scheme assets	(420,000)	(449,000)
Administrative expenses	264,000	229,000
	<u>264,000</u>	<u>229,000</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 13. Trustee's remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2023 - £NIL).

During the year ended 31 December 2024, expenses totalling £10,241 were reimbursed or paid directly to 14 Trustees (2023 - £10,909 to 15 Trustees) for travel expenses incurred.

#### 14. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2024	444,399	33,341	323,557	801,297
Additions	-	-	26,781	26,781
At 31 December 2024	<u>444,399</u>	<u>33,341</u>	<u>350,338</u>	<u>828,078</u>
<b>Depreciation</b>				
At 1 January 2024	370,330	33,101	314,613	718,044
Charge for the year	49,625	240	9,613	59,478
At 31 December 2024	<u>419,955</u>	<u>33,341</u>	<u>324,226</u>	<u>777,522</u>
<b>Net book value</b>				
At 31 December 2024	<u>24,444</u>	-	<u>26,112</u>	<u>50,556</u>
At 31 December 2023	<u>74,069</u>	<u>240</u>	<u>8,944</u>	<u>83,253</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 15. Fixed asset investments

	Listed investments £
<b>Cost or valuation</b>	
At 1 January 2024	2,243,002
Additions	433,967
Disposals	(348,493)
Revaluations	101,373
	<u>2,429,849</u>
At 31 December 2024	<u><u>2,429,849</u></u>
<b>Net book value</b>	
At 31 December 2024	2,429,849
<i>At 31 December 2023</i>	<u><u>2,243,002</u></u>

#### 16. Debtors

	2024 £	2023 £
<b>Due within one year</b>		
Trade debtors	1,691	7,712
Amounts owed by group undertakings	4,627	-
Other debtors	3,323	-
Prepayments and accrued income	55,521	156,458
	<u>65,162</u>	<u>164,170</u>
	<u><u>65,162</u></u>	<u><u>164,170</u></u>

#### 17. Creditors: Amounts falling due within one year

	2024 £	2023 £
Trade creditors	45,706	54,374
Amounts owed to group undertakings	-	98,965
Other taxation and social security	76,939	68,639
Accruals	257,387	187,001
	<u>380,032</u>	<u>408,979</u>
	<u><u>380,032</u></u>	<u><u>408,979</u></u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 18. Statement of funds

##### Statement of funds - current year

	Balance at 1 January 2024 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 December 2024 £
<b>Unrestricted funds</b>					
General Funds	3,341,403	3,199,636	(3,498,887)	229,373	3,271,525
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Restricted funds</b>					
Pension fund grant	-	136,187	(136,187)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total of funds</b>	<b>3,341,403</b>	<b>3,335,823</b>	<b>(3,635,074)</b>	<b>229,373</b>	<b>3,271,525</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

##### **Pension fund grant**

This represents the grant from EngineeringUK which was paid into the defined benefit pension scheme as a lump-sum contribution following consultation with the actuaries.

The Engineering Council

Notes to the financial statements  
for the year ended 31 December 2024

18. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 January 2023 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2023 £</i>
<b>Unrestricted funds</b>					
General Funds	3,163,483	2,990,800	(3,048,664)	235,784	3,341,403
<b>Restricted funds</b>					
Pension fund grant	-	121,802	(121,802)	-	-
<b>Total of funds</b>	<b>3,163,483</b>	<b>3,112,602</b>	<b>(3,170,466)</b>	<b>235,784</b>	<b>3,341,403</b>

19. Summary of funds

Summary of funds - current year

	<b>Balance at 1 January 2024 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Gains/ (Losses) £</b>	<b>Balance at 31 December 2024 £</b>
General funds	3,341,403	3,199,636	(3,498,887)	229,373	3,271,525
Restricted funds	-	136,187	(136,187)	-	-
	<b>3,341,403</b>	<b>3,335,823</b>	<b>(3,635,074)</b>	<b>229,373</b>	<b>3,271,525</b>

Summary of funds - prior year

	<i>Balance at 1 January 2023 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2023 £</i>
General funds	3,163,483	2,990,800	(3,048,664)	235,784	3,341,403
Restricted funds	-	121,802	(121,802)	-	-
	<b>3,163,483</b>	<b>3,112,602</b>	<b>(3,170,466)</b>	<b>235,784</b>	<b>3,341,403</b>

Notes to the financial statements  
for the year ended 31 December 2024

20. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2024 £	Total funds 2024 £
Tangible fixed assets	50,556	<b>50,556</b>
Fixed asset investments	2,429,849	<b>2,429,849</b>
Current assets	1,171,152	<b>1,171,152</b>
Creditors due within one year	(380,032)	<b>(380,032)</b>
<b>Total</b>	<b>3,271,525</b>	<b>3,271,525</b>

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
Tangible fixed assets	83,253	83,253
Fixed asset investments	2,243,002	2,243,002
Current assets	1,424,127	1,424,127
Creditors due within one year	(408,979)	(408,979)
<b>Total</b>	<b>3,341,403</b>	<b>3,341,403</b>

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2024 £	<i>As restated 2023 £</i>
Net (expenditure)/income for the period (as per Statement of Financial Activities)	<b>(197,878)</b>	70,920
<b>Adjustments for:</b>		
Depreciation charges	<b>59,478</b>	57,547
Dividends, interests and rents from investments	<b>14,910</b>	(5,574)
Decrease/(increase) in debtors	<b>99,009</b>	(77,247)
(Decrease)/increase in creditors	<b>(28,947)</b>	61,638
Pension adjustments	<b>128,000</b>	107,000
<b>Net cash provided by operating activities</b>	<b>74,572</b>	214,284

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 22. Analysis of cash and cash equivalents

	2024 £	2023 £
Cash in hand	1,105,990	1,259,957
<b>Total cash and cash equivalents</b>	<b>1,105,990</b>	<b>1,259,957</b>

#### 23. Analysis of changes in net debt

	At 1 January 2024 £	Cash flows £	At 31 December 2024 £
Cash at bank and in hand	1,259,957	(153,967)	1,105,990
	<b>1,259,957</b>	<b>(153,967)</b>	<b>1,105,990</b>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 24. Pension commitments

The charity operates a defined benefit pension scheme.

The Engineering Council contributes to a contracted-out defined benefit pension scheme, The Engineering Council Pension Scheme. This scheme was closed to new entrants on 3 July 2002.

The full actuarial valuation as at 31 December 2018 was updated to the Scheme's accounting date by an independent qualified actuary in accordance with FRS102. As required by FRS102, the actuarial method adopted to calculate the present value of member's expected benefits is the projected unit method.

Following consultation with the actuaries, The Engineering Council made a lump-sum contribution of £105,000 in March 2019.

The last completed actuarial valuation was as at 31 December 2021. This showed the Scheme's assets were sufficient to cover the liabilities on the funding basis. No deficit reduction contributions are therefore required to be paid by the Company.

The present value of the liability to meet future pension obligations of members is arrived at by applying a discount rate equivalent to the return expected to be derived from a class AA corporate bond. At 31 December 2024 this was 5.50% (2023 - 4.50%).

The assets of the scheme are valued at their market value at the balance sheet date. This value will therefore fluctuate materially from year to year in response to market conditions.

The Engineering Council is the principal employer and Engineering UK is a participating employer under this scheme. The proportion of the total scheme fund attributable to Engineering Council staff and ex-Engineering Council staff is 100% (2023 - 100%). On withdrawal from the Scheme by Engineering Council or closure, assets would be segregated in a similar proportion.

The Scheme closed to future accrual with effect from 30 April 2012.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2024	2023
Discount rate	5.50%	4.50%
Retail price inflation	3.40%	3.40%
Future salary increases	3.30%	3.30%

The assets in the scheme and the expected rates of return were:

	2024 £	2023 £
Equities	1,993,320	1,777,690
Bonds	7,403,760	8,574,740
Cash	94,920	104,570
	<b>9,492,000</b>	<b>10,457,000</b>

The actual return on scheme assets was £(202,000) (2023 - £506,000).

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

The amounts recognised in the Balance sheet are as follows:

	2024 £	2023 £
Present value of funded obligations	<b>(8,577,000)</b>	(9,646,000)
Unrecognised past service cost	<b>9,492,000</b>	10,457,000
	<hr/>	<hr/>
Surplus in scheme	<b>915,000</b>	811,000
Adjustment for non-recoverable surplus	<b>(915,000)</b>	(811,000)
	<hr/>	<hr/>
<b>Net assets</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

The charity has an unrecognised surplus of £915,000 (2023 - £811,000) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

The amounts recognised in the Statement of financial activities are as follows:

	2024 £	2023 £
Interest on obligation	<b>(420,000)</b>	(449,000)
Expected return on scheme assets	<b>420,000</b>	449,000
Administrative expenses	<b>(264,000)</b>	(229,000)
	<hr/>	<hr/>
<b>Total amount recognised in the Statement of financial activities</b>	<b>(264,000)</b>	(229,000)
	<hr/> <hr/>	<hr/> <hr/>

The actuarial gain on the scheme at year end was £232,000 (2023 - loss £147,000).

Movements in the present value of the defined benefit obligation were as follows:

	2024 £	2023 £
Opening defined benefit obligation	<b>9,646,000</b>	9,702,000
Interest cost	<b>420,000</b>	449,000
Actuarial losses/(gains)	<b>(854,000)</b>	204,000
Benefits paid	<b>(635,000)</b>	(709,000)
	<hr/>	<hr/>
<b>Closing defined benefit obligation</b>	<b>8,577,000</b>	9,646,000
	<hr/> <hr/>	<hr/> <hr/>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

Changes in the fair value of scheme assets were as follows:

	2024 £	2023 £
Opening fair value of scheme assets	10,457,000	10,767,000
Expected return on assets	420,000	449,000
Actuarial gains/(losses)	(622,000)	57,000
Contributions by employer	136,000	122,000
Benefits paid	(635,000)	(709,000)
Administrative expenses	(264,000)	(229,000)
	<u>9,492,000</u>	<u>10,457,000</u>

The charity contributed £136,000 to its Defined benefit pension scheme in 2024 expecting to increase annually on 1 January at 3.4% per annum

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2024	2023
Equities and property	21%	17%
Bonds	78%	82%
Cash	1%	1%

#### Stakeholder and other pension schemes

The board at a meeting on 3 July 2002 decided to no longer offer entry to The Engineering Council Pension Scheme to new staff and nominated a stakeholder pension scheme instead. This is a defined contribution scheme operated by Scottish Widows and is not contracted out for the earnings related part of the State Pension Scheme. The employer contributes 10% of pensionable salary and the employee 5%.

The Engineering Council employer contributions during 2023 were £215,691 (2023 - £172,249).

#### 25. Operating lease commitments

At 31 December 2024 the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2024 £	2023 £
Not later than 1 year	2,661	148,136
Later than 1 year and not later than 5 years	12,012	14,673
	<u>14,673</u>	<u>162,809</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 26. Related party transactions

EngineeringUK is a related party to the Engineering Council. Under the Engineering Council supplemental charter which came into effect on 22 March 2002, EngineeringUK may nominate 7 of its 22 Board members. By its Regulations, the Engineering Council has assigned all income from its registration fees to EngineeringUK. Changes to this regulation cannot be made without EngineeringUK's approval. The level of fee is determined by EngineeringUK.

During the year ended 31 December 2024, the following transactions took place between the parties arising from the above:

EngineeringUK provided a grant to the Engineering Council of £2,952,451 (2023 - £2,811,859) to fund its operation plus £136,187 (2023: £121,802) for the pension scheme.

To cover use of shared space, The Engineering Council charged EngineeringUK £12,000 (2023 - £14,290) in the year.

On 31 December 2024, EngineeringUK owed Engineering Council the sum of £4,628 (2023 - £98,965). This amount is disclosed within debtors falling due within one year.

There were no other related party transactions within debtors in the current or the prior year.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2024

#### 27. Comparative statement of financial activities

	<i>Restricted funds 2023 £</i>	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
<b>Income from:</b>			
Charitable activities	121,802	2,955,537	3,077,339
Other trading activities	-	7,210	7,210
Investments	<u>-</u>	<u>28,053</u>	<u>28,053</u>
<b>Total income</b>	<u>121,802</u>	<u>2,990,800</u>	<u>3,112,602</u>
<b>Expenditure on:</b>			
Raising funds	-	(2,523)	(2,523)
Charitable activities	<u>(121,802)</u>	<u>(3,046,141)</u>	<u>(3,167,943)</u>
<b>Total expenditure</b>	<u>(121,802)</u>	<u>(3,048,664)</u>	<u>(3,170,466)</u>
<b>Net income before investment gains/(losses)</b>	-	(57,864)	(57,864)
Net gains/(losses) on investments	<u>-</u>	<u>128,784</u>	<u>128,784</u>
<b>Net income before other recognised gains and losses</b>	-	70,920	70,920
Derecognition of pension surplus	-	(147,000)	(147,000)
Actuarial gains on defined benefit pension scheme	<u>-</u>	<u>254,000</u>	<u>254,000</u>
<b>Net movement in funds</b>	-	177,920	177,920
<b>Reconciliation of funds:</b>			
Total funds brought forward	<u>-</u>	<u>3,163,483</u>	<u>3,163,483</u>
<b>Total funds carried forward</b>	<u>-</u>	<u>3,341,403</u>	<u>3,341,403</u>

**THE ENGINEERING COUNCIL**

England & Wales - Charity number 286142

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# Accounts

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# Engineering Council

**Registered Charity No 286142**

Annual Report and Financial Accounts 2023

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## Foreword

Operating under a Royal Charter, the Engineering Council is charged with regulating the UK engineering profession on behalf of society. We hold the national Register of those who have satisfied their peers of their competence and commitment as Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians. We set the education standards for engineering programmes that provide the underpinning knowledge and understanding required to practise engineering, as well as setting standards for professional development. We can only achieve this through the commitment of the entire professional engineering community, supported by academics and employers.

Professional registration provides the benchmark which allows the public to have confidence and trust that the engineers and technicians on our Register have met globally recognised professional standards.

Nearly a quarter of a million men and women are currently listed on our Register. The UK has an ageing population, and with the number of registrants aged over 60 representing over a third of those on the Register, we must continue to work hard to maintain a talent pipeline to meet future skills requirements. We therefore welcome the joint initiatives that are underway to ensure that more people enter professional engineering careers and that those who are already professionally registered remain so throughout their working life. This is a strategic imperative for the nation if we are to meet the engineering and technological needs of the future.

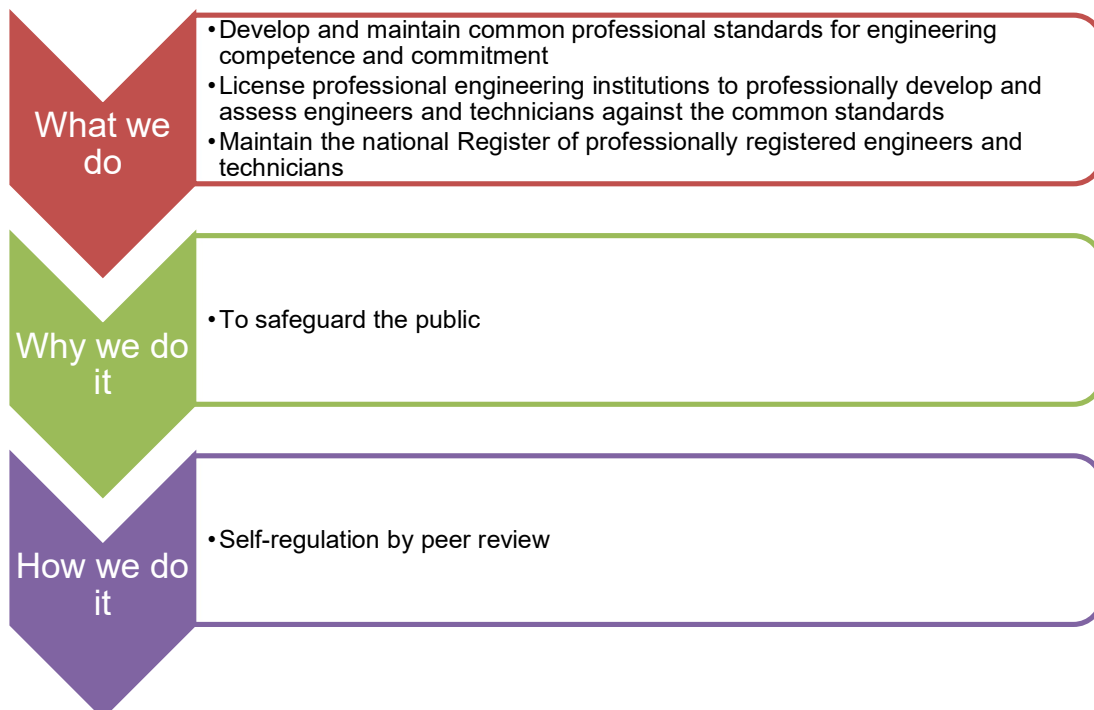
### **Vision:**

That society continues to have confidence and trust in the engineering profession.

### **Mission:**

To maintain internationally recognised standards of competence and commitment for the engineering profession and to license competent institutions to champion the standards for the deliverance of public benefit.

### **What we do, how we do it and why:**



## Statement from the Chair and CEO

The Engineering Council (EngC) has seen a year of changes in 2023, with a new Chief Executive Officer, Paul Bailey, appointed in May followed by a new Chair, Professor John Chudley, at the organisation's June AGM. As our previous Deputy CEO and Vice-Chair respectively, we believe this level of continuity has enabled the organisation to maintain its organisational and strategic focus.

Our current 2025 Strategy: Advancing Regulation, informs and structures our strategic outcomes, against which this Annual Review reports. As we reach the halfway stage of our current strategic cycle, we will reflect on our key achievements during 2023 in support of the EngC's overriding goal to 'maintain the public's confidence in the engineering profession through wider promotion of the Engineering Council's regulatory work, its leadership role within the engineering community and a greater, more diverse and engaged registrant population'.

This year saw some key projects begin to ramp up, most particularly our work on delivering a new Contextualised Standard in support of regulating those individuals working on Higher-Risk Buildings (HRBs). As a result of the Grenfell Tower tragedy, this is very much a high-profile project and we have been pleased by how the professional engineering community, and the staff at the EngC, have pulled together. We were also very pleased to have received our first licence applications to award HRB registration in 2023.

The next stage of our Registration Review started towards the end of the year, an important activity in ensuring our products and services remain relevant to an increasingly diverse workforce of engineers and technicians. As we enter the next phase of development, we look forward to seeing how the proposals evolve as we begin to consult our key stakeholders.

Our support to the profession in important key areas such as ethics, sustainability and equality, diversity and inclusion (EDI) continues, both through our UK Standard for Professional Engineering Competence and Commitment (UK-SPEC) which requires ethical and sustainable behaviour from professionally registered engineers and technicians, and through the publication of guidance for the whole engineering community. The recent launch of our neurodiversity guidance to Licensees was a real highlight of the year and we will continue to look at how we can inform the debate on EDI, particularly through understanding the registration data we hold. We will also continue our work on mentoring refugees and look ahead to updating our guidance on whistleblowing.

The maintenance of the Standards for public benefit continues to be at the core of the EngC's purpose as we move forward. To help support that primary aim, we need to ensure our policies and procedures remain relevant and robust and we are proud of our continuing certification to the ISO 9001:2015 standard which pays testament to the quality of our core regulatory functions, particularly in support of our registration and licensing activities which are crucial to maintaining the integrity of our Register.

Looking ahead, 2024 presents an exciting and positive time for the organisation as we begin to formulate our post-2025 strategy. Our new organisational values - fairness, integrity and transparency – will continue to inform all aspects of our attitudes and behaviours going forward as we continue to work with the professional engineering community and encourage EngC registration as a crucial means of maintaining society's trust in the engineering profession.

### **Chairman**

Professor John Chudley BSc PhD CEng FIMarEST

### **Chief Executive Officer**

Paul Bailey BSc (Hons) FRAeS MInstP

## 1. Registration statistics as of 31 December 2023

**FIGURE 1: NEW TITLES ADDED TO THE REGISTER IN 2023 COMPARED TO 2022**

	Interim			Final			Total		
	2022	2023	Change	2022	2023	Change	2022	2023	Change
EngTech	6		-100.0%	2,453	2,859	16.6%	2,459	2,859	16.3%
IEng	67	50	-25.4%	1,086	1,304	20.1%	1,153	1,354	17.4%
CEng	196	217	10.7%	5,222	5,488	5.1%	5,418	5,705	5.3%
ICTTech				185	207	11.9%	185	207	11.9%
<b>Total</b>	<b>269</b>	<b>267</b>	<b>-0.7%</b>	<b>8,946</b>	<b>9,858</b>	<b>10.2%</b>	<b>9,215</b>	<b>10,125</b>	<b>9.9%</b>

**FIGURE 2: TOTAL NUMBER OF REGISTRANTS ON THE REGISTER IN 2023 COMPARED TO 2022**

	Interim			Final			Total		
	2022	2023	Change	2022	2023	Change	2022	2023	Change
EngTech	120	113	-5.8%	23,215	23,457	1.0%	23,335	23,570	1.0%
IEng	1,118	1,035	-7.4%	23,882	23,243	-2.7%	25,000	24,278	-2.9%
CEng	5,058	4,829	-4.5%	170,691	169,401	-0.8%	175,749	174,230	-0.9%
ICTTech	-			780	836	7.2%	780	836	7.2%
<b>Total</b>	<b>6,296</b>	<b>5,977</b>	<b>-5.1%</b>	<b>218,568</b>	<b>216,937</b>	<b>-0.7%</b>	<b>224,864</b>	<b>222,914</b>	<b>-0.9%</b>

**FIGURE 3: LOSS OF TITLES ON THE REGISTER IN 2023 COMPARED TO 2022**

	Interim			Final			Total		
	2022	2023	Change	2022	2023	Change	2022	2023	Change
EngTech	-14	-8	-42.9%	-2,746	-2,819	2.7%	-2,760	-2,827	2.4%
IEng	-124	-148	19.4%	-2,077	-2,107	1.4%	-2,201	-2,255	2.5%
CEng	-492	-462	-6.1%	-8,434	-7,600	-9.9%	-8,926	-8,062	-9.7%
ICTTech	-			-256	-162	-36.7%	-256	-162	-36.7%
<b>Total</b>	<b>-630</b>	<b>-618</b>	<b>-1.9%</b>	<b>-13,513</b>	<b>-12,688</b>	<b>-6.1%</b>	<b>-14,143</b>	<b>-13,306</b>	<b>-5.9%</b>

An individual registrant can hold more than one designation or title (for example, such as Chartered Engineer (CEng) and Incorporated Engineer (IEng), or holding CEng with more than one institution), consequently there are more titles recorded on the Register than there are individual registrants. To ensure that any individual is only represented once in Figure 2 only their highest title is counted.

**Reinstatements in 2023**

In 2023, there were 991 reinstatements to the Register. Reinstatements are registrations that have previously been suspended but have returned to the Register within the last three years.

**New final titles by gender**

For new final stage titles added to the Register over the last three years, the percentage of these titles held by women has broadly remained the same since 2021.

Looking at individual registration titles, the percentage of new final stage EngTech titles held by women has increased from 6.2% in 2022 to 10.2% in 2023. IEng has shown a marginal increase in the number of titles from 90 in 2022 to 105 in 2023 but the percentage of new final stage titles held by women, has decreased marginally from 8.3% in 2022 to 8.1% in 2023. The number of new final stage CEng titles held by women has increased from 820 in 2022 to 848 in 2023 but the percentage has decreased marginally from 15.7% to 15.5% (see Figure 4).

**FIGURE 4: NEW FINAL STAGE TITLES BY YEAR, BY REGISTRATION TITLE, BY GENDER, 2021-2023**

		EngTech	IEng	CEng	ICTTech	Total	% of total new titles
2021	Male	2,710	1,147	5,566	193	9,616	87.5%
	Female	237	97	1,007	15	1,356	12.3%
	Gender not specified		2	19	1	22	0.2%
2022	Male	2,294	995	4,387	170	7,846	87.7%
	Female	158	90	820	14	1,082	12.1%
	Gender not specified	1	1	15	1	18	0.2%
2023	Male	2,564	1,199	4,619	198	8,580	87.0%
	Female	293	105	848	9	1,255	12.7%
	Gender not specified	2		21		23	0.2%

**International registrations**

**FIGURE 5: FINAL STAGE TITLES HELD BY NON-UK DOMICILED REGISTRANTS**

	2022	2023
EngTech	1,274	1,212
IEng	2,525	2,370
CEng	41,689	41,916
ICTTech	17	21
Total	45,505	45,519

## 2. Strategy and performance in 2023

**FIGURE 6: ENGINEERING COUNCIL'S 2025 STRATEGY**

**We published our 2025 Strategy, 'Advancing Regulation' in July 2021.  
The goal of that strategy is:**

To maintain the public's confidence in the engineering profession through wider promotion of the Engineering Council's regulatory work, its leadership role within the engineering community and a greater, more diverse and engaged registrant population.

**Our 2025 Strategy is focused around four key themes:**



### **DIVERSITY & INCLUSION**

To support, develop and encourage a more diverse and inclusive profession



### **DIGITAL INNOVATION**

To support a more digitally innovative profession



### **INTERNATIONAL**

To maintain, develop and promote an internationally respected standard



### **ENGINEERING & SOCIETY**

To strengthen the sustainable and ethical core of the engineering profession

**Our two strategic enablers, which inform and structure our subsequent strategic outcomes:**



### **OPERATIONAL EXCELLENCE**

Ensuring that we maintain and enhance an agile and efficient operations model



### **STRATEGIC PARTNERING**

Ensuring that we maintain and enhance key strategic alliances with a range of important stakeholders

The Engineering Council acts as the 'Council of Engineering Institutions', impartially representing the community of professional engineering institutions and convening expert opinion about competence, commitment and professional development.

### 3. 2023 Activities and Achievements

#### **Diversity & Inclusion**

In 2023 the 'Guidance Note on supporting neurodivergent applicants for registration' was launched at an event held at the Royal Academy of Engineering. This new guidance outlines appropriate adjustments that can be made to the registration process where required. It was developed by an Engineering Council working group composed of practising engineers with lived experience of neurodivergent traits and conditions, and Licensee staff working on Equality, Diversity and Inclusion and related topics.

Work has begun on a new website and Partner Portal for the EngC, which will be compliant to accessibility guidelines WCAG 2.1 AA. This will mean increased ease of use for all stakeholders. We are expanding our digital-first strategy to include all our publications, by offering them both in PDF as well as in HTML format, which will make them more accessible.

#### **Digital Innovation**

An Artificial Intelligence Working Group has been established to look at AI in relation to education, skills and registration. It is anticipated that some work in this area will be completed in partnership with the Society for the Environment and the Science Council to ensure a consistent response.

The new Document and Information Management System (DIMS) has now been selected. This new system will enable a more effective method of managing information and workflows using modern functionality that will support the organisation's operating model, aligning it with the 2025 strategic enabler – operational excellence.

Work is in progress building a new-look website which will have better functionality, a more modern design, be more accessible and provide a better user experience.

#### **International**

Consulting with the Government on a range of issues, including trade agreements, mutual recognition of professional qualifications and the scope and implementation of the Professional Qualifications Act, we have reaffirmed the Engineering Council's role as the UK competent authority, representing the UK profession internationally.

We are actively engaged with colleagues across the world through the European Network for the Accreditation of Engineering Education (ENAE), ENGINEERS EUROPE (formerly FEANI) and the ENGINET alliance. We represent the UK in the International Engineering Alliance (IEA), which oversees six international agreements on the establishment of standards for engineering education and professional engineering competence.

An Admissions Pathway Agreement has been signed with the Royal Netherlands Society of Engineers, which will facilitate the mobility and recognition of engineering professionals between the UK and The Netherlands; further international agreements are in progress.

#### **Engineering & Society**

Supporting the new Building Safety regime being established post-Grenfell, we have published the UK Standard for Professional Engineering Competence and Commitment Contextualised for Higher-Risk Buildings (UK-SPEC HRB). This is a competence framework for engineers working in this safety-critical area, including a series of discipline-specific annexes for specialisms such as fire, structural and building services.

We endorsed the Engineers Without Borders (EWB) Global Responsibility Compass as a tool to support engineering professionals to act sustainably, equitably and ethically. We have also contributed to the Royal Academy of Engineering (RAEng) Sustainability in Higher Education Working Group and the RAEng/EWB Systems Change Labs looking at how engineering higher education could be improved.

Following the implementation of AHEP (Accreditation of Higher Education Programmes) version 4, feedback has shown that it has encouraged higher education institutions to put more of an emphasis on sustainability in their engineering degree curricula. Our Education and Skills team has been working throughout the year to encourage professional engineering institutions to support the implementation of Approval and Accreditation of Qualifications and Apprenticeships (AAQA) with the aim of encouraging providers of further education and apprenticeships to also address sustainability, ethics and security.

## 4. Risk and compliance

### **How the Engineering Council manages risk**

The Engineering Council maintains a risk management policy which forms part of the EngC's internal control and governance arrangements. The policy explains the EngC's underlying approach to risk management including how the organisation views, identifies, assesses, and manages risk. It also describes the process the Board uses to manage the Engineering Council's risk management process and evaluate the effectiveness of the internal control procedures.

Engineering Council maintains a Trustee Risk Register which identifies risks that could have an impact on the organisation's ability to deliver its strategic objectives, including all legal and financial mandates, assess the probability and impact of those risks occurring and details the measures in place to manage and mitigate them.

The Trustee Risk Register is supported by several Functional Risk Registers, each covering the main activities of the Board's Committees and Panels, and which identify risks that could have an impact on the organisation's ability to deliver its strategic objectives in those areas. These registers are reviewed at each of the Committee/Panel meetings with the Management Panel undertaking a holistic review every quarter.

### **Role of the Executive Team and Management Panel**

Day to day management of individual risks is the responsibility of the appropriate staff member where decisions are delegated to them as recorded in the Risk Register. The Management Panel reviews the Risk Register at each meeting and reports any concerns about risk and their management to the Board. The Risk Register is reviewed at each Board meeting. Should any other risk emerge during the year that is assessed to fall into one of the categories described above or which may result in the levels of tolerable risk set out in the EngC's risk appetite statement being exceeded then this should be referred to the Board for review.

As part of the business planning process, the Executive Team scans the horizon to identify changes in the external environment that may have an impact on the Engineering Council's operations. Both PESTLE and SWOT analysis frameworks are utilised to do this, which then instructs the 'opportunity and risk' identification process.

As part of the business planning process, all key tasks will record risks, opportunities and issues that may affect the achievement of expected outputs in either Functional Risk Registers or the Projects Risk & Opportunities Register and Issues Register.

Based on the horizon scan and organisational SWOT analysis, the emergent opportunities are identified and captured in the Risk and Opportunities Register. The Executive Team reviews the Opportunity Register in the autumn of each year and prepares and prioritises projects that may exploit the opportunities, subject to resources being available. This will also inform any options analysis, which then drives the budgeting forecast the following year.

This process involves assessing the most significant individual risks on the basis of the likelihood of it occurring, and what the impact to the organisation would be should the risk occur and considering ways of avoiding the risk(s) or mitigating its effect. Each area of risk has been assessed by providing a score to both the impact and the probability of each risk and using these to calculate the overall severity, and therefore, Gross Risk. With the identification and definition of suitable controls and monitoring actions, a judgement is then made as to what extent the impact of the Gross Risk is reduced, thereby reflecting what the Net Risk is.

### **Role of the Board**

The Trustees assessed the major risks to which the Engineering Council was exposed in accordance with Charity Commission guidance and were satisfied that systems were in place to mitigate the Engineering Council's exposure to major risks.

The organisation's Risk Policy & Procedure (October 2023) contains the following key principles that outline the Engineering Council's approach to risk management:

- a. As the EngC's principal body, the Board is responsible for risk management;
- b. The Board is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding the public and other funds and assets for which it is responsible in accordance with its Charter and By-laws;
- c. There should be an open and receptive approach to mitigating risk;
- d. The Management Panel (MP) manages the EngC's Risk and Opportunity Management Process.
- e. The Finance, Audit & Remuneration Panel (FARP) advises the Board on risk assurance.
- f. The Risk Register is reported to the Board via MP.
- g. The CEO and Executive Team, with input from the volunteer committees and panels where relevant, are responsible for encouraging and implementing good risk management practice across the organisation, in particular the identification, evaluation and management of risk.
- h. Early warning mechanisms will be put in place and monitored to alert the Board so that remedial action can be taken to manage any potential hazards.

This policy includes consideration of the organisation's **Risk Appetite** i.e., the level of risk that EngC is prepared to accept in pursuit of its strategic objectives. This Statement informs the EngC's strategy and business planning processes and is reviewed annually by the Board. It sets the context for managing risk and forms an integral part of this policy. The Risk Appetite Statement will also form the basis of delegated levels of authority for decisions including at subordinate panels and committees.

In terms of its willingness to accept certain types of risk, the EngC's approach is to minimise exposure to reputational, compliance and financial risk, whilst accepting that a certain level of risk must be taken to achieve its strategic objectives. Acceptance of risk is subject to ensuring that risks and potential benefits are fully considered and understood before activities are undertaken and that sensible measures are in place to mitigate risk.

As of 31 December 2023, there were **three MEDIUM** and two **LOW** Net Risks on the Trustees Risk Register. The **MEDIUM** Net Risks are as follows:

1. **Risk that reviews of the profession or competing regulatory drivers will result in the EngC's regulatory function and its registers being removed or developed by an alternative body.**

**MITIGATION**

EngC represented on Professional Engineering Committee (PEC) and contributing to consultations.

2. **Risk that EngC does not comply with the requirements of the new General Data Protection Regulation (GDPR).**

**MITIGATION:**

- Project Team managing transition.
- Legal advisors to be engaged with ongoing work.
- Key staff trained at both Foundation and Practitioner level.

3. **Risk of attack by virus or hacker, or systems failure, or staff/volunteer unintentional breach resulting in corruption or deletion of electronic data.**

**MITIGATION:**

- Keeping IT suppliers reviewed and changed with professional advice.
- Firewall audit undertaken. Clean rule book established on virtual servers.
- Third-party virus screening of e-mails provided by Vipre.
- Appropriate backup procedures and software reinstallation procedures implemented.
- Staff/volunteer awareness regarding spoofing emails etc.

**Internal and external auditing**

The Quality Management System (QMS) is now embedded within the Engineering Council's Operational Framework and a robust internal audit schedule is in place. This plan is created and revised by the internal Quality Management Team (QMT), which also manages the internal audit team. In addition, QMT monitors the internal audit process, reviews internal audit reports and follows up on both ISO9001 and internal audit non-conformances and root cause analysis. All findings are recorded in the Internal Audit Log as requested by the Executive Team. The Engineering Council was successfully recertified against the ISO 9001:2015 quality management standard in January 2024.

## 5. Financial review

The areas of activity funded during 2023 are set out in section 3 - **2023 Activities and Achievements**. A detailed breakdown of expenditure for the year appears in notes 7-13 to the Financial Statements. FARP regularly scrutinises the organisation's expenditure to ensure that the work of the Engineering Council remains cost-effective.

The inclusion of the Engineering Council Pension Scheme under FRS102 has reduced staff costs by £122,000 (2022 - £112,000), increased direct costs by £229,000 (2022 - £185,000) and resulted in an actuarial loss on the scheme of £254,000 (2022 – loss of £966,000). The overall effect of applying FRS102 is thus to increase income for the year by £107,000 (2022 – decrease of £73,000) and to decrease the net movement in funds by £254,000 (2021 – decrease of £966,000).

### Engineering Council Pension Scheme

The Trustees of the Engineering Council Pension Scheme met three times during 2023. The Engineering Council, as the Principal Employer, made contribution towards scheme running costs of £122,000, as opposed to £112,000 made in 2022. This change resulted from the triennial valuation, at 31 December 2018, showed a past service surplus of £327K compared to the deficit disclosed by the 2015 valuation of £1.2M. The principal factors affecting the change in the deficit were the deficit reduction contributions made by the Employer and the value placed on the liabilities, which was lower than in the previous year due mainly to the increase in the corporate bond yield.

Following the recent triennial valuation at 31 December 2021, when the Scheme reported a surplus on a technical provisions' basis of £988K, the Trustees and the Employer have agreed that an annual contribution towards the Scheme running costs will continue to be made until the next triennial valuation which is due at 31 December 2024.

### Reserves

In 2023 the Engineering Council held funds of £3,341,403 (£3,163,483 – 2022) as follows:

**Unrestricted general funds** - The Engineering Council's policy is to maintain a level of unrestricted reserves, in accordance with accepted good practice, of a minimum of six months of operating budget. In 2023 six months operating budget was £1.53M (£1.48M – 2022). In calculating the level of reserves it should hold, the FARP also reviewed the key financial risks to the organisation and identified changes to funding mechanism and/or a shortfall in the annual operating grant, which could result in a lack of funds for Engineering Council operations. Consequently, a minimum reserve of six months operating budget was deemed appropriate.

Disregarding the tangible fixed assets for reserves policy purposes, the charity's general fund was £3,258,150 (2022 - £3,031,652); a figure not materially different from twelve months' expenditure.

At its October 2023 meeting FARP agreed the principle of utilising reserves in excess of six months' operating costs to fund projects that supported the organisation's strategic plan, but only on condition that a minimum of six months' operating costs be retained at all times.

### Restricted funds

The pension reserve was £nil at the year end with the pension grant received in year again being equivalent to the current year recovery plan contributions of £122k (£112k – 2022).

The general fund, as shown in the financial statements, includes an unrecognised surplus of £0.811M (2022 surplus - £1.065M), due to an excess of assets over liabilities in the scheme this year. The figure as calculated under FRS102 is in respect of the defined benefit scheme.

This amount is not recognised within the Engineering Council's financial statements as the organisation has no rights over the Scheme's assets. The Trustees believe that this notional funding calculation, which can vary considerably according to the assumptions made at each year-end, has no material effect on the organisation's cash flow in the short term, and that in the long term its effects can be sustained from future income.

The majority of the reserves are held in investments, with the remainder held in cash.

**Investment Policy and Returns**

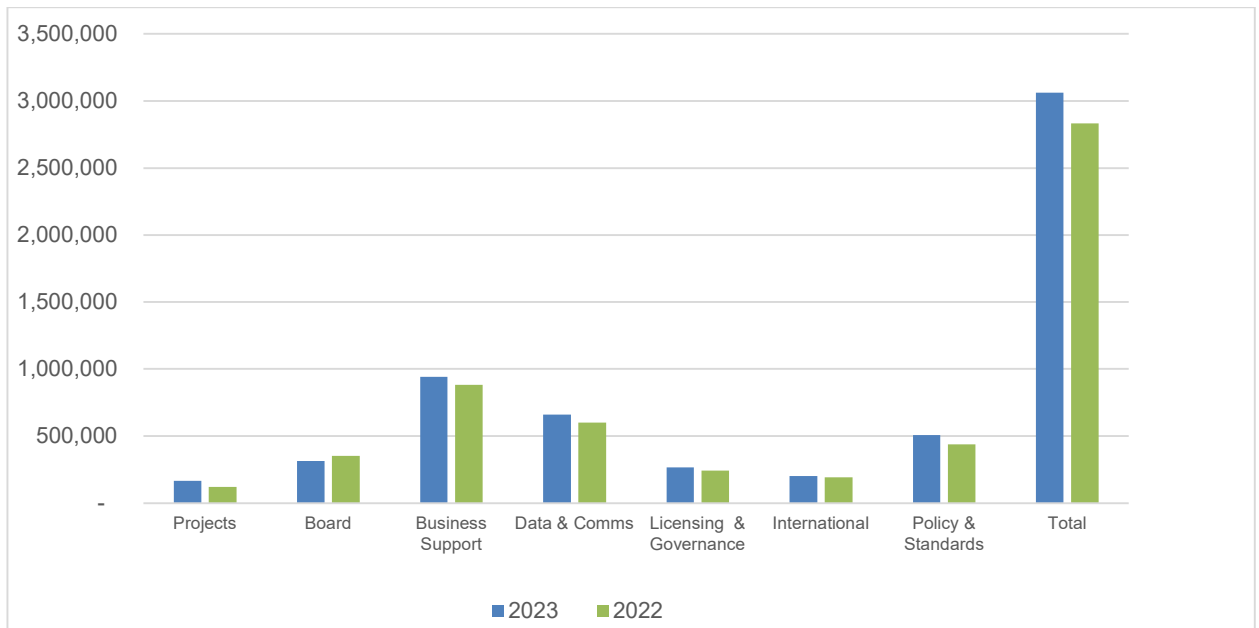
The Engineering Council's reserves have been held in the Cazenove Charity Responsible Multi-Asset Fund since May 2022 (previously held in the Barings Targeted Return Fund which was closed in 2021).

FARP reviews the fund performance at each of its meetings and the fund manager attends FARP at least once a year to discuss fund performance. Cazenove fund managers attended FARP in October 2023 to report on its performance, positioning and outlook for the remainder of 2023 and beyond.

**Expenditure on charitable activities**

The following graph sets out the amounts spent on key areas of activity in 2023 and 2022.

**FIGURE 7: 2023 & 2022 EXPENDITURE**



## 6. Public benefit report

One of the key elements of the organisation's core business is to ensure that the professional engineering community continues to provide public benefit through appropriate structures and professional behaviours.

This section provides a review of the significant or main activities undertaken by the Engineering Council to further its charitable purposes for the public benefit.

The Trustees confirm they have referred to the Charity Commission's general guidance on Public Benefit when reviewing the Engineering Council's aims and objectives and in planning future activities that will contribute to delivering the strategy OR vision and mission.

### **What is the Engineering Council there to achieve?**

The purposes of the Engineering Council are set out as follows:

#### **Objective**

To advance education in, and promote the science and practice of, engineering (including relevant technology) for the public benefit and thereby to promote industry and commerce in Our United Kingdom and elsewhere.

#### **Mission:**

To maintain internationally recognised standards of competence and commitment for the engineering profession and to licence competent institutions to champion the standards, for the deliverance of public benefit.

#### **Vision:**

That society continues to have confidence and trust in the engineering profession.

### **What has the Engineering Council done during 2023 to carry out those purposes for the public benefit?**

#### ***Against the principles of public benefit***

Against each of the principles of public benefit and their key factors, as set out in the Charity Commission guidance, the Engineering Council is able to assess whether each factor has been met.

**Table 1**

<b>Serial</b>	<b>Principle or factor</b>	<b>Assessment</b>
<b>1</b>	<b><i>There must be an identifiable benefit or benefits</i></b>	Engineering underpins provision and/or distribution of the basic necessities of civilised life: buildings, energy, water and sanitation, food, transport, healthcare, communications, defence. The major public benefit is the professional regulation that the Engineering Council and its Licensed Member institutions exercise over their registrants and members when serving the general public.
<b>1a</b>	<i>It must be clear what the benefits are</i>	See specific public benefits in Table 2, serials 1-11.
<b>1b</b>	<i>The benefits must be related to the aims (i.e., objects)</i>	The object is pursued in conjunction with the Engineering Council's Licensed Member institutions through the core functions of registration and accreditation to consistent standards. The end result is that public benefits (1 above) are generated by qualified registrants and institution

		members working in private and public sector industries and services.
1c	<i>Benefits must be balanced against any detriment or harm</i>	While some engineering products or activities are potentially harmful, the professional code of conduct and professional education and training all emphasise safety, sustainability and concern for the environment. Benefits vastly outweigh detriment. Downside would be greater without professional ethical commitment. See Table 2, serial 2.
2	<b>Benefit must be to the public, or to a section of the public</b>	Benefits of sound engineering are to the public generally, and, in varying degrees, to all mankind.
2a	<i>The beneficiaries must be appropriate to the aims</i>	Confirmed.
2b	<i>Where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by:</i>  <i>Geographical or other restrictions</i>  <i>Ability to pay any fees charged</i>	Individual registrants, totalling more than 220,000, receive particular benefits in addition to the general public benefits at 2 above. Discussed at 2d below.  Registration is conditional on meeting academic and other standards of competence – an integral part of achieving the overall public benefit. Moreover, registration is voluntary, not a statutory 'licence to practise'.  Annual registration fees range from £21.34 for Engineering Technician to £43.85 for Chartered Engineer, reducible to £9.46 and £19.83 respectively for individual cases of hardship. See also Table 2, serial 11.  In conclusion, members of the public wishing to become registrants are not unreasonably restricted on either count.
2c	<i>People in poverty must not be excluded from the opportunity to benefit</i>	Covered in 2 and 2b above.
2d	<i>Any private benefits must be incidental</i>	The private benefits of registration directly contribute towards achieving the Engineering Council's aims and are a necessary result of carrying out those aims. The CC's legal analysis underpinning its guidance quotes at para 3.84 a case – IRC v Forrest – relating to membership of one of the Engineering Council's Licensed Member institutions, which applies equally to registration.

**As per specific activities and benefits:**

**Table 2**

Serial	Engineering Council activity	Institution activity	Effect	Public benefit
1	Set and maintain standards of professional competence in four categories: Engineering Technician, Incorporated Engineer, Chartered Engineer, ICT Technician	Contribute to defining standards, in conjunction with industry and academia; promote standards	Identifies competence to practice in the applicable category	Defined learning progression for existing and prospective engineers, technicians and craftspersons; benefit to industry and commerce and thus to national economy
2	Define generic standards of professional conduct and ethics	Tailor standards to own field; require all members to observe standards	Registrants observe standards	Positive contribution to safety, sustainability, the environment, industrial

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		in institution code of conduct. May provide advice facility to members		effectiveness and public confidence
3	Require institutions to have complaints and disciplinary procedures; appellate body in defined circumstances	Produce and operate complaints and disciplinary procedures in support of (2)	Reported breaches of standards by members dealt with fairly and transparently	Public confidence in profession; a degree of redress for complainants
4	License institutions to register qualified individuals through defined procedures	Promote registration and institution membership; assess and register qualified individuals	Evidence of the professional competence and commitment of individual engineers and technicians	Assists employers and clients in recruiting or engaging individuals; public confidence
5	License institutions to accredit academic courses and approve professional development courses for engineers	Accredit and approve courses (often jointly)	Identifies courses leading to exemplifying qualifications for individual registration.  Coherent, relevant national standards, adopted by Quality Assurance Agency (QAA)	Raises and maintains the quality of engineering education; helps to inform curriculum design and promote innovative methods of teaching; assists students in selecting courses and career options; encourages education in economically important fields; attracts foreign students to UK universities, enhancing the universities' reputation and financial position; supports industry in developing high quality programmes that support professional registration
6	License institutions to approve vocational qualifications and programmes for technicians; host a technician working group to develop initiatives and share good practice	Approve Vocational Qualifications (VQs) and apprenticeship programmes	Links existing VQs and apprenticeship programmes to Engineering Technician standard	Informs awarding organisations and apprenticeship developers of suitability of VQs and apprenticeship programmes for registration; allows individuals with approved VQs and apprenticeships to register as Engineering Technicians via a streamlined route
7	State requirement for individual CPD (part of (2))	Facilitate and monitor members' CPD	Members maintain competence	Contributes to (2), (4) and (5)
8	Conduct periodic review of licensed institutions	Operate internal quality assurance procedures	Licence requirements and standards maintained and applied consistently	Underpins (2-6)
9	Represent UK in negotiating international agreements for mutual recognition of qualifications; advise government departments	Advise and support members; admit and register qualified individuals educated overseas; form alliances with	Increased employment and working mobility of engineers and technicians	UK firms can compete and operate more effectively overseas, to the benefit of UK economy; overseas recognition of and demand for UK professional recognition enhances

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		overseas institutions		reputation of UK; increased recognition of UK engineering qualifications provides greater encouragement for individuals to seek the knowledge and competence to achieve them
10	Train institution volunteers in registration and accreditation procedures (e.g., interviewing, mentoring, assessment)	Identify volunteers from among members; cascade training to further volunteers	Contributes to (4, 5, 8)	Contributes to (4, 5, 8)
11	Charge individual registration fees	Charge individual membership fees	Financial viability of bodies	All bodies charge reduced fees for some of student members, young members, technician members, non-corporate (unqualified) members, members temporarily not working, retired members

## 7. How we operate

### How we are governed

The Engineering Council, whose registered office is 5<sup>th</sup> Floor, 10 Lower Thames St, London EC3R 6EN was incorporated by Royal Charter on 27 November 1981 and is a registered charity, No. 286142, whose objects are:

*To advance education in, and to promote the science and practice of, engineering (including relevant technology) for the public benefit and thereby to promote industry and commerce in Our United Kingdom and elsewhere.*

However, as a result of changes made to the profession under the direction of Lord Sainsbury, Minister for Science and Innovation (1998 to 2006), the scope and responsibility was narrowed down to operate the national Register.

### How we are funded

The Engineering Council's principal source of funding is the annual registration fees of individual registered engineers and technicians. The fees are collected by the professional engineering institutions and remitted to EngineeringUK, from which a grant is made to the Engineering Council.

This operating grant is used to cover the cost of carrying out regulatory activities, which include maintenance of standards; licensing of professional engineering institutions as Licensees and Professional Affiliates; international representation in Engineers Europe (previously FEANI) and the International Engineering Alliance; operation of the engineering profession's national Register; and support for the promotion of registration by professional engineering institutions.

The annual registration fees from Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians support the work of the Engineering Council and EngineeringUK.

The Engineering Council does not engage any external fundraisers nor raises funds from the general public and as such no complaints have been received in this respect.

### The Board of Trustees

The Engineering Council is governed by a 22-member Board of Trustees, which is appointed in accordance with the Engineering Council's Bye-laws. Twelve of the members are appointed by the major professional engineering institutions, three by the smaller institutions and the remaining seven by EngineeringUK. The composition of the Board provides stakeholder representation through institution-nominated members, and the involvement of the wider profession through EngineeringUK nominees.

The Board met on three occasions in 2023 (March, June and November) with the meetings chaired by Prof Chris Atkin CEng FRAeS FREng and then, upon his appointment as Chair at the June 2023 AGM, by Professor John Chudley BSc PhD CEng FIMarEST..

The Board appoints the Chief Executive Officer, who is in turn responsible for staffing within parameters established by the Board.

The constitution and membership of the Board is published on the Engineering Council website ([www.engc.org.uk](http://www.engc.org.uk)). An extranet requiring a password (from October 2017, the Partner Portal, at <https://partner.engc.org.uk>) is available to stakeholders, primarily Licensees, Professional Affiliates, Engineering Council Trustees, and volunteer members of the Engineering Council's Committee and Panels, as well as Engineering Council staff. The Charter and Bye-laws, Regulations and Terms of Reference of the Board's Committees and Panels are published on the Partner Portal together with other information including agendas, minutes and papers and proceedings of the Board, Committees and Panels.

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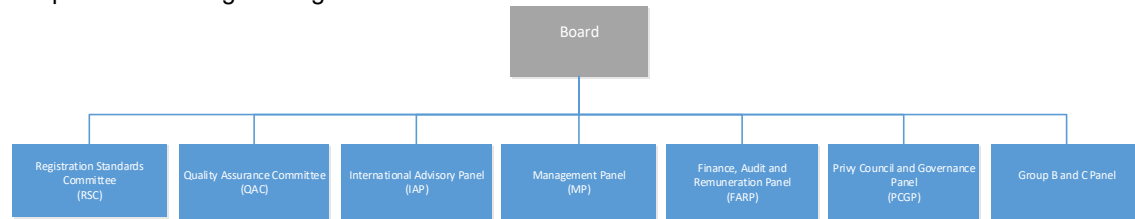
Within three months of joining the Board, Trustees are given an induction by the Executive Team, which is based on the Institute of Chartered Secretaries and Administrators Best Practice Guide to the Appointment and Induction of Charity Trustees. Further trustee training, including GDPR training, is undertaken as appropriate.

The following table presents changes to Board members during 2023.

	Nominated by	Board Member	Term of Office ended	Term of Office started
1	BCS, The Chartered Institute for IT	EURING Alastair Revell BSC(Hons) CEng CITPFBCS FRSA FIAP		
2	Chartered Institution of Building Services Engineers	Mr Andrew Rowe BEng (Hons) CEng MCIBSE MSLI MIWFM		
3	Institution of Chemical Engineers	Dr Rob Best CEng FICHEM		
4	Institution of Civil Engineers	Mrs Emer Murnaghan OBE BEng CEng MICE CEnv MIW FIEI		
5	Institution of Engineering & Technology	Mr James Baker CEng FIET		
6	Institution of Engineering & Technology	Ms Michelle Richmond CEng FIET	June 2023	
6	Institution of Engineering & Technology	Ms Margaret Graham CEng Hon FIET		June 2023
7	Institute of Marine Engineering, Science & Technology	John Chudley BSc PhD CEng FIMarEST-Chair		
8	Institute of Materials, Minerals and Mining	Mr Jim Shields CEng CSci FIMMM CGeol FGS FICE FIQ		
9	Institution of Mechanical Engineers	Mr Mike McLoughlin CEng FIMechE FIET		
10	Royal Aeronautical Society	Prof Chris Atkin CEng FRAeS FREng	June 2023	
10	Royal Aeronautical Society	Mr Martin Penn CEng FRAeS		June 2023
11	Society of Operations Engineers	Prof. Steve Burnage CEng CEnv FIMechE FSOE IMAAEEES		
12	Institution of Structural Engineers	Mr Phil Nelson CEng FStructE		
13	Group B Institutions	Terry Fuller CEng MICE MCIWEM	June 2023	
13	Group B Institutions	EURING Simon Vaitkevicius CEng FIED		November 2023
14	Group B Institutions	Mr Neil Phelps IEng MIED		
15	Group C Institutions	Mr Tony Gibson CEng MNucl MIET MAPM MINCOSE		
16	EngineeringUK	Mr David Short CEng FRAeS FIET		
17	EngineeringUK	Ms Ann Watson	October 2023	
18	EngineeringUK	Mr Matt Gantley		
19	EngineeringUK	Ms Estelle Clark CQP FCQI		
20	EngineeringUK	Mrs Josephine Parker MBE CEng FCIWEM FICE FWater		
21	EngineeringUK	Capt Mike Rose RN CEng MIMarEST	June 2023	
21	EngineeringUK	Ms Emma Crichton MEng CEng MICE		June 2023
22	EngineeringUK	Ms Ann Francke OBE CMgr CCMI		

## Committees and Panels

The Board operates through the two principal committees and five panels listed below. All committee and panel Chairs are members of the Board. Other committee and panel members are nominated by the professional engineering institutions.



The **Registration Standards Committee (RSC)** has oversight of matters to do with the education, training and professional development of professional engineers and technicians. It is responsible for maintaining the standards of competence and commitment and maintaining the underpinning knowledge and understanding requirements for professional registration. This includes publishing, and keeping under review, the Registration Code of Practice that aligns with the requirements set out in the UK Standard for Professional Engineering Competence (UK-SPEC), the ICT Technician Standard, and the standards for the accreditation of HE programmes and approved apprenticeships. RSC comprises nominees from professional engineering institutions, including from academia and industry, which ensures that the Engineering Council is kept abreast of developments in education and professional development that relate to professional engineers and technicians. The committee met three times in 2023.

The **Quality Assurance Committee (QAC)** is responsible for licensing professional engineering institutions that are considered competent to assess candidates for professional registration, accredit academic programmes, and approve professional development schemes. This involves a periodic review of the institutions' registration process, reviewing and making appropriate changes to licensing policies and processes, and encouraging information exchange between institutions, while maintaining an overview of licence related issues. It also approves suitable bodies as Professional Affiliates. QAC comprises members nominated by the licensed institutions who are registrants and of suitable standing and experience. The committee met four times in 2023.

The **International Advisory Panel (IAP)** is responsible for advising on matters that have an impact on the global recognition of Engineering Council standards and the international mobility of engineering professionals. This involves advising on the international promotion of the national Register, updating the Board on relevant international developments, guiding the Engineering Council's international activity and identifying suitable representatives of the UK engineering profession to join international committees. IAP acts as the National Monitoring Committee for Engineers Europe (previously FEANI) registration purposes and as the responsible Committee for the UK section of International Registers. IAP also promotes the flow of communications between the Engineering Council and the institutions on international matters. IAP comprises nominees from professional engineering institutions, including from academia and industry, with international experience and expert knowledge of mobility issues affecting professional engineers and technicians. The Panel met three times in 2023.

The **Finance, Audit and Remuneration Panel (FARP)** has responsibility for keeping the financial management of the Engineering Council under review. Through the delegated authority of the Board, it approves variations to expenditure and investment policy within established limits. The Panel advises the Board and CEO on financial services; monthly management accounts; remuneration; staff pensions; subscription and fees policies; the annual budget, report and accounts; risk assessment policy; audit reports and delegated financial authorities. In addition to the Chair, FARP comprises two current trustees and three other members with relevant knowledge and experience. The Panel met three times in 2023.

The **Privy Council and Governance Panel (PCGP)** is responsible for the periodic review of the Charter, Bye-laws and Regulations of the Engineering Council, and making proposals for change to the Board. The Panel also advises the Board on its response to requests for advice from the Privy Council Office and other government departments on matters concerning the constitution of relevant institutions. PCGP provides advice to professional engineering institutions on constitution, governance and

disciplinary procedures. This involves publishing and reviewing guidance on disciplinary procedures and consulting with Licensees on significant proposed changes to policies or procedures. PCGP also considers representations from professional engineering institutions, registrants or members of the public concerning the conduct of institutions or registrants and determines whether, and if so how, appeal proceedings should take place. PCGP comprises suitable nominees from the Board, together with advisors to assist in this work of the Panel. The PCGP met four times in 2023.

The **Management Panel (MP)** is responsible for day-to-day operational decision making and management of the organisation. The Panel is chaired by the CEO and comprises of the CEO, the Deputy CEO/Head of Policy & Standards, the Head of Business Support and the Head of Licensing & Governance and meets approximately every four to six weeks. Its standing agenda includes IT and Management Information Systems, project management/project reporting, risk management, business planning, HR, finance, quality management and business continuity.

The **Group B and C Panel** provides a forum for the exchange of information and good practice with respect to membership and registration matters concerning small (Group C) and medium-sized (Group B) institutions. It also discusses pan-engineering issues of joint concern and, where appropriate, provides focus for campaigns or lobbying and the dissemination of a collective view. The Panel provides a platform for organisations and individuals to present topics of common interest, including identifying and implementing opportunities for co-operation between institutions for mutual benefit and the public good.

### **Volunteer Effort**

Volunteer effort, through its Board, committees, panels and working groups, continues to be crucial to the work of the Engineering Council. A conservative estimate gives the total days given freely to the Engineering Council throughout the year as approximately 1,200. Given the standing of those involved the financial equivalent would be in the order of £620,000 per annum. These figures have not significantly changed in the last year with our volunteers continuing to provide a similar level of support post the pandemic.

Two remote volunteers' seminars were held in 2023. One held face to face in May and one held remotely in November, both were well attended.

### **Remuneration Policy**

The Engineering Council is committed to ensuring that it pays staff fairly and at an appropriate level in order to attract and retain people with the right skills and experience to ensure that the organisation delivers its charitable objectives and strategic plan.

FARP has delegated authority from the Board of Trustees to determine all matters relating to staff pay and reward. In determining staff remuneration, FARP considers factors such as the increase in cost of living and the general rate of salary increases in the market during the preceding 12 months. Bonus payments are awarded on a discretionary basis to provide staff with appropriate incentives to encourage enhanced performance and to reward them in a fair and responsible manner for their individual contributions to the success of the organisation.

## **KEY MANAGEMENT PERSONNEL**

### **Chief Executive Officer**

Paul Bailey BSc (Hons) FRAeS MInstP

### **Head of Policy & Standards and Deputy CEO**

Katy Turff BA (Hons) CMgr MCMI

### **Head of Business Support**

Wanda Proctor BA (Hons) ACMA

### **Head of Licensing & Governance**

Stuart Ingram BA (Hons)

## Professional Advisors

Service	Organisation	Address
Actuaries & Pension Administrators	Cartwright Benefit Consultants Ltd.	Marlborough House, Victoria Road, Chelmsford, Essex, CM1 1LN
Auditors	Haysmacintyre LLP	10 Queen Street Place, London EC4R 1AG
Bankers	HSBC Bank plc	165 Fleet Street, London, EC4A 2DY
Financial Accountants	Kreston Reeves LLP	37 St Margaret's Street, Canterbury, CT1 2TU
Investment Managers	Cazenove Capital	1 London Wall Place, London, EC2Y 5AU
Lawyers	Veale Wasbrough Vizards LLP	Narrow Quay House, Narrow Quay, Bristol BS1 4QA

## 8. Statement of Trustees' responsibilities

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

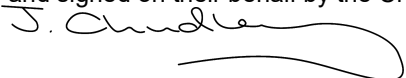
The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which provides a true and fair view of the state of affairs and the incoming resources and application of resources, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities Statements of Recommended Practice (SORP)
- make judgments and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, insofar as these are appropriate to the Council, its Royal Charter and Bye-laws, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

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

The above Trustees' Report on pages 1-24 was approved by the Trustees on 20 June 2024 and signed on their behalf by the Chairman of the Board:



Professor John Chudley BSc PhD CEng FIMarEST

## 9. Independent auditor's report to the Trustees of The Engineering Council

### Opinion

We have audited the financial statements of The Engineering Council for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2023 and of the charity's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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.

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or

- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement [set out on page 23], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Charities Act 2011 and its Royal Charter, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and the application of FRS102, income tax and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to application of controls around authorisation of expenditure and payments. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Review of minutes of meetings;
- Identifying and testing journals, in particular journal entries posted as part of the year end process; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Haysmacintyre LLP  
Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

26 June 2024

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

## The Engineering Council

### Statement of financial activities for the year ended 31 December 2023

	Note	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
<b>Income from:</b>					
Charitable activities	4	121,802	2,955,537	3,077,339	2,928,606
Other trading activities	5	-	7,210	7,210	9,626
Investments	6	-	28,053	28,053	33,108
<b>Total income</b>		<b>121,802</b>	<b>2,990,800</b>	<b>3,112,602</b>	<b>2,971,340</b>
<b>Expenditure on:</b>					
Raising funds		-	2,523	2,523	1,604
Charitable activities	7	121,802	3,046,141	3,167,943	2,898,377
<b>Total expenditure</b>		<b>121,802</b>	<b>3,048,664</b>	<b>3,170,466</b>	<b>2,899,981</b>
<b>Net (expenditure)/income before net gains/(losses) on investments</b>		<b>-</b>	<b>(57,864)</b>	<b>(57,864)</b>	<b>71,359</b>
Net gains/(losses) on investments		-	128,784	128,784	(11,762)
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>-</b>	<b>70,920</b>	<b>70,920</b>	<b>59,597</b>
<b>Other recognised gains/(losses):</b>					
Actuarial losses on defined benefit pension schemes		-	(147,000)	(147,000)	(893,000)
Derecognition of pension surplus		-	254,000	254,000	966,000
<b>Net movement in funds</b>		<b>-</b>	<b>177,920</b>	<b>177,920</b>	<b>132,597</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		-	3,163,483	3,163,483	3,030,886
Net movement in funds		-	177,920	177,920	132,597
<b>Total funds carried forward</b>		<b>-</b>	<b>3,341,403</b>	<b>3,341,403</b>	<b>3,163,483</b>

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

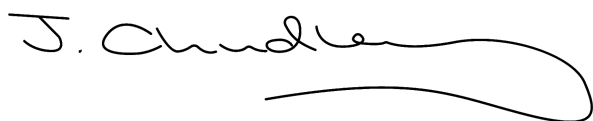
The notes on pages 30 to 52 form part of these financial statements.

## The Engineering Council

### Balance sheet as at 31 December 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	14	83,253	131,831
Investments	15	2,243,002	2,103,914
		<u>2,326,255</u>	<u>2,235,745</u>
<b>Current assets</b>			
Debtors	16	164,170	86,923
Cash at bank and in hand		1,259,957	1,188,156
		<u>1,424,127</u>	<u>1,275,079</u>
Creditors: amounts falling due within one year	17	(408,979)	(347,341)
		<u>1,015,148</u>	<u>927,738</u>
<b>Net current assets</b>		<b>1,015,148</b>	<b>927,738</b>
<b>Net assets including pension scheme liabilities</b>		<b>3,341,403</b>	<b>3,163,483</b>
<b>Charity funds</b>			
Restricted funds	18	-	-
Unrestricted funds	18	3,341,403	3,163,483
		<u>3,341,403</u>	<u>3,163,483</u>
<b>Total funds</b>		<b>3,341,403</b>	<b>3,163,483</b>

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



**Professor John Chudley BSc PhD CEng FIMarEST**  
Chair of Trustees  
Date: 20 June 2024

The notes on pages 30 to 52 form part of these financial statements.

## The Engineering Council

### Statement of cash flows for the year ended 31 December 2023

	2023 £	2022 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	214,284	257,964
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Dividends, interests and rents from investments	5,574	1,539
Purchase of tangible fixed assets	(8,969)	(746)
Proceeds from sale of investments	1,492	1,331,407
Purchase of investments	(11,796)	(3,447,083)
Gains on sale of investments	(128,784)	11,762
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(142,483)</b>	<b>(2,103,121)</b>
	<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>	<b>71,801</b>	<b>(1,845,157)</b>
Cash and cash equivalents at the beginning of the year	1,188,156	3,033,313
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,259,957</b>	<b>1,188,156</b>
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 30 to 52 form part of these financial statements

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 1. General information

The Engineering Council is an unincorporated charity registered with the Charity Commission. The registered office is 10 Lower Thames Street, London, EC3R 6EN.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Engineering Council meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

##### 2.2 Going concern

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

##### 2.3 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

##### 2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Charitable activities are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity, all incurred in achieving the charity's objectives.

All expenditure is inclusive of irrecoverable VAT.

**Notes to the financial statements  
for the year ended 31 December 2023**

**2. Accounting policies (continued)**

**2.5 Tangible fixed assets and depreciation**

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Fixtures and fittings	- 20% straight line
Office equipment	- 25% straight line
Computer equipment	- 33% straight line

Assets of nil book value are removed from the asset register after 10 years, irrespective of whether they exist or not. These are included in "Disposals during the year" as appropriate.

**2.6 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

**2.7 Interest receivable**

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

**2.8 Operating leases**

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**2.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2.10 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Notes to the financial statements  
for the year ended 31 December 2023**

**2. Accounting policies (continued)**

**2.11 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

**2.12 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.13 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.

**2.14 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**Notes to the financial statements  
for the year ended 31 December 2023**

**2. Accounting policies (continued)**

**2.15 Pensions**

The Engineering Council contributes to a contracted-out defined benefit pension scheme, the Engineering Council Pension Scheme. This scheme was closed to new entrants on 3 July 2002. The Scheme closed to future accrual with effect from 30 April 2012.

The Engineering Council fully adopts Financial Reporting Standard 102 (FRS102) and the impact of this standard has been reflected throughout the financial statements.

In accordance with FRS102, the Statement of Financial Activities includes: the cost of benefits accruing during the year in respect of current service costs (charged against staff costs within charitable activities); the interest cost and the expected return on assets (shown as direct costs); and actuarial gains and losses (disclosed within other recognised gains and losses).

In accordance with FRS102, the balance sheet includes the surplus or deficit in the scheme. This has been estimated for the purposes of FRS102 based on the results of the funding Actuarial Valuation, adjusted for the different assumptions and taking into consideration subsequent cash flows.

Further details regarding the scheme are disclosed in note 24.

The Engineering Council also contributes to a defined contribution stakeholder pension scheme operated by Scottish Widows. Contributions are charged to the Statement of Financial Activities as they fall due.

**2.16 Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**2.17 Value Added Tax**

Due to the nature of the Engineering Council's income sources, almost all VAT incurred on purchases is irrecoverable. Irrecoverable VAT input charges have therefore been included in the expenditure areas to which they relate.

**Notes to the financial statements  
for the year ended 31 December 2023**

**3. Critical accounting estimates and areas of judgment**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Defined benefit pension scheme*

In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The charity also contributes to the Engineering Council Pension Scheme. The scheme is a defined benefit scheme in accordance with section 28 of FRS 102. Service costs, curtailments, settlement gains and losses, net financial returns and rereasurement gains and losses are included in the Statement of Financial Activities in the year to which they relate.

Changes in the assets and liabilities of the scheme in the year are disclosed and allocated as follows:

- Changes relating to current or past service costs and gains and losses on settlements and curtailments and pension finance costs arising from changes in the net of the interest costs and expected return on assets, are allocated to the relevant activity heading based on staff costs of employees within the scheme.
- Pension finance charges arising from similar changes are recognised as expenditure.
- Remeasurement gains and losses are recognised as other recognised gains and losses.

The assets, liabilities and movements in the surplus or deficit of the scheme are calculated by qualified independent actuaries as an update to the latest full actuarial valuation.

Details of the scheme assets and liabilities and major assumptions are shown in note 24.

*Tangible fixed assets*

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that accrual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Although tangible fixed assets are significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically, no changes have been required.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 4. Income from charitable activities

	<b>Restricted funds 2023 £</b>	<b>Unrestricted funds 2023 £</b>	<b>Total funds 2023 £</b>
Grants	121,802	2,811,859	<b>2,933,661</b>
FEANI income	-	85,388	<b>85,388</b>
Admin fee from EngineeringUK	-	14,290	<b>14,290</b>
Professional services	-	13,000	<b>13,000</b>
MCP license fees	-	31,000	<b>31,000</b>
	<u>121,802</u>	<u>2,955,537</u>	<u><b>3,077,339</b></u>

Prior year - 2022

	<i>Restricted funds 2022 £</i>	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Grants	112,261	2,703,711	2,815,972
FEANI income	-	69,581	69,581
Miscellaneous income	-	3	3
Admin fee from EngineeringUK	-	16,500	16,500
Professional services	-	8,500	8,500
MCP license fees	-	18,500	18,500
	<u>112,261</u>	<u>2,816,795</u>	<u>2,929,056</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 5. Other trading activities

	<b>Unrestricted funds 2023 £</b>	<b>Total funds 2023 £</b>
Trading income	7,210	7,210
Stamp purchases	(2,523)	(2,523)
	<u>4,687</u>	<u>4,687</u>
	<u><u>4,687</u></u>	<u><u>4,687</u></u>
Prior year - 2022		
	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Trading income	9,626	9,626
Stamp purchases	(1,604)	(1,604)
	<u>8,022</u>	<u>8,022</u>
	<u><u>8,022</u></u>	<u><u>8,022</u></u>

Trading income comprises professional stamps and replacement registration certificates.

#### 6. Investment income

	<b>Unrestricted funds 2023 £</b>	<b>Total funds 2023 £</b>
Interest from fixed asset investments	22,734	22,734
Bank interest receivable	5,319	5,319
	<u>28,053</u>	<u>28,053</u>
	<u><u>28,053</u></u>	<u><u>28,053</u></u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

Prior year - 2022

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Interest from fixed asset investments	32,184	32,184
Bank interest receivable	924	924
	<u>33,108</u>	<u>33,108</u>

#### 7. Analysis of expenditure by activities

	<b>Activities undertaken directly 2023 £</b>	<b>Support costs 2023 £</b>	<b>Total funds 2023 £</b>
Charitable activities	<u>2,849,385</u>	<u>318,558</u>	<u>3,167,943</u>

Prior year - 2022

	<i>Activities undertaken directly 2022 £</i>	<i>Support costs 2022 £</i>	<i>Total funds 2022 £</i>
Charitable activities	<u>2,615,940</u>	<u>282,437</u>	<u>2,898,377</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 8. Direct costs

	<b>Restricted funds 2023 £</b>	<b>Unrestricted funds 2023 £</b>	<b>Total funds 2023 £</b>
Pension expense (note 12)	-	229,000	<b>229,000</b>
Project spend	-	31,536	<b>31,536</b>
Recruitment and temporary staff	-	83,528	<b>83,528</b>
Training	-	27,471	<b>27,471</b>
Computer and information systems costs	-	249,328	<b>249,328</b>
Marketing	-	1,926	<b>1,926</b>
Travel and subsistence	-	50,881	<b>50,881</b>
Subscriptions and meetings	-	101,391	<b>101,391</b>
Accommodation costs	-	275,686	<b>275,686</b>
Wages and salaries (note 11)	121,802	1,676,836	<b>1,798,638</b>
	<u>121,802</u>	<u>2,727,583</u>	<u><b>2,849,385</b></u>

#### Prior year - 2022

	<i>Restricted funds 2022 £</i>	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Pension expense (note 12)	-	185,000	185,000
Project spend	-	34,160	34,160
Recruitment and temporary staff	-	47,339	47,339
Training	-	14,812	14,812
Computer and information systems costs	-	189,078	189,078
Marketing	-	7,307	7,307
Travel and subsistence	-	21,017	21,017
Subscriptions and meetings	-	92,311	92,311
Accommodation costs	-	252,271	252,271
Wages and salaries (note 11)	112,261	1,654,138	1,766,399
	<u>112,261</u>	<u>2,497,433</u>	<u>2,609,694</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 9. Support costs

	Unrestricted funds 2023 £	Total funds 2023 £
<b>General support</b>		
Telephone	10,674	<b>10,674</b>
Printing, stationery and office supplies	46,658	<b>46,658</b>
Maintenance of equipment	31,902	<b>31,902</b>
Sundries	6,786	<b>6,786</b>
Rental of office equipment	8,309	<b>8,309</b>
Bank charges	9,010	<b>9,010</b>
Accountancy	4,200	<b>4,200</b>
Legal and professional	22,049	<b>22,049</b>
Insurance	52,913	<b>52,913</b>
Application fees	21,680	<b>21,680</b>
Bad debts	1,224	<b>1,224</b>
Depreciation	57,548	<b>57,548</b>
Exchange rate variance	23	<b>23</b>
	<hr/>	<hr/>
<b>Governance</b>	<b>272,976</b>	<b>272,976</b>
Accountancy	26,673	<b>26,673</b>
Auditors' remuneration	18,909	<b>18,909</b>
	<hr/>	<hr/>
	<b>318,558</b>	<b>318,558</b>
	<hr/> <hr/>	<hr/> <hr/>

Support costs are allocated in full to the only charitable activity of the charity.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

Prior year - 2022

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
<b>General support</b>		
Telephone	10,907	10,907
Printing, stationery and office supplies	43,903	43,903
Maintenance of equipment	25,670	25,670
Sundries	5,386	5,386
Rental of office equipment	7,859	7,859
Bank charges	5,208	5,208
Accountancy	3,300	3,300
Legal and professional fees	11,725	11,725
Insurance	42,955	42,955
Application fees	11,027	11,027
Office move costs	6,392	6,392
Depreciation	60,118	60,118
	<hr/> 234,450	<hr/> 234,450
<b>Governance</b>		
Accountancy	26,019	26,019
Auditors' remuneration	13,819	13,819
	<hr/> 274,288	<hr/> 274,288

#### 10. Auditor's remuneration

	<b>2023 £</b>	<i>2022 £</i>
Fees payable to the charity's auditor for the audit of the charity's annual accounts - excluding VAT	<b>18,909</b>	13,819
	<hr/> <hr/>	<hr/> <hr/>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 11. Staff costs

	2023 £	2022 £
Wages and salaries	1,464,791	1,424,471
Social security costs	161,796	166,365
Contribution to defined contribution pension schemes	401,051	360,563
	<u>2,027,638</u>	<u>1,951,399</u>

There were no ex-gratia termination payments included within wages and salaries during the year. (2022: £12,943).

The average number of persons employed by the charity during the year was as follows:

	2023 No.	2022 No.
	<u>30</u>	<u>30</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2023 No.	2022 No.
In the band £60,001 - £70,000	1	-
In the band £80,001 - £90,000	1	1
In the band £100,001 - £110,000	1	1
In the band £150,001 - £160,000	1	-
In the band £160,001 - £170,000	-	1

Employers pension contributions totalling £62,808 (2022: £58,999) were paid to higher paid employees.

The total employment benefits of the key management personnel were £531,747 including employer's national insurance contributions of £48,529 (2022 - £463,658 including employer's national insurance contributions of £42,857).

#### 12. Pension expense

	2023 £	2022 £
Interest on pension scheme liabilities	449,000	261,000
Interest on scheme assets	(449,000)	(261,000)
Administrative expenses	229,000	185,000
	<u>229,000</u>	<u>185,000</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 13. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31 December 2023, expenses totalling £10,909 were reimbursed or paid directly to 15 Trustees (2022 - £2,809 to 9 Trustees) for travel expenses incurred.

#### 14. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2023	444,399	33,341	314,588	792,328
Additions	-	-	8,969	8,969
At 31 December 2023	<u>444,399</u>	<u>33,341</u>	<u>323,557</u>	<u>801,297</u>
<b>Depreciation</b>				
At 1 January 2023	320,707	32,059	307,731	660,497
Charge for the year	49,623	1,042	6,882	57,547
At 31 December 2023	<u>370,330</u>	<u>33,101</u>	<u>314,613</u>	<u>718,044</u>
<b>Net book value</b>				
At 31 December 2023	<u>74,069</u>	<u>240</u>	<u>8,944</u>	<u>83,253</u>
At 31 December 2022	<u>123,692</u>	<u>1,282</u>	<u>6,857</u>	<u>131,831</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 15. Fixed asset investments

	Listed investments £
<b>Cost or valuation</b>	
At 1 January 2023	2,103,914
Additions	11,796
Disposals	(1,492)
Revaluations	128,784
	<u>2,243,002</u>
At 31 December 2023	<u><u>2,243,002</u></u>
<b>Net book value</b>	
At 31 December 2023	2,243,002
<i>At 31 December 2022</i>	<u><u>2,103,914</u></u>

#### 16. Debtors

	2023 £	2022 £
<b>Due within one year</b>		
Trade debtors	7,712	13,616
Other debtors	-	5,170
Prepayments and accrued income	156,458	68,137
	<u>164,170</u>	<u>86,923</u>
	<u><u>164,170</u></u>	<u><u>86,923</u></u>

#### 17. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	54,374	17,289
Amounts owed to group undertakings	98,965	63,377
Other taxation and social security	68,639	63,377
Other creditors	-	13,832
Accruals and deferred income	187,001	189,466
	<u>408,979</u>	<u>347,341</u>
	<u><u>408,979</u></u>	<u><u>347,341</u></u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 18. Statement of funds

##### Statement of funds - current year

	Balance at 1 January 2023 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 December 2023 £
<b>Unrestricted funds</b>					
General Funds	3,163,483	2,990,800	(3,048,664)	235,784	3,341,403
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Restricted funds</b>					
Pension fund grant	-	121,802	(121,802)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total of funds</b>	<b>3,163,483</b>	<b>3,112,602</b>	<b>(3,170,466)</b>	<b>235,784</b>	<b>3,341,403</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

##### **Pension reserve**

This represents the movement on the defined benefit pension scheme. At the end of the year the scheme was in surplus, this was de-recognised since it is deemed non-recoverable.

##### **Pension fund grant**

This represents the grant from EngineeringUK which was paid into the defined benefit pension scheme as a lump-sum contribution following consultation with the actuaries.

The Engineering Council

Notes to the financial statements  
for the year ended 31 December 2023

18. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 January 2022 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2022 £</i>
<b>Unrestricted funds</b>					
General Funds	3,030,886	2,859,079	(2,787,720)	61,238	3,163,483
<b>Restricted funds</b>					
Pension fund grant	-	112,261	(112,261)	-	-
<b>Total of funds</b>	<b>3,030,886</b>	<b>2,971,340</b>	<b>(2,899,981)</b>	<b>61,238</b>	<b>3,163,483</b>

19. Summary of funds

Summary of funds - current year

	<b>Balance at 1 January 2023 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Gains/ (Losses) £</b>	<b>Balance at 31 December 2023 £</b>
General funds	3,163,483	2,990,800	(3,048,664)	235,784	3,341,403
Restricted funds	-	121,802	(121,802)	-	-
	<b>3,163,483</b>	<b>3,112,602</b>	<b>(3,170,466)</b>	<b>235,784</b>	<b>3,341,403</b>

Summary of funds - prior year

	<i>Balance at 1 January 2022 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2022 £</i>
General funds	3,030,886	2,859,079	(2,787,720)	61,238	3,163,483
Restricted funds	-	112,261	(112,261)	-	-
	<b>3,030,886</b>	<b>2,971,340</b>	<b>(2,899,981)</b>	<b>61,238</b>	<b>3,163,483</b>

Notes to the financial statements  
for the year ended 31 December 2023

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	83,253	<b>83,253</b>
Fixed asset investments	2,243,002	<b>2,243,002</b>
Current assets	1,424,127	<b>1,424,127</b>
Creditors due within one year	(408,979)	<b>(408,979)</b>
<b>Total</b>	<b>3,341,403</b>	<b>3,341,403</b>

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Tangible fixed assets	131,831	131,831
Fixed asset investments	2,103,914	2,103,914
Current assets	1,275,079	1,275,079
Creditors due within one year	(347,341)	(347,341)
<b>Total</b>	<b>3,163,483</b>	<b>3,163,483</b>

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2023 £	2022 £
Net income for the year (as per Statement of Financial Activities)	<b>70,920</b>	59,597
<b>Adjustments for:</b>		
Depreciation charges	<b>57,547</b>	60,118
Dividends, interests and rents from investments	<b>(5,574)</b>	(1,539)
Decrease/(increase) in debtors	<b>(78,471)</b>	1,938
Increase in creditors	<b>66,888</b>	64,850
Pension adjustments	<b>107,000</b>	73,000
<b>Net cash provided by operating activities</b>	<b>218,310</b>	257,964

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 22. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand	1,259,957	1,188,156
<b>Total cash and cash equivalents</b>	<b>1,259,957</b>	<b>1,188,156</b>

#### 23. Analysis of changes in net debt

	At 1 January 2023 £	Cash flows £	At 31 December 2023 £
Cash at bank and in hand	1,188,156	71,801	1,259,957
	<b>1,188,156</b>	<b>71,801</b>	<b>1,259,957</b>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 24. Pension commitments

The charity operates a defined benefit pension scheme.

The Engineering Council contributes to a contracted-out defined benefit pension scheme, The Engineering Council Pension Scheme. This scheme was closed to new entrants on 3 July 2002.

The full actuarial valuation as at 31 December 2018 was updated to the Scheme's accounting date by an independent qualified actuary in accordance with FRS102. As required by FRS102, the actuarial method adopted to calculate the present value of member's expected benefits is the projected unit method.

Following consultation with the actuaries, The Engineering Council made a lump-sum contribution of £105,000 in March 2019.

The present value of the liability to meet future pension obligations of members is arrived at by applying a discount rate equivalent to the return expected to be derived from a class AA corporate bond. At 31 December 2022 this was 4.50% (2022 - 4.80%).

The assets of the scheme are valued at their market value at the balance sheet date. This value will therefore fluctuate materially from year to year in response to market conditions.

The Engineering Council is the principal employer and Engineering UK is a participating employer under this scheme. The proportion of the total scheme fund attributable to Engineering Council staff and ex-Engineering Council staff is 100% (2022 - 100%). On withdrawal from the Scheme by Engineering Council or closure, assets would be segregated in a similar proportion.

The Scheme closed to future accrual with effect from 30 April 2012.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2023	2022
Discount rate	4.50%	4.80%
Retail price inflation	3.40%	3.60%
Future salary increases	3.30%	3.50%

The assets in the scheme and the expected rates of return were:

	2023 £	2022 £
Equities	1,777,690	2,368,740
Bonds	8,574,740	8,290,590
Cash	104,570	107,670
	<u>10,457,000</u>	<u>10,767,000</u>

The actual return on scheme assets was £506,000 (2022 - £(4,650,000)).

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

The amounts recognised in the Balance sheet are as follows:

	2023 £	2022 £
Present value of funded obligations	(9,646,000)	(9,702,000)
Unrecognised past service cost	10,457,000	10,767,000
	<hr/>	<hr/>
Surplus in scheme	811,000	1,065,000
Adjustment for non-recoverable surplus	(811,000)	(1,065,000)
	<hr/>	<hr/>
<b>Net assets</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

The charity has an unrecognised surplus of £811,000 (2022 - £1,065,000) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

The amounts recognised in the Statement of financial activities are as follows:

	2023 £	2022 £
Interest on obligation	(449,000)	(261,000)
Expected return on scheme assets	449,000	261,000
Administrative expenses	(229,000)	(185,000)
	<hr/>	<hr/>
<b>Total amount recognised in the Statement of financial activities</b>	<b>(229,000)</b>	<b>(185,000)</b>
	<hr/> <hr/>	<hr/> <hr/>

The actuarial loss on the scheme at year end was £147,000 (2022 - loss £893,000).

Movements in the present value of the defined benefit obligation were as follows:

	2023 £	2022 £
Opening defined benefit obligation	9,702,000	14,052,000
Interest cost	449,000	261,000
Actuarial losses/(gains)	204,000	(4,018,000)
Benefits paid	(709,000)	(593,000)
	<hr/>	<hr/>
<b>Closing defined benefit obligation</b>	<b>9,646,000</b>	<b>9,702,000</b>
	<hr/> <hr/>	<hr/> <hr/>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

Changes in the fair value of scheme assets were as follows:

	2023 £	2022 £
Opening fair value of scheme assets	10,767,000	16,083,000
Expected return on assets	449,000	261,000
Actuarial gains/(losses)	57,000	(4,911,000)
Contributions by employer	122,000	112,000
Benefits paid	(709,000)	(593,000)
Administrative expenses	(229,000)	(185,000)
	<u>10,457,000</u>	<u>10,767,000</u>

The charity contributed £122,000 to its Defined benefit pension scheme in 2023 expecting to increase annually on 1 January at 3.4% per annum

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2023	2022
Equities and property	17%	22%
Bonds	82%	77%
Cash	1%	1%

#### Stakeholder and other pension schemes

The board at a meeting on 3 July 2002 decided to no longer offer entry to The Engineering Council Pension Scheme to new staff and nominated a stakeholder pension scheme instead. This is a defined contribution scheme operated by Scottish Widows and is not contracted out for the earnings related part of the State Pension Scheme. The employer contributes 10% of pensionable salary and the employee 5%.

The Engineering Council employer contributions during 2023 were £172,249 (2022 - £175,302).

#### 25. Operating lease commitments

At 31 December 2023 the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Not later than 1 year	148,136	148,264
Later than 1 year and not later than 5 years	14,673	162,809
	<u>162,809</u>	<u>311,073</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 26. Related party transactions

EngineeringUK is a related party to the Engineering Council. Under the Engineering Council supplemental charter which came into effect on 22 March 2002, EngineeringUK may nominate 7 of its 22 Board members. By its Regulations, the Engineering Council has assigned all income from its registration fees to EngineeringUK. Changes to this regulation cannot be made without EngineeringUK's approval. The level of fee is determined by EngineeringUK.

During the year ended 31 December 2023, the following transactions took place between the parties arising from the above:

EngineeringUK provided a grant to the Engineering Council of £2,811,859 (2022 - £2,703,711) to fund its operation plus £121,802 (2022: £112,261) for the pension scheme.

To cover administration costs, The Engineering Council charged EngineeringUK £14,290 (2022 - £16,500) in the year.

On 31 December 2023, Engineering Council owed EngineeringUK the sum of £98,965 (2022 - £63,377). This amount is disclosed within creditors falling due within one year.

There were no other related party transactions in the current or the prior year.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2023

#### 27. Comparative statement of financial activities

	<i>Restricted funds 2022 £</i>	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
<b>Income from:</b>			
Charitable activities	112,261	2,816,345	2,928,606
Other trading activities	-	9,626	9,626
Investments	<u>-</u>	<u>33,108</u>	<u>33,108</u>
<b>Total income</b>	<u>112,261</u>	<u>2,859,079</u>	<u>2,971,340</u>
<b>Expenditure on:</b>			
Raising funds	-	(1,604)	(1,604)
Charitable activities	<u>(112,261)</u>	<u>(2,786,116)</u>	<u>(2,898,377)</u>
<b>Total expenditure</b>	<u>(112,261)</u>	<u>(2,787,720)</u>	<u>(2,899,981)</u>
<b>Net income before investment gains/(losses)</b>	-	71,359	71,359
Net gains/(losses) on investments	<u>-</u>	<u>(11,762)</u>	<u>(11,762)</u>
<b>Net income before other recognised gains and losses</b>	-	59,597	59,597
Derecognition of pension surplus	-	(893,000)	(893,000)
Actuarial gains on defined benefit pension scheme	<u>-</u>	<u>966,000</u>	<u>966,000</u>
<b>Net movement in funds</b>	-	132,597	132,597
<b>Reconciliation of funds:</b>			
Total funds brought forward	<u>-</u>	<u>3,030,886</u>	<u>3,030,886</u>
<b>Total funds carried forward</b>	<u>-</u>	<u>3,163,483</u>	<u>3,163,483</u>

**THE ENGINEERING COUNCIL**

England & Wales - Charity number 286142

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# Accounts

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# Engineering Council

**Registered Charity No 286142**

Annual Report and Financial Accounts 2022

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## Foreword

Operating under a Royal Charter, the Engineering Council is charged with regulating the UK engineering profession on behalf of society. We hold the national Register of those who have satisfied their peers of their competence and commitment as Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians. We set the education standards for engineering programmes that provide the underpinning knowledge and understanding required to practise engineering, as well as setting standards for professional development. We can only achieve this through the commitment of the entire professional engineering community, supported by academics and employers.

Professional registration provides the benchmark which allows the public to have confidence and trust that the engineers and technicians on our Register have met globally recognised professional standards.

Nearly a quarter of a million men and women are currently listed on our Register. The UK has an ageing population, and with the number of registrants aged over 60 representing over a third of those on the Register, we must continue to work hard to maintain a talent pipeline to meet future skills requirements. We therefore welcome the joint initiatives that are underway to ensure that more people enter professional engineering careers and that those who are already professionally registered remain so throughout their working life. This is a strategic imperative for the nation if we are to meet the engineering and technological needs of the future.

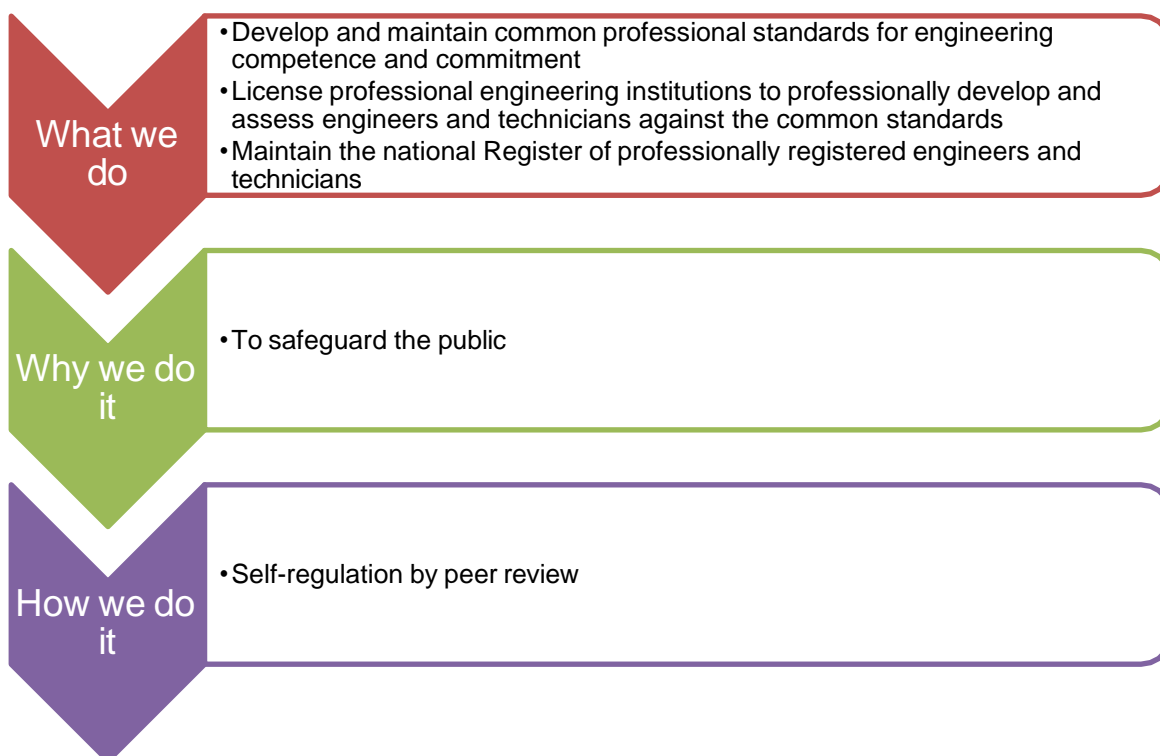
### **Vision:**

That society continues to have confidence and trust in the engineering profession.

### **Mission:**

To maintain internationally recognised standards of competence and commitment for the engineering profession and to license competent institutions to champion the standards for the deliverance of public benefit.

### **What we do, how we do it and why:**



## Chairman and CEO's statements

2022 marked the start of the Engineering Council's next 40 years of setting and maintaining standards, following its incorporation by Royal Charter in November 1981. The maintenance of standards for public benefit continues to be at the core of the Engineering Council's purpose as we move forward. The most recent Ipsos MORI Veracity Index shows engineers are second only to nurses as the most trusted profession, with 87% of those polled trusting engineers to tell the truth: a reputation we as a profession must continue to earn.

During 2022 we have published our 'Engineering Ethics' report (jointly with the Royal Academy of Engineering) and re-initiated our Registration Review, working to ensure our products and services remain relevant to an increasingly diverse future workforce of engineers and technicians. Continuing to facilitate the mobility of professional engineers, we signed Admissions Pathway Agreements with two Spanish professional bodies, agreed a new online applications process for European Engineer (EUR ING) status and provided signposting for refugee engineers. We have delivered a framework for and guidance on Recognised Standards, which fully or partially meet the requirements of our core UK Standard for Professional Engineering Competence and Commitment (UK-SPEC), including updates to our Regulations for Registration (RfR). One of these Recognised Standards is the Higher-Risk Buildings (HRB) Standard, a competence framework to support the new Building Safety regime; we have worked closely on this with relevant professional engineering institutions (PEIs) and expect to receive the first applications for licence extensions in early 2023.

While pandemic-related uncertainties did not entirely disappear in 2022, the Engineering Council has continued to operate effective flexible working arrangements, maintaining our governance arrangements and core functions through a hybrid model of in-person and remote meetings. Working Groups on Diversity & Inclusion and reasonable adjustments to the professional review process were established, as was an organisational Business Continuity Team. Business processes have remained fully operational, assured by our continued certification to the ISO 9001: 2015 quality standard.

There are around quarter of a million professionally registered engineers and technicians on the Engineering Council's Register, all of whom have voluntarily come forward to have their competence and commitment peer reviewed. Professional registration is a crucial means of maintaining society's trust in the profession, while embedding and enhancing a culture of ethical, sustainable behaviour among the engineering community.

The overarching goal of our 2025 Strategy 'Advancing Regulation' (published in July 2021) is 'To maintain the public's confidence in the engineering profession through wider promotion of the Engineering Council's regulatory work, its leadership role within the engineering community and a greater, more diverse and engaged registrant population'. This Strategy informs and structures our subsequent strategic outcomes, against which this Annual Review reports our key achievements during 2022.

2023 will see some changes in senior management, with a new CEO to be appointed in the first quarter of 2023 and a new Chair (Professor John Chudley, currently Vice Chair) taking up the role from our 2023 AGM in June; continuity will continue through our Board of Trustees and Executive Team.

### **Professor Chris Atkin CEng FRAes FREng and Alasdair Coates BEng (Hons) MSc CEng FICE MCIHT CMIOSH**

**Chris Atkin:** As I come towards the end of what has been an extremely rewarding term as Chair of the Engineering Council, assuring the competence and commitment of engineering professionals, and the recognition of our standards for the profession domestically and internationally, is one of the most important tasks I have been able to contribute towards.

**Alasdair Coates:** It has been an honour and privilege to lead the Engineering Council as Chief Executive Officer over these last six years and retiring was a hard decision. I have been very fortunate to work with such a great team of staff, Trustees and stakeholder colleagues in delivering our strategic plans and helping to build the future strategic themes for the Engineering Council around Diversity & Inclusion, Digital Innovation, International and Engineering & Society.

## 1. Registration statistics as of 31 December 2022

**FIGURE 1: NEW TITLES ADDED TO THE REGISTER IN 2022 COMPARED TO 2021**

	Interim			Final			Total		
	2021	2022	Change	2021	2022	Change	2021	2022	Change
EngTech	6	6	-	2,947	2,453	-16.8%	2,953	2,459	-16.7%
IEng	78	67	-14.1%	1,246	1,086	-12.8%	1,324	1,153	-12.9%
CEng	264	196	-25.8%	6,592	5,222	-20.8%	6,856	5,418	-21.0%
ICTTech	-	-	-	209	185	-11.5%	209	185	-11.5%
<b>Total</b>	<b>348</b>	<b>269</b>	<b>-22.7%</b>	<b>10,994</b>	<b>8,946</b>	<b>-18.6%</b>	<b>11,342</b>	<b>9,215</b>	<b>-18.8%</b>

**FIGURE 2: TOTAL NUMBER OF REGISTRANTS ON THE REGISTER IN 2022 COMPARED TO 2021**

	Interim			Final			Total		
	2021	2022	Change	2021	2022	Change	2021	2022	Change
EngTech	126	120	-4.8%	23,252	23,215	-0.2%	23,378	23,335	-0.2%
IEng	1,172	1,118	-4.6%	24,708	23,882	-3.3%	25,880	25,000	-3.4%
CEng	5,334	5,058	-5.2%	172,896	170,691	-1.3%	178,230	175,749	-1.4%
ICTTech	-	-	-	819	780	-4.8%	819	780	-4.8%
<b>Total</b>	<b>6,632</b>	<b>6,296</b>	<b>-5.1%</b>	<b>221,675</b>	<b>218,568</b>	<b>-1.4%</b>	<b>228,307</b>	<b>224,864</b>	<b>-1.5%</b>

**FIGURE 3: LOSS OF TITLES ON THE REGISTER IN 2022 COMPARED TO 2021**

	Interim			Final			Total		
	2021	2022	Change	2021	2022	Change	2021	2022	Change
EngTech	-14	-14	-	-2,566	-2,746	-7.0%	-2,580	-2,760	-7.0%
IEng	-131	-124	5.3%	-2,165	-2,077	4.1%	-2,296	-2,201	4.1%
CEng	-539	-492	8.7%	-7,977	-8,434	-5.7%	-8,516	-8,926	-4.8%
ICTTech	-	-	-	-304	-256	15.8%	-304	-256	15.8%
<b>Total</b>	<b>-684</b>	<b>-630</b>	<b>7.9%</b>	<b>-13,012</b>	<b>-13,513</b>	<b>-3.9%</b>	<b>-13,696</b>	<b>-14,143</b>	<b>-3.3%</b>

An individual registrant can hold more than one designation or title (for example, such as Chartered Engineer (CEng) and Incorporated Engineer (IEng), or holding CEng with more than one institution), consequently there are more titles recorded on the Register than there are individual registrants.

**Reinstatements in 2022**

In 2022, there were 999 reinstatements to the Register. Reinstatements are registrations that have previously been suspended but have returned to the Register within the last three years.

**New final titles by gender**

For new final stage titles added to the Register over the last three years, the percentage of these titles held by women has broadly remained the same since 2021.

Looking at individual registration titles, the percentage of new final stage EngTech titles held by women has decreased from 7.9% in 2021 to 6.4% in 2022. IEng has shown a decrease in the number of titles from 93 in 2021 to 90 in 2022 but the percentage of new final stage titles held by women, has increased from 7.5% in 2021 to 8.3% in 2022. The number of new final stage CEng titles held by women has decreased in 2022 compared to 2020 by 5% (see Figure 4).

**FIGURE 4: NEW FINAL STAGE TITLES BY YEAR, BY REGISTRATION TITLE, BY GENDER, 2020-2022**

		EngTech	IEng	CEng	ICTTech	Total	% of total new titles
<b>2020</b>	Male	2,483	1,099	4,936	461	8,979	87.5%
	Female	173	87	863	41	1,164	11.3%
	Gender not specified	31	15	48	27	121	1.2%
<b>2021</b>	Male	2,655	1,132	5,489	189	9,465	86.1%
	Female	234	93	999	14	1,340	12.2%
	Gender not specified	58	21	104	6	189	1.7%
<b>2022</b>	Male	2,294	995	4,387	170	7,846	87.7%
	Female	158	90	820	14	1,082	12.1%
	Gender not specified	1	1	15	1	18	0.2%

**International registrations**

**FIGURE 5: INTERNATIONAL FINAL STAGE TITLES**

	2022	2021
EngTech	1,274	1,355
IEng	2,525	2,635
CEng	41,689	41,897
ICTTech	17	18
Total	45,505	45,905

## 2. Strategy and performance in 2022

We published our 2025 Strategy, 'Advancing Regulation' in July 2021. The goal of that Strategy is:

To maintain the public's confidence in the engineering profession through wider promotion of the Engineering Council's regulatory work, its leadership role within the engineering community and a greater, more diverse and engaged registrant population.

**FIGURE 6: ENGINEERING COUNCIL'S 2025 STRATEGY**

To help prioritise our actions, identify synergies between our activities and allocate resources, our work is focussed around four **Themes**, each with Strategic Outcomes that support the delivery of the Strategy.

### **THEMES:**



### **STRATEGIC ENABLERS:**

Key to the success of our Strategy will be the organisation's ability to resource and manage the various activities in a coherent and agile way. To facilitate this, the outcomes will be underpinned by two key Strategic Enablers: **Operational Excellence** and **Strategic Partnering**.



### 3. 2022 Activities and Achievements

#### **Diversity & Inclusion**

To identify and mitigate potential barriers to professional registration for neurodiverse applicants, we have set up a Working Group on reasonable adjustments to the professional review process; this will consider guidance for institutions on supporting applicants.

Following the introduction of the Approval and Accreditation of Qualifications and Apprenticeships (AAQA) standard, which enables a broad range of education programmes to be recognised through approval and accreditation, we held a workshop for professional engineering institutions (PEIs) to explore the use of AAQA.

In response to the war in Ukraine and to the needs of refugees more widely, we have set up signposting information on mobility and recognition for professional engineers, on behalf of the engineering community.

#### **Digital Innovation**

Work has begun on our Document and Information Management System (DIMS) project, to ensure we have the right systems in place to work effectively and innovatively; this includes considering how we collaborate with partners and volunteers.

Building on our online quarterly celebration of new registrants' achievement, we have redesigned our titles leaflets and Pocket Guide to Registration for digital use, promoting the value of professional registration.

#### **International**

Consulting with the Government on a range of issues, including trade agreements and the scope and implementation of the Professional Qualifications Act, we have reaffirmed the Engineering Council's role as the UK competent authority, representing the UK profession internationally.

We are actively engaged with colleagues across the world through the European Network for the Accreditation of Engineering Education (ENAE), ENGINEERS EUROPE (formerly FEANI) and the ENGINET alliance, in addition to being the UK partner in the International Engineering Alliance (IEA), which oversees six international agreements on the recognition of standards for engineering education and professional engineering competence.

We signed Admissions Pathway Agreements with Spanish professional bodies AIPE and AQPE, which will facilitate the mobility and recognition of engineering professionals between the UK and Spain; further European agreements are in progress.

#### **Engineering & Society**

Having established the joint Engineering Ethics Reference Group (EERG) with the Royal Academy of Engineering, its 'Engineering Ethics: Maintaining society's trust in the engineering profession' report was published in February 2022, setting out a series of short, medium and long-term actions for the profession in further embedding an ethical culture.

Supporting the new Building Safety regime being established post-Grenfell, we have developed the Higher-Risk Buildings (HRB) Standard as a competence framework for engineers working in this safety-critical area, including a series of discipline-specific annexes for specialisms such as fire and building services.

Ensuring that our products – particularly our Standards of competence and commitment – remain relevant and contemporary, we have delivered a framework for and guidance on Recognised Standards, as well as re-initiating work on our Registration Review of titles.

We have contributed to the updated Engineering Subject Benchmark Statement, which now gives more emphasis to sustainability and Diversity & Inclusion, as well as reducing the environmental impact of accreditation visits through our risk-based approach.

## 4. Impact of Covid-19

### Introduction

Following the outbreak of Covid-19 and the subsequent nationwide lockdown which started in March 2020 Engineering Council staff made a successful transition to working from home, and continued to do so, in the main, throughout 2020 and 2021. 2022 saw an increase in face-to-face meetings and a gradual return to the office as the Engineering Council started to develop and implement its Hybrid Working Policy. Throughout the whole period Engineering Council staff have continued to work closely with the PEIs and other bodies, particularly with respect to licensing, registration, and accreditation activities. All board, committee, panel and working group meetings have continued either face to face, hybrid or fully on-line.

An assessment of the impact of Covid-19 and the ensuing lockdown on the organisation and its operations was undertaken in June 2020 and resulted in a change of assessment of the relevant risk item on the Trustees Risk Register.

The impact assessment has been reviewed and updated annually since the start of the pandemic, and the risk to the business is now considered minimal, with the organisation evidencing its ability to continue to deliver its strategic and business plans with hybrid working in place.

The impact assessment reported in the 2020 and 2021 Annual Reports has been updated below in regards to 2022 activity.

**Risks Financial risk – Income** – the organisation does not believe that Covid-19 has had or will have an impact on its income. Its main income stream is the annual grant from EngineeringUK. This grant is agreed by the Board of EngineeringUK, (which includes the CEOs of the three largest engineering institutions), in July of the preceding year. The agreement to pay the Engineering Council an operational grant to run the organisation's key activities, such as maintaining the Register of professionally qualified engineers and technicians, is laid out in the organisation's Royal Charter. In terms of the sustainability of this revenue stream, evidence shows that registration is valued by individuals, particularly in times of economic uncertainty, when new professional registrations tend to increase rather than decrease, highlighting the value that registration brings in demonstrating individuals' competence and commitment to either a current or prospective employer. Engineering Council is not reliant on income from sources such as donations, grants, fund raising or commercial arrangements (such as events or publications). **Impact – minimal**

**Financial Risk – International Fee Income** – As staff were not set up to print, receive post or send post out from home, during periods of national lockdown, there were minor delays initially in the receipt of some international fee income.

**2022 Update:** the organisation returned to partial office-based working in 2021 which continued in 2022 fully addressing this risk. **Impact – minimal**

**Financial Risk – Costs** – Engineering Council has not incurred additional costs due to Covid-19, to the contrary during 2021 and 2022 the organisation has continued to see a decrease in some costs particularly those associated with hosting/attendance at physical meetings (catering, travel, and subsistence costs) as many meetings continue to be held either partly or fully remote. **Impact - minimal**

**Financial Risk – Reserves** – the organisation held free reserves of £3.2m at the end of 2022, in the form of cash in the bank and an investment fund with Cazenove. Whilst the organisation does not draw an income from its investment fund and reinvests any gains back into the fund, it has the reassurance that there will be funds available should it need to draw on them.

The fund was set up with Cazenove in May 2022 and made a small unrealised loss of £11.8k up to the 31 December 2022.

The organisation will continue to closely monitor the reserves situation and will keep its planned expenditure from reserves under constant review, in particular, in view of the medium-high risk of the fund. **Impact - minimal**

**Financial Risk – Pension Scheme** – at its last triennial valuation at the end of 2021, the Scheme was in surplus on a technical provisions' basis by £988K vs £327K in 2018. Therefore, the Engineering Council agreed to pay a contribution towards the Scheme's running costs of £112k in 2022, and it was agreed that

the organisation has no obligation to make any additional contributions to the Scheme at this time. As a result, we do not anticipate any impact to the organisation from Covid-19 in relation to the Scheme in 2022.

**Impact - minimal**

**Operational Risk – Business Plan** – all staff are continuing to work predominately from home, with partial office-based work resuming in 2022. The organisation has continued to work effectively and has delivered on its strategic and business plan objectives as expected. Board, panel, and committee meetings have all been held as scheduled, some using Zoom but increasingly in the later part of 2022, hybrid meetings were set up where attendees have the choice of attending in person or virtually. There continues to be little negative impact of remote working on delivery of the new 2025 Strategy and the supporting business plan and we have continued to deliver core business process with no interruption resulting from Covid-19 in 2022. Staff and supplier payments are made promptly, and new registrations and data reconciliations continue to be processed, including a full year end reconciliation at the end of 2022. **Impact - minimal**

**Operational Risk – Staff wellbeing** – ensuring staff have been able to cope as well as possible has been a key priority, particularly given the prolonged time spent in lockdown in previous years. Regular individual, team, departmental and full office meetings have been held to ensure staff are able to keep in contact not just on projects and the day-to-day matters but on the wider business operations. A very successful all staff away day was held in early 2023 focusing on team building and cross departmental collaboration. The organisation has an Employee Assistance Programme in place, to offer support and advice to staff.

A review of working arrangements continued throughout 2022 with the development of a Hybrid Working Policy which sets out the return to partial office-based work and is planned to be implemented in early 2023. **Impact - minimal**

The organisation did not feel it necessary to take advantage of the Government support offered to businesses as a result of the pandemic. All staff were fully deployed throughout the lockdowns and had access to the equipment and systems required to carry out their roles. The organisation believes that the robustness of its business planning and financial management allowed activities to continue uninterrupted and extreme measures were not required. Our IT systems have been sufficiently robust and well developed to allow all staff to work effectively from home with minimum disruption to business activities. The Management Panel continues to monitor both the finances and business processes on a monthly basis and reports regularly on them to the Trustees.

We believe that with the implementation of its new Hybrid Working Policy, the organisation is well placed to continue to successfully deliver on its 2025 Strategy and all its core business activities.

## 5. Risk and compliance

### How the Engineering Council manages risk

The Engineering Council maintains a risk management policy which forms part of the EngC's internal control and governance arrangements. The policy explains the EngC's underlying approach to risk management including how the organisation views, identifies, assesses, and manages risk. It also describes the process the Board uses to manage the Engineering Council's risk management process and evaluate the effectiveness of the internal control procedures.

Engineering Council maintains a Trustee Risk Register which identifies risks that could have an impact on the organisation's ability to deliver its strategic objectives, including all legal and financial mandates, assess the probability and impact of those risks occurring and details the measures in place to manage and mitigate them.

The Trustee Risk Register is supported by several Functional Risk Registers, each covering the main activities of the Board's Committees and Panels, and which identify risks that could have an impact on the organisation's ability to deliver its strategic objectives in those areas. These registers are reviewed at each of the Committee/Panel meetings with the Management Panel undertaking a holistic review every quarter.

### Role of the Executive Team and Management Panel

Day to day management of individual risks is the responsibility of the appropriate Executive Team member or volunteer(s) where decisions are delegated to them as recorded in the Risk Register. The Risk Register is regularly reviewed by the Executive Team and relevant volunteers and on a by-exception basis. The Management Panel reviews the Risk Register at each meeting and reports any concerns about risk and their management to the Board. The Risk Register is reviewed once a year by the Board. Should any other risk emerge during the year that is assessed to fall into one of the categories described above or which may result in the levels of tolerable risk set out in the EngC's risk appetite statement being exceeded then this should be referred to the Board for review and not wait for the annual review.

As part of the business planning process, the Executive Team scans the horizon to identify changes in the external environment that may have an impact on the Engineering Council's operations. Both PESTLE and SWOT analysis frameworks are utilised to do this, which then instructs the 'opportunity and risk' identification process.

As part of the Business Planning process, all key tasks will record risks, opportunities and issues that may affect the achievement of expected outputs in either Functional Risk Registers or the Projects Risk & Opportunities Register and Issues Register.

Based on the horizon scan and organisational SWOT analysis, the emergent opportunities are identified and captured in the Risk and Opportunities Register. The Executive Team reviews the Opportunity Register in the autumn of each year and prepares and prioritises projects that may exploit the opportunities, subject to resources being available. This will also inform any options analysis, which then drives the budgeting forecast the following year.

This process involves assessing the most significant individual risks on the basis of the likelihood of it occurring, and what the impact to the organisation would be should the risk occur and considering ways of avoiding the risk(s) or mitigating its effect. Each area of risk has been assessed by providing a score to both the impact and the probability of each risk and using these to calculate the overall severity, and therefore, Gross Risk. With the identification and definition of suitable controls and monitoring actions, a judgement is then made as to what extent the impact of the Gross Risk is reduced, thereby reflecting what the Net Risk is.

### Role of the Board

The Trustees assessed the major risks to which the Engineering Council was exposed in accordance with Charity Commission guidance and were satisfied that systems were in place to mitigate the Engineering Council's exposure to major risks.

The organisation's Risk Policy & Procedure (January 2021) contains the following key principles that outline the Engineering Council's approach to risk management:

- a. As the EngC's principal body, the Board is responsible for risk management;
- b. The Board is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding the public and other funds and assets for which it is responsible in accordance with its Charter and By-laws;
- c. There should be an open and receptive approach to mitigating risk;
- d. The Management Panel (MP) manages the EngC's Risk and Opportunity Management Process.
- e. The Finance, Audit & Remuneration Panel (FARP) advises the Board on risk assurance.
- f. The Risk Register is reported to the Board via MP.
- g. The CEO and Executive Team, with input from the volunteer committees and panels where relevant, are responsible for encouraging and implementing good risk management practice across the organisation, in particular the identification, evaluation and management of risk.
- h. Early warning mechanisms will be put in place and monitored to alert the Board so that remedial action can be taken to manage any potential hazards.

This policy includes consideration of the organisation's **Risk Appetite** i.e., the level of risk that EngC is prepared to accept in pursuit of its strategic objectives. This Statement informs the EngC's strategy and business planning processes and is reviewed annually by the Board. It sets the context for managing risk and forms an integral part of this policy. The Risk Appetite Statement will also form the basis of delegated levels of authority for decisions including at subordinate panels and committees.

In terms of its willingness to accept certain types of risk, the EngC's approach is to minimise exposure to reputational, compliance and financial risk, whilst accepting that a certain level of risk must be taken to achieve its strategic objectives. Acceptance of risk is subject to ensuring that risks and potential benefits are fully considered and understood before activities are undertaken and that sensible measures are in place to mitigate risk.

As of 31 December 2022, there were **three MEDIUM** Net Risks on the Trustees Risk Register as follows:

1. **Risk that reviews of the profession or competing regulatory drivers will result in the EngC's regulatory function and its registers being removed or developed by an alternative body.**

#### **MITIGATION**

- Professional Engineering Committee (PEC) meetings.
- Participation on the Uff missing 3 million working group
- Liaison with PEI
- CEOs.
- Chair and secretarial support of the Competence Working
- Group 1 of the Hackitt review.

2. **Risk that EngC does not comply with the requirements of the new General Data Protection Regulation (GDPR).**

#### **MITIGATION:**

- Project Team managing transition.
- Legal advisors to be engaged with ongoing work.
- Key staff trained, both Foundation and Practitioner level.

3. **Risk of attack by virus or hacker, or systems failure, or staff/volunteer unintentional breach resulting in corruption or deletion of electronic data.**

#### **MITIGATION:**

- Keeping IT suppliers reviewed and changed with professional advice. Firewall audit undertaken. Clean rule book established on virtual servers. Third-party virus screening of e-mails provided by Vipre. Appropriate backup procedures and software reinstallation procedures implemented. Staff/volunteer awareness regarding spoofing emails etc.

**Internal and external auditing**

The Quality Management System (QMS) is now embedded within the Engineering Council's Operational Framework and a robust internal audit schedule is in place. This plan is created and revised by the internal Quality Management Team (QMT), which also manages the internal audit team. In addition, QMT monitors the internal audit process, reviews internal audit reports and follows up on both ISO9001 and internal audit non-conformances and root cause analysis. All findings are recorded in the Internal Audit Log as requested by the Executive Team. The Engineering Council was successfully recertified against the ISO 9001:2015 quality management standard in January 2022.

## 6. Financial review

The areas of activity funded during 2022 are set out in section 3 - **2022 Activities and Achievements**. A detailed breakdown of expenditure for the year appears in notes 7-13 to the Financial Statements. FARP regularly scrutinises the organisation's expenditure to ensure that the work of the Engineering Council remains cost-effective.

The inclusion of the Engineering Council Pension Scheme under FRS102 has reduced staff costs by £112,000 (2021 - £108,000), increased direct costs by £185,000 (2021 - £124,000) and resulted in an actuarial loss on the scheme of £893,000 (2021 – gain of £540,000). The overall effect of applying FRS102 is thus to decrease income for the year by £73,000 (2021 – decrease of £15,000) and to decrease the net movement in funds by £966,000 (2021 – increase of £525,000).

### Engineering Council Pension Scheme

The Trustees of the Engineering Council Pension Scheme met three times during 2022. The Engineering Council, as the Principal Employer, made contribution towards scheme running costs of £112,000, as opposed to £108,000 made in 2021. This change resulted from the triennial valuation, at 31 December 2018, showed a past service surplus of £327K compared to the deficit disclosed by the 2015 valuation of £1.2M. The principal factors affecting the change in the deficit were the deficit reduction contributions made by the Employer and the value placed on the liabilities, which was lower than in the previous year due mainly to the increase in the corporate bond yield.

Following the recent triennial valuation at 31 December 2021, when the Scheme reported a surplus on a technical provisions' basis of £988K, the Trustees and the Employer have agreed that an annual contribution towards the Scheme running costs will continue to be made until the next triennial valuation which is due at 31 December 2024.

### Reserves

In 2022 the Engineering Council held funds of £3,163,483 (£3,030,886 – 2021) as follows:

**Unrestricted general funds** - The Engineering Council's policy is to maintain a level of unrestricted reserves, in accordance with accepted good practice, of a minimum of six months of operating budget. In 2022 six months operating budget was £1.48M (£1.47M – 2021). In calculating the level of reserves it should hold, the FARP also reviewed the key financial risks to the organisation and identified changes to funding mechanism and/or a shortfall in the annual operating grant, which could result in a lack of funds for Engineering Council operations. Consequently, a minimum reserve of six months operating budget was deemed appropriate.

Disregarding the tangible fixed assets for reserves policy purposes, the charity's general fund was £3,031,652 (2021 - £2,839,683); a figure not materially different from twelve months' expenditure.

At its October 2022 meeting FARP agreed the principle of utilising reserves in excess of six months' operating costs to fund projects that supported the organisation's strategic plan, but only on condition that a minimum of six months' operating costs be retained at all times.

### Restricted funds

The pension reserve was £nil at the year end with the pension grant received in year again being equivalent to the current year recovery plan contributions of £112k (£108k – 2021).

The general fund, as shown in the financial statements, includes an unrecognised surplus of £1.065M (2021 surplus - £2.031M), due to an excess of assets over liabilities in the scheme this year. The figure as calculated under FRS102 is in respect of the defined benefit scheme.

This amount is not recognised within the Engineering Council's financial statements as the organisation has no rights over the Scheme's assets. The Trustees believe that this notional funding calculation, which can vary considerably according to the assumptions made at each year-end, has no material effect on the organisation's cash flow in the short term, and that in the long term its effects can be sustained from future income.

The majority of the reserves are held in investments, with the remainder held in cash.

### Investment Policy and Returns

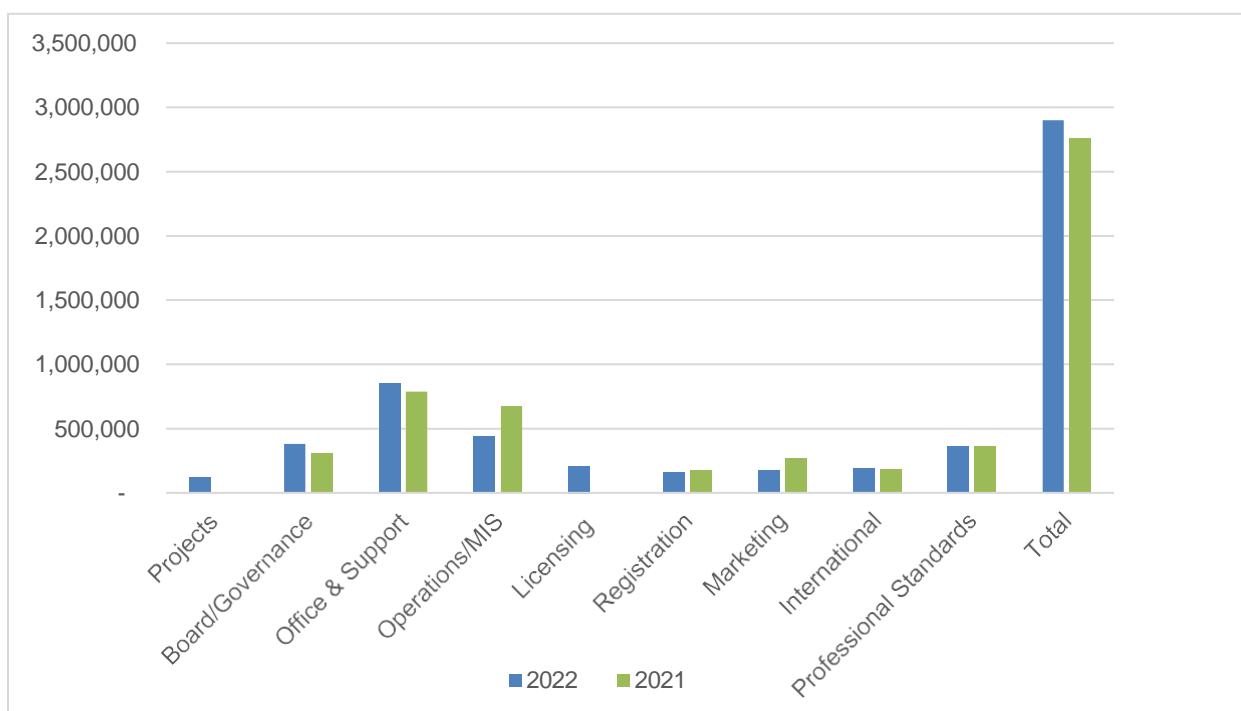
Up to the end of August 2021, the Engineering Council's reserves were held in the Barings Targeted Return Fund which invested across asset classes and through both direct holdings as well as in-house and third-party funds. Following receipt of the notification from Barings Asset Management of their intention to close the Targeted Return Fund with effect from 31 August 2021, it was necessary for the organisation to identify new investment fund managers. Following a full tender process, the Trustees appointed Cazenove Capital to replace Barings Asset Management.

FARP reviews the fund performance at each of its meetings and the fund manager attends FARP at least once a year to discuss fund performance. Cazenove fund managers attended FARP in October 2022 to outline the transition of the Engineering Council's funds into the Charity RMAF (Responsible Multi-Asset Fund) portfolio and to report on its performance, positioning and outlook for the remainder of 2022 and beyond.

### Expenditure on charitable activities

The following graph sets out the amounts spent on key areas of activity in 2022 and 2021.

**FIGURE 7: 2022 & 2021 EXPENDITURE**



## 7. Public benefit report

One of the key elements of the organisation’s core business is to ensure that the professional engineering community continues to provide public benefit through appropriate structures and professional behaviours.

This section provides a review of the significant or main activities undertaken by the Engineering Council to further its charitable purposes for the public benefit.

The Trustees confirm they have referred to the Charity Commission’s general guidance on Public Benefit when reviewing the Engineering Council’s aims and objectives and in planning future activities that will contribute to delivering the strategy OR vision and mission.

### What is the Engineering Council there to achieve?

The purposes of the Engineering Council are set out as follows:

#### Objective

To advance education in, and promote the science and practice of, engineering (including relevant technology) for the public benefit and thereby to promote industry and commerce in Our United Kingdom and elsewhere.

#### Mission:

To maintain internationally recognised standards of competence and commitment for the engineering profession and to licence competent institutions to champion the standards, for the deliverance of public benefit.

#### Vision:

That society continues to have confidence and trust in the engineering profession.

### What has the Engineering Council done during 2021 to carry out those purposes for the public benefit?

#### *Against the principles of public benefit*

Against each of the principles of public benefit and their key factors, as set out in the Charity Commission guidance, the Engineering Council is able to assess whether each factor has been met.

Table 1

Serial	Principle or factor	Assessment
1	<b><i>There must be an identifiable benefit or benefits</i></b>	Engineering underpins provision and/or distribution of the basic necessities of civilised life: buildings, energy, water and sanitation, food, transport, healthcare, communications, defence. The major public benefit is the professional regulation that the Engineering Council and its Licensed Member institutions exercise over their registrants and members when serving the general public.
1a	<i>It must be clear what the benefits are</i>	See specific public benefits in Table 2, serials 1-11.
1b	<i>The benefits must be related to the aims (i.e., objects)</i>	The object is pursued in conjunction with the Engineering Council’s Licensed Member institutions through the core functions of registration and accreditation to consistent standards. The end result is that public benefits (1 above) are generated by qualified registrants and institution members working in private and public sector industries and services.

1c	<i>Benefits must be balanced against any detriment or harm</i>	While some engineering products or activities are potentially harmful, the professional code of conduct and professional education and training all emphasise safety, sustainability and concern for the environment. Benefits vastly outweigh detriment. Downside would be greater without professional ethical commitment. See Table 2, serial 2.
<b>2</b>	<b><i>Benefit must be to the public, or to a section of the public</i></b>	Benefits of sound engineering are to the public generally, and, in varying degrees, to all mankind.
2a	<i>The beneficiaries must be appropriate to the aims</i>	Confirmed.
2b	<i>Where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by:</i>  <i>Geographical or other restrictions</i>  <i>Ability to pay any fees charged</i>	Individual registrants, totalling more than 230,000, receive particular benefits in addition to the general public benefits at 2 above. Discussed at 2d below.  Registration is conditional on meeting academic and other standards of competence – an integral part of achieving the overall public benefit. Moreover, registration is voluntary, not a statutory 'licence to practise'.  Annual registration fees range from £19 for Engineering Technician to £39 for Chartered Engineer, reducible to £8.40 and £17.60 respectively for individual cases of hardship. See also Table 2, serial 11.  In conclusion, members of the public wishing to become registrants are not unreasonably restricted on either count.
2c	<i>People in poverty must not be excluded from the opportunity to benefit</i>	Covered in 2 and 2b above.
2d	<i>Any private benefits must be incidental</i>	The private benefits of registration directly contribute towards achieving the Engineering Council's aims and are a necessary result of carrying out those aims. The CC's legal analysis underpinning its guidance quotes at para 3.84 a case – IRC v Forrest – relating to membership of one of the Engineering Council's Licensed Member institutions, which applies equally to registration.

**As per specific activities and benefits:**

**Table 2**

Serial	Engineering Council activity	Institution activity	Effect	Public benefit
1	Set and maintain standards of professional competence in four categories: Engineering Technician, Incorporated Engineer, Chartered Engineer, ICT Technician	Contribute to defining standards, in conjunction with industry and academia; promote standards	Coherent, relevant national standards, adopted by Quality Assurance Agency (QAA)	Defined learning progression for existing and prospective engineers, technicians and craftspersons; benefit to industry and commerce and thus to national economy
2	Define generic standards of professional conduct and ethics	Tailor standards to own field; require all members to observe standards in institution code of conduct. May provide advice facility to members	Members observe standards	Positive contribution to safety, sustainability, the environment, industrial effectiveness and public confidence

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3	Require institutions to have complaints and disciplinary procedures; appellate body in defined circumstances	Produce and operate complaints and disciplinary procedures in support of (2)	Reported breaches of standards by members dealt with fairly and transparently	Public confidence in profession; a degree of redress for complainants
4	License institutions to register qualified individuals through defined procedures	Promote registration and institution membership; assess and register qualified individuals	Evidence of the professional competence and commitment of individual engineers and technicians	Assists employers and clients in recruiting or engaging individuals; public confidence
5	License institutions to accredit academic courses and approve professional development courses for engineers	Accredit and approve courses (often jointly)	Identifies courses leading to exemplifying qualifications for individual registration	Raises and maintains the quality of engineering education; helps to inform curriculum design and promote innovative methods of teaching; assists students in selecting courses and career options; encourages education in economically important fields; attracts foreign students to UK universities, enhancing the universities' reputation and financial position; supports industry in developing high quality programmes that support professional registration
6	License institutions to approve vocational qualifications and programmes for technicians; host a technician working group to develop initiatives and share good practice	Approve Vocational Qualifications (VQs) and apprenticeship programmes	Links existing VQs and apprenticeship programmes to Engineering Technician standard	Informs awarding organisations and apprenticeship developers of suitability of VQs and apprenticeship programmes for registration; allows individuals with approved VQs and apprenticeships to register as Engineering Technicians via a streamlined route
7	State requirement for individual CPD (part of (2))	Facilitate and monitor members' CPD	Members maintain competence	Contributes to (2), (4) and (5)
8	Conduct periodic review of licensed institutions	Operate internal quality assurance procedures	Licence requirements and standards maintained and applied consistently	Underpins (2-6)
9	Represent UK in negotiating international agreements for mutual recognition of qualifications; advise government departments	Advise and support members; admit and register qualified individuals educated overseas; form alliances with overseas institutions	Increased employment and working mobility of engineers and technicians	UK firms can compete and operate more effectively overseas, to the benefit of UK economy; overseas recognition of and demand for UK professional recognition enhances reputation of UK; increased recognition of UK engineering qualifications provides greater encouragement for individuals to seek the knowledge and

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				competence to achieve them
10	Train institution volunteers in registration and accreditation procedures (e.g., interviewing, mentoring, assessment)	Identify volunteers from among members; cascade training to further volunteers	Contributes to (4, 5, 8)	Contributes to (4, 5, 8)
11	Charge individual registration fees	Charge individual membership fees	Financial viability of bodies	All bodies charge reduced fees for some of student members, young members, technician members, non-corporate (unqualified) members, members temporarily not working, retired members

## 8. How we operate

### How we are governed

The Engineering Council, whose registered office is 5<sup>th</sup> Floor, 10 Lower Thames St, London EC3R 6EN was incorporated by Royal Charter on 27 November 1981 and is a registered charity, No. 286142, whose objects are:

*To advance education in, and to promote the science and practice of, engineering (including relevant technology) for the public benefit and thereby to promote industry and commerce in Our United Kingdom and elsewhere.*

However, as a result of changes made to the profession under the direction of Lord Sainsbury, Minister for Science and Innovation (1998 to 2006), the scope and responsibility was narrowed down to operate the national Register.

### How we are funded

The Engineering Council's principal source of funding is the annual registration fees of individual registered engineers and technicians. The fees are collected by the professional engineering institutions and remitted to EngineeringUK, from which a grant is made to the Engineering Council.

This operating grant is used to cover the cost of carrying out regulatory activities, which include maintenance of standards; licensing of professional engineering institutions as Licensed Members and Professional Affiliates; international representation in Engineers Europe (previously FEANI) and the International Engineering Alliance; operation of the engineering profession's national Register; and support for the promotion of registration by professional engineering institutions.

The annual registration fees from Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians support the work of the Engineering Council and EngineeringUK.

The Engineering Council does not engage any external fundraisers nor raises funds from the general public and as such no complaints have been received in this respect.

### The Board of Trustees

The Engineering Council is governed by a 22-member Board of Trustees, which is appointed in accordance with the Engineering Council's Bye-laws. Twelve of the members are appointed by the major professional engineering institutions, three by the smaller institutions and the remaining seven by EngineeringUK. The composition of the Board provides stakeholder representation through institution-nominated members, and the involvement of the wider profession through EngineeringUK nominees.

The Board chaired by Prof Chris Atkin CEng FRAeS FREng met on three occasions in 2022.

The Board appoints the Chief Executive Officer, who is in turn responsible for staffing within parameters established by the Board.

The constitution and membership of the Board is published on the Engineering Council website ([www.engc.org.uk](http://www.engc.org.uk)). An extranet requiring a password (from October 2017, the Partner Portal, at <https://partner.engc.org.uk>) is available to stakeholders, primarily Licensed Members, Professional Affiliates, Engineering Council Trustees, and volunteer members of the Engineering Council's Committee and Panels, as well as Engineering Council staff. The Charter and Bye-laws, Regulations and Terms of Reference of the Board's Committees and Panels are published on the Partner Portal together with other information including agendas, minutes and papers and proceedings of the Board, Committees and Panels.

Within three months of joining the Board, Trustees are given an induction by the Executive Team, which is based on the Institute of Chartered Secretaries and Administrators Best Practice Guide to the Appointment

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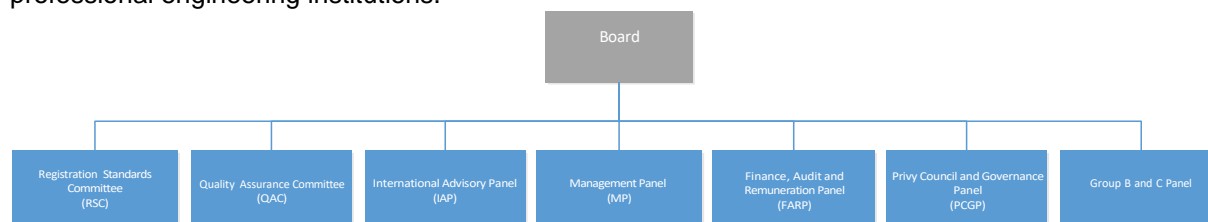
and Induction of Charity Trustees. Further trustee training, including GDPR training, is undertaken as appropriate.

The following table presents changes to Board members during 2021.

	Nominated by	Board Member	Term of Office ended	Term of Office started
1	BCS, The Chartered Institute for IT	Mr Alastair Revell		
2	Chartered Institution of Building Services Engineers	Mr Andrew Rowe		
3	Institution of Chemical Engineers	Dr Rob Best CEng FICHEM		
4	Institution of Civil Engineers	Mrs Emer Murnaghan		
5	Institution of Engineering & Technology	Mr James Baker CEng FIET		
6	Institution of Engineering & Technology	Ms Michelle Richmond CEng FIET		
7	Institute of Marine Engineering, Science & Technology	John Chudley CEng FIMarEST		
8	Institute of Materials, Minerals and Mining	Mr Jim Shields		
9	Institution of Mechanical Engineers	Mr Mike McLoughlin CEng FIMechE		
10	Royal Aeronautical Society	Prof Chris Atkin CEng FRAeS FREng		
11	Society of Operations Engineers	Mr Stephen Catte CEnv IEng HonFSOE	June 2022	
11	Society of Operations Engineers	Prof. Steve Burnage CEng CEnv FIMechE FSOE IMAAEEES		June 2022
12	Institution of Structural Engineers	Mr Phil Nelson CEng FIStructE		
13	Group B Institutions	Terry Fuller CEng MICE MCIWEM		
14	Group B Institutions	Mr Neil Phelps IEng MIED		
15	Group C Institutions	Mr Tony Gibson CEng MNucl MIET MAPM MINCOSE		
16	EngineeringUK	Mr David Short CEng FRAeS MIET		
17	EngineeringUK	Ms Ann Watson		
18	EngineeringUK	Matt Gantley		
19	EngineeringUK	Ms Estelle Clark CQP FCQI FRSA		
20	EngineeringUK	Mrs Josephine Parker MBE CEng FCIWEM FICE FWater		
21	EngineeringUK	Capt Mike Rose RN CEng MIMarEST		
22	EngineeringUK	Ms Ann Francke		

## Committees and Panels

The Board operates through the two principal committees and four panels listed below. All committee and panel Chairs are members of the Board. Other committee and panel members are nominated by the professional engineering institutions.



The **Registration Standards Committee (RSC)** has oversight of matters to do with the education, training and professional development of professional engineers and technicians. It is responsible for maintaining the standards of competence and commitment and maintaining the underpinning knowledge and understanding requirements for professional registration. This includes publishing, and keeping under review, the Registration Code of Practice that aligns with the requirements set out in the UK Standard for Professional Engineering Competence (UK-SPEC), the ICT Technician Standard, and the standards for the accreditation of HE programmes and approved apprenticeships. RSC comprises nominees from professional engineering institutions, including from academia and industry, which ensures that the Engineering Council is kept abreast of developments in education and professional development that relate to professional engineers and technicians. The committee met three times in 2022.

The **Quality Assurance Committee (QAC)** is responsible for licensing professional engineering institutions that are considered competent to assess candidates for professional registration, accredit academic programmes, and approve professional development schemes. This involves a periodic review of the institutions' registration process, reviewing and making appropriate changes to licensing policies and processes, and encouraging information exchange between institutions, while maintaining an overview of licence related issues. It also approves suitable bodies as Professional Affiliates. QAC comprises members nominated by the licensed institutions who are registrants and of suitable standing and experience. The committee met four times in 2022.

The **International Advisory Panel (IAP)** is responsible for advising on matters that have an impact on the global recognition of Engineering Council standards and the international mobility of engineering professionals. This involves advising on the international promotion of the national Register, updating the Board on relevant international developments, guiding the Engineering Council's international activity and identifying suitable representatives of the UK engineering profession to join international committees. IAP acts as the National Monitoring Committee for Engineers Europe (previously FEANI) registration purposes and as the responsible Committee for the UK section of International Registers. IAP also promotes the flow of communications between the Engineering Council and the institutions on international matters. IAP comprises nominees from professional engineering institutions, including from academia and industry, with international experience and expert knowledge of mobility issues affecting professional engineers and technicians. The Panel met three times in 2022.

The **Finance, Audit and Remuneration Panel (FARP)** has responsibility for keeping the financial management of the Engineering Council under review. Through the delegated authority of the Board, it approves variations to expenditure and investment policy within established limits. The Panel advises the Board and CEO on financial services; monthly management accounts; remuneration; staff pensions; subscription and fees policies; the annual budget, report and accounts; risk assessment policy; audit reports and delegated financial authorities. In addition to the Chair, FARP comprises three current trustees and one other member with relevant knowledge and experience. The Panel met three times in 2022.

The **Privy Council and Governance Panel (PCGP)** is responsible for the periodic review of the Charter, Bye-laws and Regulations of the Engineering Council, and making proposals for change to the Board. The Panel also advises the Board on its response to requests for advice from the Privy Council Office and other government departments on matters concerning the constitution of relevant institutions. PCGP provides advice to professional engineering institutions on constitution, governance and disciplinary procedures. This involves publishing and reviewing guidance on disciplinary procedures and consulting with Licensed Members on significant proposed changes to policies or procedures. PCGP also considers representations from professional engineering institutions, registrants or members of the public concerning the conduct of institutions or registrants and determines whether, and if so how, appeal proceedings should take place.

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PCGP comprises suitable nominees from the Board, together with advisors to assist in this work of the Panel. The PCGP met four times in 2022.

The **Management Panel (MP)** is responsible for day-to-day operational decision making and management of the organisation. The Panel is chaired by the CEO and comprises of the CEO, the Deputy CEO/Operations Director, Head of Professional Standards and the Head of Administration & Support and meets approximately every four to six weeks. Its standing agenda includes IT and Management Information Systems, project management/project reporting, risk management, business planning, HR, finance, quality management and business continuity.

The **Group B and C Panel** provides a forum for the exchange of information and good practice with respect to membership and registration matters concerning small (Group C) and medium-sized (Group B) institutions. It also discusses pan-engineering issues of joint concern and, where appropriate, provides focus for campaigns or lobbying and the dissemination of a collective view. The Panel provides a platform for organisations and individuals to present topics of common interest, including identifying and implementing opportunities for co-operation between institutions for mutual benefit and the public good.

### **Volunteer Effort**

Volunteer effort, through its Board, committees, panels and working groups, continues to be crucial to the work of the Engineering Council. A conservative estimate gives the total days given freely to the Engineering Council throughout the year as approximately 1,200. Given the standing of those involved the financial equivalent would be in the order of £620,000 per annum. These figures have not significantly changed in the last year with our volunteers continuing to provide the same level of support through the pandemic.

Two remote volunteers' seminars were held in 2022. One in May and one in November, both were well attended.

### **Remuneration Policy**

The Engineering Council is committed to ensuring that it pays staff fairly and at an appropriate level in order to attract and retain people with the right skills and experience to ensure that the organisation delivers its charitable objectives and strategic plan.

FARP has delegated authority from the Board of Trustees to determine all matters relating to staff pay and reward. In determining staff remuneration, FARP considers factors such as the increase in cost of living and the general rate of salary increases in the market during the preceding 12 months. Bonus payments are awarded on a discretionary basis to provide staff with appropriate incentives to encourage enhanced performance and to reward them in a fair and responsible manner for their individual contributions to the success of the organisation.

## **KEY MANAGEMENT PERSONNEL**

### **Chief Executive Officer**

Alasdair Coates BEng (Hons) MSc CEng FICE MCIHT CMIOSH

### **Operations Director & Deputy Chief Executive Officer**

Paul Bailey BSc (Hons) MRAsE MInstP

### **Head of Professional Standards**

Katy Turff CMgr MCMI

## Professional Advisors

Service	Organisation	Address
Actuaries & Pension Administrators	Cartwright Benefit Consultants Ltd.	Marlborough House, Victoria Road, Chelmsford, Essex, CM1 1LN
Auditors	Haysmacintyre LLP	10 Queen Street Place, London EC4R 1AG
Bankers	HSBC Bank plc	165 Fleet Street, London, EC4A 2DY
Financial Accountants	Kreston Reeves LLP	37 St Margaret's Street, Canterbury, CT1 2TU
Investment Managers	Cazenove Capital	1 London Wall Place, London, EC2Y 5AU
Lawyers	Veale Wasbrough Vizards LLP	Narrow Quay House, Narrow Quay, Bristol BS1 4QA

### 9. Statement of Trustees' responsibilities

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


The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which provides a true and fair view of the state of affairs and the incoming resources and application of resources, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities Statements of Recommended Practice (SORP)
- make judgments and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, insofar as these are appropriate to the Council, its Royal Charter and Bye-laws, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

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

The above Trustees' Report on pages 1-24 was approved by the Trustees on 22 June 2023 and signed on their behalf by the Chairman of the Board:



Prof Chris Atkin CEng FRAeS FREng

## Independent auditor's report to the Trustees of The Engineering Council

### Opinion

We have audited the financial statements of The Engineering Council for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of the charity's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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.

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or

- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement [set out on page 24], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Charities Act 2011 and its Royal Charter, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and the application of FRS102, income tax and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to application of controls around authorisation of expenditure and payments. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Review of minutes of meetings;
- Identifying and testing journals, in particular journal entries posted as part of the year end process; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

*Haysmacintyre LLP*

Haysmacintyre  
LLP Statutory  
Auditors

Date: 27th June 2023

10 Queen Street Place  
London  
EC4R 1AG

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

## The Engineering Council

### Statement of financial activities for the year ended 31 December 2022

	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
<b>Income from:</b>				
Charitable activities	112,261	2,816,345	2,928,606	2,919,111
Other trading activities	-	9,626	9,626	6,595
Investments	-	33,108	33,108	37,913
<b>Total income</b>	<b>112,261</b>	<b>2,859,079</b>	<b>2,971,340</b>	<b>2,963,619</b>
<b>Expenditure on:</b>				
Raising funds	-	1,604	1,604	258
Charitable activities	7 112,261	2,786,116	2,898,377	2,764,919
<b>Total expenditure</b>	<b>112,261</b>	<b>2,787,720</b>	<b>2,899,981</b>	<b>2,765,177</b>
<b>Net income before net (losses)/gains on investments</b>	<b>-</b>	<b>71,359</b>	<b>71,359</b>	<b>198,442</b>
Net (losses)/gains on investments	-	(11,762)	(11,762)	40,244
<b>Net movement in funds before other recognised gains/(losses)</b>	<b>-</b>	<b>59,597</b>	<b>59,597</b>	<b>238,686</b>
<b>Other recognised gains/(losses):</b>				
Actuarial (losses)/gains on defined benefit pension schemes	-	(893,000)	(893,000)	540,000
Derecognition of pension surplus	-	966,000	966,000	(525,000)
<b>Net movement in funds</b>	<b>-</b>	<b>132,597</b>	<b>132,597</b>	<b>253,686</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward	-	3,030,886	3,030,886	2,777,200
Net movement in funds	-	132,597	132,597	253,686
<b>Total funds carried forward</b>	<b>-</b>	<b>3,163,483</b>	<b>3,163,483</b>	<b>3,030,886</b>

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


The notes on pages 31 to 53 form part of these financial statements.

## The Engineering Council

### Balance sheet as at 31 December 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	14	131,831	191,203
Investments	15	2,103,914	-
		<u>2,235,745</u>	<u>191,203</u>
<b>Current assets</b>			
Debtors	16	86,923	88,861
Cash at bank and in hand		1,188,156	3,033,313
		<u>1,275,079</u>	<u>3,122,174</u>
Creditors: amounts falling due within one year	17	(347,341)	(282,491)
		<u>927,738</u>	<u>2,839,683</u>
<b>Net current assets</b>		<u>927,738</u>	<u>2,839,683</u>
<b>Net assets including pension scheme liabilities</b>		<u><u>3,163,483</u></u>	<u><u>3,030,886</u></u>
<b>Charity funds</b>			
Restricted funds	18	-	-
Unrestricted funds	18	3,163,483	3,030,886
		<u>3,163,483</u>	<u>3,030,886</u>
<b>Total funds</b>		<u><u>3,163,483</u></u>	<u><u>3,030,886</u></u>

The financial statements were approved and authorised for issue by the Trustee on 22 June 2023 and signed on their behalf by:



**Prof Chris Atkin CEng FRAes**

The notes on pages 31 to 53 form part of these financial statements.

## The Engineering Council

### Statement of cash flows for the year ended 31 December 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	<b>257,964</b>	341,553
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Dividends, interests and rents from investments	<b>1,539</b>	58
Purchase of tangible fixed assets	<b>(746)</b>	(13,086)
Proceeds from sale of investments	<b>1,331,407</b>	2,094,172
Purchase of investments	<b>(3,447,083)</b>	(37,855)
Gains on sale of investments	<b>11,762</b>	(40,244)
	<hr/>	<hr/>
<b>Net cash (used in)/provided by investing activities</b>	<b>(2,103,121)</b>	<b>2,003,045</b>
	<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>	<b>(1,845,157)</b>	<b>2,344,598</b>
Cash and cash equivalents at the beginning of the year	<b>3,033,313</b>	688,715
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,188,156</b>	<b>3,033,313</b>
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 31 to 53 form part of these financial statements

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

#### 1. General information

The Engineering Council is an unincorporated charity registered with the Charity Commission. The registered office is 10 Lower Thames Street, London, EC3R 6EN.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Engineering Council meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

##### 2.2 Going concern

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

##### 2.3 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

##### 2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Charitable activities are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity, all incurred in achieving the charity's objectives.

All expenditure is inclusive of irrecoverable VAT.

**Notes to the financial statements  
for the year ended 31 December 2022**

**2. Accounting policies (continued)**

**2.5 Tangible fixed assets and depreciation**

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Fixtures and fittings	- 20% straight line
Office equipment	- 25% straight line
Computer equipment	- 33% straight line

Assets of nil book value are removed from the asset register after 10 years, irrespective of whether they exist or not. These are included in "Disposals during the year" as appropriate.

**2.6 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

**2.7 Interest receivable**

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

**2.8 Operating leases**

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**2.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2.10 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Notes to the financial statements  
for the year ended 31 December 2022**

**2. Accounting policies (continued)**

**2.11 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

**2.12 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.13 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.

**2.14 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustee in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**Notes to the financial statements  
for the year ended 31 December 2022**

**2. Accounting policies (continued)**

**2.15 Pensions**

The Engineering Council contributes to a contracted-out defined benefit pension scheme, the Engineering Council Pension Scheme. This scheme was closed to new entrants on 3 July 2002. The Scheme closed to future accrual with effect from 30 April 2012.

The Engineering Council fully adopts Financial Reporting Standard 102 (FRS102) and the impact of this standard has been reflected throughout the financial statements.

In accordance with FRS102, the Statement of Financial Activities includes: the cost of benefits accruing during the year in respect of current service costs (charged against staff costs within charitable activities); the interest cost and the expected return on assets (shown as direct costs); and actuarial gains and losses (disclosed within other recognised gains and losses).

In accordance with FRS102, the balance sheet includes the surplus or deficit in the scheme. This has been estimated for the purposes of FRS102 based on the results of the funding Actuarial Valuation, adjusted for the different assumptions and taking into consideration subsequent cash flows.

Further details regarding the scheme are disclosed in note 24.

The Engineering Council also contributes to a defined contribution stakeholder pension scheme operated by Scottish Widows. Contributions are charged to the Statement of Financial Activities as they fall due.

**2.16 Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**2.17 Value Added Tax**

Due to the nature of the Engineering Council's income sources, almost all VAT incurred on purchases is irrecoverable. Irrecoverable VAT input charges have therefore been included in the expenditure areas to which they relate.

**Notes to the financial statements  
for the year ended 31 December 2022**

**3. Critical accounting estimates and areas of judgment**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Defined benefit pension scheme*

In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The charity also contributes to the Engineering Council Pension Scheme. The scheme is a defined benefit scheme in accordance with section 28 of FRS 102. Service costs, curtailments, settlement gains and losses, net financial returns and remeasurement gains and losses are included in the Statement of Financial Activities in the year to which they relate.

Changes in the assets and liabilities of the scheme in the year are disclosed and allocated as follows:

- Changes relating to current or past service costs and gains and losses on settlements and curtailments and pension finance costs arising from changes in the net of the interest costs and expected return on assets, are allocated to the relevant activity heading based on staff costs of employees within the scheme.
- Pension finance charges arising from similar changes are recognised as expenditure.
- Remeasurement gains and losses are recognised as other recognised gains and losses.

The assets, liabilities and movements in the surplus or deficit of the scheme are calculated by qualified independent actuaries as an update to the latest full actuarial valuation.

Details of the scheme assets and liabilities and major assumptions are shown in note 24.

*Tangible fixed assets*

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that accrual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Although tangible fixed assets are significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically, no changes have been required.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

#### 4. Income from charitable activities

	<b>Restricted funds 2022 £</b>	<b>Unrestricted funds 2022 £</b>	<b>Total funds 2022 £</b>
Grants	112,261	2,703,711	<b>2,815,972</b>
FEANI income	-	69,581	<b>69,581</b>
Miscellaneous income	-	3	<b>3</b>
Admin fee from EngineeringUK	-	16,500	<b>16,500</b>
Professional services	-	8,500	<b>8,500</b>
MCP license fees	-	18,500	<b>18,500</b>
	<u>112,261</u>	<u>2,816,795</u>	<u><b>2,929,056</b></u>

Prior year - 2021

	<i>Restricted funds 2021 £</i>	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Grants	108,255	2,650,696	2,758,951
FEANI income	-	81,027	81,027
Miscellaneous income	-	30	30
Admin fee from EngineeringUK	-	26,125	26,125
Professional services	-	19,408	19,408
MCP license fees	-	33,570	33,570
	<u>108,255</u>	<u>2,810,856</u>	<u>2,919,111</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

#### 5. Other trading activities

	<b>Unrestricted funds 2022 £</b>	<b>Total funds 2022 £</b>
Trading income	9,626	<b>9,626</b>
Stamp purchases	(1,604)	<b>(1,604)</b>
	<hr/> 8,022	<hr/> <b>8,022</b>
	<hr/> <hr/>	<hr/> <hr/>
Prior year - 2021		
	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Trading income	6,595	6,595
Stamp purchases	(258)	(258)
	<hr/> 6,337	<hr/> 6,337
	<hr/> <hr/>	<hr/> <hr/>

Trading income comprises professional stamps and replacement registration certificates.

#### 6. Investment income

	<b>Unrestricted funds 2022 £</b>	<b>Total funds 2022 £</b>
Interest from fixed asset investments	32,184	<b>32,184</b>
Bank interest receivable	924	<b>924</b>
	<hr/> 33,108	<hr/> <b>33,108</b>
	<hr/> <hr/>	<hr/> <hr/>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

Prior year - 2021

	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Interest from fixed asset investments	37,855	37,855
Bank interest receivable	58	58
	<u>37,913</u>	<u>37,913</u>

#### 7. Analysis of expenditure by activities

	<b>Activities undertaken directly 2022 £</b>	<b>Support costs 2022 £</b>	<b>Total funds 2022 £</b>
Charitable activities	2,615,940	282,437	<b>2,898,377</b>
	<u>2,615,940</u>	<u>282,437</u>	<u>2,898,377</u>

Prior year - 2021

	<i>Activities undertaken directly 2021 £</i>	<i>Support costs 2021 £</i>	<i>Total funds 2021 £</i>
Charitable activities	2,482,001	282,918	2,764,919
	<u>2,482,001</u>	<u>282,918</u>	<u>2,764,919</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

#### 8. Direct costs

	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £
Pension expense (note 12)	-	185,000	185,000
Project spend	-	34,160	34,160
Recruitment and temporary staff	-	47,339	47,339
Training	-	14,812	14,812
Computer and information systems costs	-	189,078	189,078
Marketing	-	7,307	7,307
Travel and subsistence	-	21,017	21,017
Subscriptions and meetings	-	92,311	92,311
Accommodation costs	-	252,271	252,271
Wages and salaries (note 11)	112,261	1,654,138	1,766,399
	<u>112,261</u>	<u>2,497,433</u>	<u>2,609,694</u>

Prior year - 2021

	<i>Restricted funds 2021 £</i>	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Pension expense (note 12)	-	124,000	124,000
Project spend	-	5,339	5,339
Recruitment and temporary staff	-	25,798	25,798
Training	-	17,176	17,176
Computer and information systems costs	-	170,377	170,377
Marketing	-	22,954	22,954
Travel and subsistence	-	3,691	3,691
Subscriptions and meetings	-	100,251	100,251
Accommodation costs	-	191,343	191,343
Wages and salaries (note 11)	108,255	1,712,817	1,821,072
	<u>108,255</u>	<u>2,373,746</u>	<u>2,482,001</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

#### 9. Support costs

	<b>Unrestricted funds 2022 £</b>	<b>Total funds 2022 £</b>
<b>General support</b>		
Telephone	10,907	<b>10,907</b>
Printing, stationery and office supplies	43,903	<b>43,903</b>
Maintenance of equipment	25,670	<b>25,670</b>
Sundries	5,386	<b>5,386</b>
Rental of office equipment	7,859	<b>7,859</b>
Bank charges	5,208	<b>5,208</b>
Accountancy	3,300	<b>3,300</b>
Legal and professional	11,725	<b>11,725</b>
Insurance	42,955	<b>42,955</b>
Application fees	11,027	<b>11,027</b>
Office move costs	6,392	<b>6,392</b>
Depreciation	60,118	<b>60,118</b>
	<hr/>	<hr/>
<b>Governance</b>	<b>234,450</b>	<b>234,450</b>
Accountancy	26,019	<b>26,019</b>
Auditors' remuneration	13,819	<b>13,819</b>
	<hr/>	<hr/>
	<b>274,288</b>	<b>274,288</b>
	<hr/> <hr/>	<hr/> <hr/>

Support costs are allocated in full to the only charitable activity of the charity.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

Prior year - 2021

	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
<b>General support</b>		
Telephone	9,694	9,694
Printing, stationery and office supplies	49,624	49,624
Maintenance of equipment	15,515	15,515
Sundries	2,031	2,031
Rental of office equipment	14,043	14,043
Bank charges	4,478	4,478
Accountancy	4,680	4,680
Legal and professional fees	23,175	23,175
Insurance	48,411	48,411
Application fees	6,622	6,622
Office move costs	5,563	5,563
Depreciation	62,695	62,695
	<hr/>	<hr/>
	246,531	246,531
<b>Governance</b>		
Accountancy	23,473	23,473
Auditors' remuneration	12,914	12,914
	<hr/>	<hr/>
	282,918	282,918
	<hr/> <hr/>	<hr/> <hr/>

#### 10. Auditor's remuneration

	<b>2022 £</b>	<b>2021 £</b>
Fees payable to the charity's auditor for the audit of the charity's annual accounts - excluding VAT	<b>13,819</b>	<b>12,914</b>
	<hr/> <hr/>	<hr/> <hr/>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

#### 11. Staff costs

	2022 £	2021 £
Wages and salaries	1,424,471	1,429,556
Social security costs	166,365	153,275
Contribution to defined contribution pension schemes	360,563	362,241
	<u>1,951,399</u>	<u>1,945,072</u>

Included within wages and salaries is an ex-gratia termination payment of £12,943 (2021: £15,000), which was paid in full during the year.

The average number of persons employed by the charity during the year was as follows:

	2022 No.	2021 No.
	<u>30</u>	<u>33</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022 No.	2021 No.
In the band £60,001 - £70,000	-	1
In the band £80,001 - £90,000	1	-
In the band £100,001 - £110,000	1	1
In the band £140,001 - £150,000	-	1
In the band £160,001 - £170,000	1	-

Employers pension contributions totalling £58,999 (2021: £63,024) were paid to higher paid employees.

The total employment benefits of the key management personnel were £463,658 including employer's national insurance contributions of £42,857 (2021 - £508,317, including employer's national insurance contributions of £44,614).

#### 12. Pension expense

	2022 £	2021 £
Interest on pension scheme liabilities	261,000	187,000
Interest on scheme assets	(261,000)	(187,000)
Administrative expenses	185,000	124,000
	<u>185,000</u>	<u>124,000</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

#### 13. Trustee's remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 December 2022, expenses totalling £2,809 were reimbursed or paid directly to 9 Trustees (2021 - £1,204 to 4 Trustees) for travel expenses incurred.

#### 14. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2022	444,399	33,341	313,842	791,582
Additions	-	-	746	746
At 31 December 2022	<u>444,399</u>	<u>33,341</u>	<u>314,588</u>	<u>792,328</u>
<b>Depreciation</b>				
At 1 January 2022	271,084	30,763	298,532	600,379
Charge for the year	49,623	1,296	9,199	60,118
At 31 December 2022	<u>320,707</u>	<u>32,059</u>	<u>307,731</u>	<u>660,497</u>
<b>Net book value</b>				
At 31 December 2022	<u><u>123,692</u></u>	<u><u>1,282</u></u>	<u><u>6,857</u></u>	<u><u>131,831</u></u>
At 31 December 2021	<u><u>173,315</u></u>	<u><u>2,578</u></u>	<u><u>15,310</u></u>	<u><u>191,203</u></u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

#### 15. Fixed asset investments

	Listed investments £
<b>Cost or valuation</b>	
Additions	3,447,083
Disposals	(1,331,407)
Revaluations	(11,762)
At 31 December 2022	<u>2,103,914</u>
<b>Net book value</b>	
At 31 December 2022	<u>2,103,914</u>

#### 16. Debtors

	2022 £	2021 £
<b>Due within one year</b>		
Trade debtors	13,616	45,972
Other debtors	5,170	2,503
Prepayments and accrued income	68,137	40,386
	<u>86,923</u>	<u>88,861</u>

#### 17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	17,289	43,850
Amounts owed to group undertakings	63,377	18,998
Other taxation and social security	63,377	61,821
Other creditors	13,832	19,147
Accruals and deferred income	189,466	138,675
	<u>347,341</u>	<u>282,491</u>

Notes to the financial statements  
for the year ended 31 December 2022

18. Statement of funds

Statement of funds - current year

	Balance at 1 January 2022 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 December 2022 £
<b>Unrestricted funds</b>					
General Funds	3,030,886	2,859,079	(2,787,720)	61,238	3,163,483
<b>Restricted funds</b>					
Pension fund grant	-	112,261	(112,261)	-	-
<b>Total of funds</b>	<b>3,030,886</b>	<b>2,971,340</b>	<b>(2,899,981)</b>	<b>61,238</b>	<b>3,163,483</b>

**Pension reserve**

This represents the movement on the defined benefit pension scheme. At the end of the year the scheme was in surplus, this was de-recognised since it is deemed non-recoverable.

**Pension fund grant**

This represents the grant from EngineeringUK which was paid into the defined benefit pension scheme as a lump-sum contribution following consultation with the actuaries.

The Engineering Council

Notes to the financial statements  
for the year ended 31 December 2022

18. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 January 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2021 £</i>
<b>Unrestricted funds</b>					
General Funds	2,777,200	2,855,364	(2,656,922)	55,244	3,030,886
<b>Restricted funds</b>					
Pension fund grant	-	108,255	(108,255)	-	-
<b>Total of funds</b>	<b>2,777,200</b>	<b>2,963,619</b>	<b>(2,765,177)</b>	<b>55,244</b>	<b>3,030,886</b>

19. Summary of funds

Summary of funds - current year

	<b>Balance at 1 January 2022 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Gains/ (Losses) £</b>	<b>Balance at 31 December 2022 £</b>
General funds	3,030,886	2,859,079	(2,787,720)	61,238	3,163,483
Restricted funds	-	112,261	(112,261)	-	-
	<b>3,030,886</b>	<b>2,971,340</b>	<b>(2,899,981)</b>	<b>61,238</b>	<b>3,163,483</b>

Summary of funds - prior year

	<i>Balance at 1 January 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2021 £</i>
General funds	2,777,200	2,855,364	(2,656,922)	55,244	3,030,886
Restricted funds	-	108,255	(108,255)	-	-
	<b>2,777,200</b>	<b>2,963,619</b>	<b>(2,765,177)</b>	<b>55,244</b>	<b>3,030,886</b>

Notes to the financial statements  
for the year ended 31 December 2022

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	131,831	131,831
Fixed asset investments	2,103,914	2,103,914
Current assets	1,275,079	1,275,079
Creditors due within one year	(347,341)	(347,341)
<b>Total</b>	<b>3,163,483</b>	<b>3,163,483</b>

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Tangible fixed assets	191,203	191,203
Current assets	3,122,174	3,122,174
Creditors due within one year	(282,491)	(282,491)
<b>Total</b>	<b>3,030,886</b>	<b>3,030,886</b>

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net income for the year (as per Statement of Financial Activities)	<b>59,597</b>	238,686
<b>Adjustments for:</b>		
Depreciation charges	<b>60,118</b>	68,928
Dividends, interests and rents from investments	<b>(1,539)</b>	(58)
Decrease in debtors	<b>1,938</b>	82,259
Increase/(decrease) in creditors	<b>64,850</b>	(63,262)
Pension adjustments	<b>73,000</b>	15,000
<b>Net cash provided by operating activities</b>	<b>257,964</b>	341,553

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

#### 22. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	1,188,156	3,033,313
<b>Total cash and cash equivalents</b>	<b>1,188,156</b>	<b>3,033,313</b>

#### 23. Analysis of changes in net debt

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	3,033,313	(1,845,157)	1,188,156
	<b>3,033,313</b>	<b>(1,845,157)</b>	<b>1,188,156</b>

**Notes to the financial statements  
for the year ended 31 December 2022**

**24. Pension commitments**

The charity operates a defined benefit pension scheme.

The Engineering Council contributes to a contracted-out defined benefit pension scheme, The Engineering Council Pension Scheme. This scheme was closed to new entrants on 3 July 2002.

The full actuarial valuation as at 31 December 2018 was updated to the Scheme's accounting date by an independent qualified actuary in accordance with FRS102. As required by FRS102, the actuarial method adopted to calculate the present value of member's expected benefits is the projected unit method.

Following consultation with the actuaries, The Engineering Council made a lump-sum contribution of £105,000 in March 2019.

The present value of the liability to meet future pension obligations of members is arrived at by applying a discount rate equivalent to the return expected to be derived from a class AA corporate bond. At 31 December 2022 this was 4.80% (2021 - 1.90%).

The assets of the scheme are valued at their market value at the balance sheet date. This value will therefore fluctuate materially from year to year in response to market conditions.

The Engineering Council is the principal employer and Engineering UK is a participating employer under this scheme. The proportion of the total scheme fund attributable to Engineering Council staff and ex-Engineering Council staff is 100% (2021 - 100%). On withdrawal from the Scheme by Engineering Council or closure, assets would be segregated in a similar proportion.

The Scheme closed to future accrual with effect from 30 April 2012.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	<b>2022</b>	<b>2021</b>
Discount rate	4.80%	1.90%
Retail price inflation	3.60%	3.60%
Future salary increases	3.50%	3.50%

The assets in the scheme and the expected rates of return were:

	<b>2022</b>	<i>2021</i>
	<b>£</b>	<b>£</b>
Equities	<b>2,368,740</b>	3,216,600
Bonds	<b>8,290,590</b>	12,705,570
Cash	<b>107,670</b>	160,830
	<b>10,767,000</b>	16,083,000

The actual return on scheme assets was £(4,650,000) (2021 - £513,000).

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

The amounts recognised in the Balance sheet are as follows:

	2022 £	2021 £
Present value of funded obligations	<b>(9,702,000)</b>	(14,052,000)
Unrecognised past service cost	<b>10,767,000</b>	16,083,000
	<hr/>	<hr/>
Surplus in scheme	<b>1,065,000</b>	2,031,000
Adjustment for non-recoverable surplus	<b>(1,065,000)</b>	(2,031,000)
	<hr/>	<hr/>
<b>Net assets</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

The charity has an unrecognised surplus of £1,065,000 (2021 - £2,031,000) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

The amounts recognised in the Statement of financial activities are as follows:

	2022 £	2021 £
Interest on obligation	<b>(261,000)</b>	(187,000)
Expected return on scheme assets	<b>261,000</b>	187,000
Administrative expenses	<b>(185,000)</b>	(124,000)
	<hr/>	<hr/>
<b>Total amount recognised in the Statement of financial activities</b>	<b>(185,000)</b>	(124,000)
	<hr/> <hr/>	<hr/> <hr/>

The actuarial loss on the scheme at year end was £893,000 (2021 - gain £540,000).

Movements in the present value of the defined benefit obligation were as follows:

	2022 £	2021 £
Opening defined benefit obligation	<b>14,052,000</b>	14,634,000
Interest cost	<b>261,000</b>	187,000
Actuarial losses/(gains)	<b>(4,018,000)</b>	(214,000)
Benefits paid	<b>(593,000)</b>	(555,000)
	<hr/>	<hr/>
<b>Closing defined benefit obligation</b>	<b>9,702,000</b>	14,052,000
	<hr/> <hr/>	<hr/> <hr/>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

Changes in the fair value of scheme assets were as follows:

	2022 £	2021 £
Opening fair value of scheme assets	16,083,000	16,140,000
Expected return on assets	261,000	187,000
Actuarial gains/(losses)	(4,911,000)	326,000
Contributions by employer	112,000	109,000
Benefits paid	(593,000)	(555,000)
Administrative expenses	(185,000)	(124,000)
	<u>10,767,000</u>	<u>16,083,000</u>

The charity contributed £112,000 to its Defined benefit pension scheme in 2022 expecting to increase annually on 1 January at 3.6% per annum

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2022	2021
Equities and property	22%	20%
Bonds	77%	79%
Cash	1%	1%

#### Stakeholder and other pension schemes

The board at a meeting on 3 July 2002 decided to no longer offer entry to The Engineering Council Pension Scheme to new staff and nominated a stakeholder pension scheme instead. This is a defined contribution scheme operated by Scottish Widows and is not contracted out for the earnings related part of the State Pension Scheme. The employer contributes 10% of pensionable salary and the employee 5%.

The Engineering Council employer contributions during 2022 were £175,302 (2021 - £238,986).

#### 25. Operating lease commitments

At 31 December 2022 the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	148,264	145,741
Later than 1 year and not later than 5 years	162,809	303,864
	<u>311,073</u>	<u>449,605</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

#### 26. Related party transactions

EngineeringUK is a related party to the Engineering Council. Under the Engineering Council supplemental charter which came into effect on 22 March 2002, EngineeringUK may nominate 7 of its 22 Board members. By its Regulations, the Engineering Council has assigned all income from its registration fees to EngineeringUK. Changes to this regulation cannot be made without EngineeringUK's approval. The level of fee is determined by EngineeringUK.

During the year ended 31 December 2022, the following transactions took place between the parties arising from the above:

EngineeringUK provided a grant to the Engineering Council of £2,703,711 (2021 - £2,650,696) to fund its operation plus £112,261 (2021 - £108,255) for the pension scheme.

To cover administration costs, The Engineering Council charged EngineeringUK £16,500 (2021 - £26,125) in the year.

On 31 December 2022, Engineering Council owed EngineeringUK the sum of £63,377 (2021 £18,998). This amount is disclosed within creditors falling due within one year.

There were no other related party transactions in the current or the prior year.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2022

#### 27. Comparative statement of financial activities

	<i>Restricted funds 2021 £</i>	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
<b>Income from:</b>			
Charitable activities	108,255	2,810,856	2,919,111
Other trading activities	-	6,595	6,595
Investments	-	37,913	37,913
<b>Total income</b>	<u>108,255</u>	<u>2,855,364</u>	<u>2,963,619</u>
<b>Expenditure on:</b>			
Raising funds	-	(258)	(258)
Charitable activities	<u>(108,255)</u>	<u>(2,656,664)</u>	<u>(2,764,919)</u>
<b>Total expenditure</b>	<u>(108,255)</u>	<u>(2,656,922)</u>	<u>(2,765,177)</u>
<b>Net income before investment gains/(losses)</b>	-	198,442	198,442
Net gains/(losses) on investments	<u>-</u>	<u>40,244</u>	<u>40,244</u>
<b>Net income before other recognised gains and losses</b>	-	238,686	238,686
Derecognition of pension surplus	-	540,000	540,000
Actuarial gains on defined benefit pension scheme	<u>-</u>	<u>(525,000)</u>	<u>(525,000)</u>
<b>Net movement in funds</b>	-	253,686	253,686
<b>Reconciliation of funds:</b>			
Total funds brought forward	<u>-</u>	<u>2,777,200</u>	<u>2,777,200</u>
<b>Total funds carried forward</b>	<u>-</u>	<u>3,030,886</u>	<u>3,030,886</u>

**THE ENGINEERING COUNCIL**

England & Wales - Charity number 286142

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# Accounts

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# Engineering Council

**Registered Charity No 286142**

Annual Report and Financial Accounts 2021

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## Foreword

Operating under a Royal Charter, the Engineering Council is charged with regulating the UK engineering profession on behalf of society. We hold the national Register of those who have satisfied their peers of their competence and commitment as Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians. We set the education standards for engineering programmes that provide the underpinning knowledge and understanding required to practise engineering, as well as setting standards for professional development. We can only achieve this through the commitment of the entire professional engineering community, supported by academics and employers.

Professional registration provides the benchmark which allows the public to have confidence and trust that the engineers and technicians on our Register have met globally recognised professional standards.

Nearly a quarter of a million men and women are currently listed on our Register. The UK has an ageing population, and with the number of registrants aged over 60 representing over a third of those on the Register, we must continue to work hard to maintain a talent pipeline to meet future skills requirements. We therefore welcome the joint initiatives that are underway to ensure that more people enter professional engineering careers and that those who are already professionally registered remain so throughout their working life. This is a strategic imperative for the nation if we are to meet the engineering and technological needs of the future.

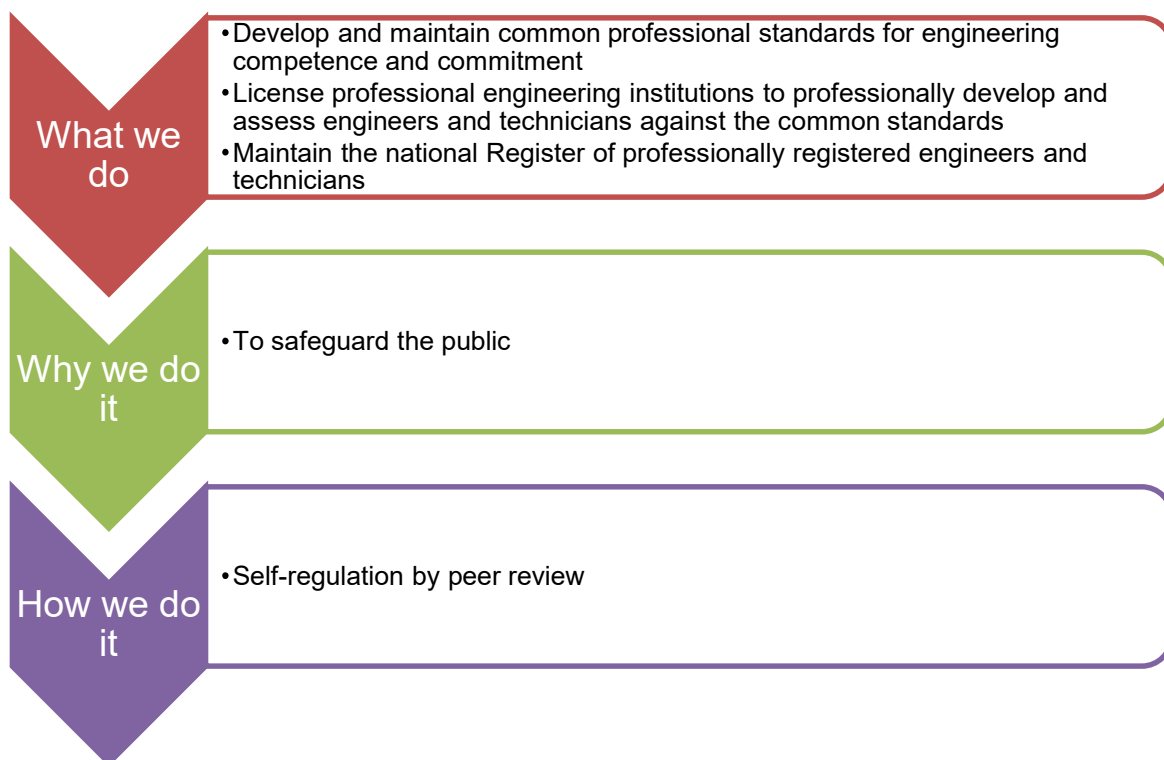
### **Vision:**

That society continues to have confidence and trust in the engineering profession.

### **Mission:**

To maintain internationally recognised standards of competence and commitment for the engineering profession and to license competent institutions to champion the standards for the deliverance of public benefit.

### **What we do, how we do it and why:**



## Chairman and CEO's statements

2021 marks the Engineering Council's 40<sup>th</sup> year of setting and maintaining standards: incorporated by Royal Charter in November 1981 to regulate the engineering profession in the UK, our vision is to ensure that society continues to have confidence and trust in the engineering profession.

We published our 2025 Strategy '[Advancing Regulation](#)' in July 2021, with the overarching goal 'To maintain the public's confidence in the engineering profession through wider promotion of the Engineering Council's regulatory work, its leadership role within the engineering community and a greater, more diverse and engaged registrant population'. This Strategy is focussed around four key themes, which inform and structure our subsequent strategic outcomes: Diversity & Inclusion (D&I), Digital Innovation, International, Engineering & Society.

There are currently over quarter of a million professionally registered engineers and technicians on the Engineering Council's Register, all of whom have committed to maintaining and developing their knowledge throughout their careers. The 2021 Ipsos MORI Veracity Index shows that engineers are trusted by 84% of respondents, but engineers must continually evaluate how ethical behaviours need to improve and evolve. Far from being complacent, our on-going work on ethics looks to further embed ethical culture and practice into the profession, including operating sustainably, inclusively and with respect for diverse views.

During 2021, we continued to support the new Building Safety regime through the development of a competence framework for engineering professionals working on higher-risk buildings, which will lead towards a Contextualised Register for competent professionals in this area. To support this work and our public benefit requirement, we also launched [RegCheck](#), an online tool that can be used to verify an individual's Engineering Council registration. Our revised Standards have been implemented from 31 December 2021, with support and guidance available for prospective registrants and the professional engineering institutions (PEIs) we license. The revised ICTTech Standard has also been published during 2021, promoting this key technician title.

2021 continued to hold a degree of pandemic-related uncertainty, but the Engineering Council has operated flexible working arrangements in response and continued to operate our core functions effectively. Our governance arrangements have continued to work effectively and business processes remained operational, supported by our continued certification to the ISO 9001: 2015 quality standard.

Delivering the objectives set out in the 2025 Strategy, in our 40<sup>th</sup> year as a regulator the Engineering Council is focussed on the future of the profession. We set and maintain internationally recognised standards of engineering competence and commitment, license PEIs to assess their members against those standards and hold the Register of the individual engineers and technicians assessed as meeting them. Now and in the future, professional registration is a crucial means of maintaining society's trust and further embedding a culture of ethical, sustainable behaviour among the engineering community.

**Professor Chris Atkin CEng FRAes and Alasdair Coates BEng (Hons) MSc CEng FICE MCIHT CMIOSH**

## 1. Registration statistics as of 31 December 2021

**FIGURE 1: NEW TITLES ADDED TO THE REGISTER IN 2021 COMPARED TO 2020**

	Interim			Final			Total		
	2020	2021	Change	2020	2021	Change	2020	2021	Change
EngTech	10	6	-40.00%	2,687	2,947	9.68%	2,697	2,953	9.49%
IEng	74	78	5.41%	1,201	1,246	3.75%	1,275	1,324	3.84%
CEng	286	264	-7.69%	5,847	6,592	12.74%	6,133	6,856	11.79%
ICTTech	-	-	-	529	209	-60.49%	529	209	-60.49%
<b>Total</b>	<b>370</b>	<b>348</b>	<b>-5.95%</b>	<b>10,264</b>	<b>10,994</b>	<b>7.11%</b>	<b>10,634</b>	<b>11,342</b>	<b>6.66%</b>

**FIGURE 2: TOTAL NUMBER OF REGISTRANTS ON THE REGISTER IN 2021 COMPARED TO 2020**

	Interim			Final			Total		
	2020	2021	Change	2020	2021	Change	2020	2021	Change
EngTech	134	126	-5.97%	22,637	23,252	2.72%	22,771	23,378	2.67%
IEng	1,217	1,172	-3.70%	25,486	24,708	-3.05%	26,703	25,880	-3.08%
CEng	5,578	5,334	-4.37%	173,358	172,896	-0.27%	178,936	178,230	-0.39%
ICTTech	-	-	0.00%	898	819	-8.80%	898	819	-8.80%
<b>Total</b>	<b>6,929</b>	<b>6,632</b>	<b>-4.29%</b>	<b>222,379</b>	<b>221,675</b>	<b>-0.32%</b>	<b>229,308</b>	<b>228,307</b>	<b>-0.44%</b>

**FIGURE 3: LOSS OF TITLES ON THE REGISTER IN 2021 COMPARED TO 2020**

	Interim			Final			Total		
	2020	2021	Change	2020	2021	Change	2020	2021	Change
EngTech	-6	-14	-133.00%	-3,004	-2,566	14.58%	-3,010	-2,580	14.29%
IEng	-130	-131	-0.76%	-2,251	-2,165	3.82%	-2,381	-2,296	3.57%
CEng	-531	-539	-1.51%	-8,643	-7,977	7.71%	-9,174	-8,516	7.17%
ICTTech	-	-	-	-149	-304	-50.99%	-149	-304	-104.03%
<b>Total</b>	<b>-667</b>	<b>-684</b>	<b>-2.55%</b>	<b>-14,047</b>	<b>-13,012</b>	<b>7.37%</b>	<b>-14,714</b>	<b>-13,696</b>	<b>6.92%</b>

An individual registrant can hold more than one designation or title (for example, such as Chartered Engineer (CEng) and Incorporated Engineer (IEng), or holding CEng with more than one institution), consequently there are more titles recorded on the Register than there are individual registrants.

### Reinstatements in 2021

In 2021, there were 1,011 reinstatements to the Register. Reinstatements are registrations that have previously been suspended but have returned to the Register within the last three years.

### New final titles by gender

For new final stage titles added to the Register over the last three years, the percentage of new final stage titles held by women has increased in 2021 compared to both 2020 and 2019. The percentage of these titles held by women increased in consecutive years, despite a decrease in the number of new final stage titles held by women in 2020 compared to 2019 (1,164 compared to 1,390). This indicates a more positive trend in new final stage titles by gender than we see when looking at the Register as a whole.

**FIGURE 4: NEW FINAL STAGE TITLES BY YEAR, BY REGISTRATION TITLE, BY GENDER, 2019-2021**

		EngTech	IEng	CEng	ICTTech	Total	% of total new titles
2019	Male	4,926	1,241	5,325	264	11,756	89.43%
	Female	321	89	962	18	1,390	10.57%
2020	Male	2,483	1,099	4,936	461	8,979	87.48%
	Female	173	87	863	41	1,164	11.34%
	Gender not specified	31	15	48	27	121	1.18%
2021	Male	2,655	1,132	5,489	189	9,465	86.09%
	Female	234	93	999	14	1,340	12.19%
	Gender not specified	58	21	104	6	189	1.72%

**International registrations****FIGURE 5: INTERNATIONAL FINAL STAGE TITLES**

	2021	2020
EngTech	1,355	1,357
IEng	2,635	2,832
CEng	41,897	41,563
ICTTech	18	20
Total	45,905	45,772

## 2. Strategy and performance in 2021

We published our 2025 Strategy, 'Advancing Regulation' in July 2021. The goal of that Strategy is:

To maintain the public's confidence in the engineering profession through wider promotion of the Engineering Council's regulatory work, its leadership role within the engineering community and a greater, more diverse and engaged registrant population.

**FIGURE 6: ENGINEERING COUNCIL'S 2025 STRATEGY**

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To help prioritise our actions, identify synergies between our activities and allocate resources, our work is focussed around four **Themes**, each with Strategic Outcomes that support the delivery of the Strategy.

### THEMES:



### STRATEGIC ENABLERS:

Key to the success of our Strategy will be the organisation's ability to resource and manage the various activities in a coherent and agile way. To facilitate this, the outcomes will be underpinned by two key Strategic Enablers: **Operational Excellence** and **Strategic Partnering**.



### 3. 2021 Activities and Achievements

Existing Strategic Objectives from the Strategic Plan 2018-2020 continued to run through the first half of the year and key workstreams – such as those promoting our Standards, facilitating mobility and maintaining pathways into the profession – have transitioned into the 2025 Strategy.

#### **Diversity & Inclusion**

We have established a new Diversity & Inclusion Working Group (DIWG) to identify, consider and develop proposals to address any issues creating barriers to the profession and professional recognition.

Work on a Volunteer Support Programme to provide support, guidance and training for all EngC volunteers has progressed, including development of a volunteer handbook and induction form.

Improving and promoting key technician products across the professions, we have published the revised ICTTech Standard (for implementation by 31 March 2022) and produced guidance to support the Approval and Accreditation of Qualifications and Apprenticeships (AAQA).

#### **Digital Innovation**

Promoting awareness of the Register and the value of professional registration, we have put in place an online campaign to celebrate new registrants' achievement on a quarterly basis from 2022.

We continue to embrace business improvement techniques, including contributing to development and testing of a system for online applications for European Engineer (EUR ING) registration and submitting UK data for accredited engineering programmes to the European Engineering Education Database (EEED, previously the FEANI INDEX).

Supporting the development of professional development tools, we have worked closely with stakeholders to identify priority areas for the enhancement of our mycareerpath application.

#### **International**

We continue to collaborate with a range of international partner organisations, including members of the International Engineering Alliance (IEA), European Federation of National Engineering Associations (FEANI) and European Network for the Accreditation of Engineering Education (ENAE), to facilitate the mobility of engineers and promote our internationally respected Standards based on competence.

Good progress has been made with the ENGINET group of European regulators on establishing common processes and standards for competence-based registration, enabling more open access to the profession.

We are engaging with government on a range of key regulatory issues, including active involvement in meetings of the Department of International Trade (DIT) Trade Technical Group and providing input on the mutual recognition of qualifications, Free Trade Agreements and Regional Partnerships, to the Department for Business, Energy and Industrial Strategy (BEIS) and DIT respectively.

#### **Engineering & Society**

We have fully updated our 'Guidance on Sustainability' and 'Guidance on Risk' for individual engineers and technicians, as well as adding key cyber-security resources to our 'Guidance on Security'.

As part of the Cyber Security Alliance, we have provided key regulatory support and advice - including on professional ethics and Standards - for the formation of the UK Cyber Security Council.

The joint Engineering Ethics Reference Group (EERG) established with the Royal Academy of Engineering has developed a pan-profession action plan to further embed an ethical culture across the engineering profession, for publication in early 2022.

## 4. Impact of Covid-19

### Introduction

Following the outbreak of Covid-19 and the subsequent nationwide lockdown which started in March 2020 Engineering Council staff made a successful transition to working from home, and continued to do so, in the main, throughout 2020 and 2021. Although some staff were able to return to the office for short periods, subsequent lockdowns meant that working from home became the 'norm' in 2020 and has continued to be the case in 2021. Throughout the whole period Engineering Council staff have continued to work closely with the PEIs and other bodies, particularly with respect to licensing, registration, and accreditation activities. All board, committee, panel and working group meetings have continued on-line.

An assessment of the impact of Covid-19 and the ensuing lockdown on the organisation and its operations was undertaken in June 2020 and resulted in a change of assessment of the relevant risk item on the Trustees Risk Register.

The impact assessment was reviewed and updated in February 2021 taking in to account the impact of the previous twelve months on Engineering Council staff and operations, and the organisation's ability to continue to deliver its strategic and business plans throughout 2021 with home working remaining in place during the year.

The impact assessment was reported in the 2020 Annual Report with the main points set out again below with any updates from 2021 activity.

**Risks Financial risk – Income** – the organisation does not believe that Covid-19 has had or will have an impact on its income. Its main income stream is the annual grant from EngineeringUK. This grant is agreed by the Board of EngineeringUK, (which includes the CEOs of the three largest engineering institutions), in July of the preceding year. The agreement to pay the Engineering Council an operational grant to run the organisation's key activities, such as maintaining the Register of professionally qualified engineers and technicians, is laid out in the organisation's Royal Charter. In terms of the sustainability of this revenue stream, evidence shows that registration is valued by individuals, particularly in times of economic uncertainty, when new professional registrations tend to increase rather than decrease, highlighting the value that registration brings in demonstrating individuals' competence and commitment to either a current or prospective employer. Engineering Council is not reliant on income from sources such as donations, grants, fund raising or commercial arrangements (such as events or publications). **Impact – minimal**

**Financial Risk – International Fee Income** – As staff are not set up to print, receive post or send post out from home, during periods of national lockdown, there were minor delays initially in the receipt of some international fee income.

**2021 Update:** the organisation returned to partial office-based working in 2021 to address this issue with the 2021 renewal rate of FEANI registrations remaining at 72%, as in 2020. **Impact – minimal**

**Financial Risk – Costs** – Engineering Council is not incurring additional costs due to Covid-19, to the contrary during 2021 the organisation continued to see a decrease in some costs particularly those associated with hosting/attendance at physical meetings (catering, travel, and subsistence costs). Additionally, as a precaution during 2021 the Management Panel reviewed its current projects and placed on hold those it felt were not currently operationally or strategically critical.

**2021 Update** This situation was kept under review throughout the year and in early 2022 it was decided that number of strategic projects could be initiated/revived. **Impact - minimal**

**Financial Risk – Reserves** – the organisation held free reserves of £3m at the end of 2021, in the form of cash in the bank and an investment fund with Cazenove (previously held with Barings Asset Management). Whilst the organisation does not draw an income from its investment fund and reinvests any gains back into the fund, it has the reassurance that there will be funds available should it need to draw on them.

The fund was fully redeemed from Barings at the end of August 2021, at which point it showed an increase in its overall value of £78k. In early 2022 it was reinvested in Cazenove and whilst there is a risk that there may be fluctuations in the stock market which will affect the fund value during 2022, the organisation will be closely monitoring the situation and will keep its planned expenditure from reserves under constant review, in particular, in view of the medium-high risk of the fund. Consideration will also be made to the potential impact of the situation in Ukraine on the fund's performance. **Impact - minimal**

**Financial Risk – Pension Scheme** – at its last triennial valuation, the Scheme was in surplus on a technical provisions' basis by £327K. Following the valuation, the Scheme Trustees implemented a revised investment strategy aimed at minimising the exposure of the Scheme's investments to stock market volatility. Whilst the Engineering Council has agreed to pay a contribution towards the Scheme's running costs of £108k in 2021, the organisation has no obligation to make any additional contributions to the Scheme until after the results of the next triennial valuation, due at 31 December 2021 and to be finalised by 31<sup>st</sup> March 2022, are known. As a result, we do not anticipate any impact to the organisation from Covid-19 in relation to the Scheme in 2021. **Impact - minimal**

**Operational Risk – Business Plan** – all staff are continuing to work predominately from home and have done so successfully since 17 March 2020. The organisation has continued to work effectively and has delivered on its strategic and business plan objectives as expected. Despite the continue lockdown we do not expect any substantive changes to the work we plan to carry out in 2022. Board, panel, and committee meetings have all been held as scheduled, using Zoom but in 2022 we will continue to introduce the option of hybrid meeting where attendees have the choice of attending in person or virtually. There continues to be little negative impact of remote working on delivery of the new 2025 Strategy and the supporting business plan (the new Strategy was developed during lockdown in 2020 and was launched in 2021) and we have continued to deliver core business process with minimum interruption. Staff and supplier payments are made promptly, and new registrations and data reconciliations continue to be processed, including a full year end reconciliation at the end of 2021. Whilst some paper-based processes stop during periods of lock down they resume once there is a return to the office-based working. **Impact - minimal**

**Operational Risk – Staff wellbeing** – ensuring staff have been able to cope as well as possible has been a key priority, particularly given the prolonged time spent in lockdown. Regular individual, team, departmental and full office meetings have been held to ensure staff are able to keep in contact not just on projects and the day-to-day matters but on the wider business operations. The organisation has an Employee Assistance Programme in place, to offer support and advice to staff.

A constant review of working arrangements continues and the return to office-based work will be carefully planned to take account of Government advice and staff safety and well-being. **Impact - minimal**

The organisation has not felt it necessary to take advantage of the Government support offered to businesses as a result of the pandemic. All staff have been fully deployed throughout the lockdowns and have access to the equipment and systems required to carry out their roles. The organisation believes that the robustness of its business planning and financial management has allowed activities to continue uninterrupted and extreme measures have not been required. Our IT systems have been sufficiently robust and well developed to allow all staff to work effectively from home with minimum disruption to business activities. Additionally, during the first lockdown, the organisation was able to complete a planned office move/office refurbishment to deadline and budget, further demonstrating the strength of its operations planning. The Management Panel continues to monitor both the finances and business processes monthly basis and reports regularly on them to the Trustees.

We believe that the organisation is well placed to continue to successfully deliver all business activities despite the restrictions imposed on it by lockdown and organisation wide home-based working.

## 5. Risk and compliance

### How the Engineering Council manages risk

The Engineering Council maintains a risk management policy which forms part of the EngC's internal control and governance arrangements. The policy explains the EngC's underlying approach to risk management including how the organisation views, identifies, assesses, and manages risk. It also describes the process the Board uses to manage the Engineering Council's risk management process and evaluate the effectiveness of the internal control procedures.

Engineering Council maintains a Trustee Risk Register which identifies risks that could have an impact on the organisation's ability to deliver its strategic objectives, including all legal and financial mandates, assess the probability and impact of those risks occurring and details the measures in place to manage and mitigate them.

The Trustee Risk Register is supported by several Functional Risk Registers, each covering the main activities of the Board's Committees and Panels, and which identify risks that could have an impact on the organisation's ability to deliver its strategic objectives in those areas. These registers are reviewed at each of the Committee/Panel meetings with the Management Panel undertaking a holistic review every quarter.

### Role of the Executive Team and Management Panel

Day to day management of individual risks is the responsibility of the appropriate Executive Team member or volunteer(s) where decisions are delegated to them as recorded in the Risk Register. The Risk Register is regularly reviewed by the Executive Team and relevant volunteers and on a by-exception basis. The Management Panel reviews the Risk Register at each meeting and reports any concerns about risk and their management to the Board. The Risk Register is reviewed once a year by the Board. Should any other risk emerge during the year that is assessed to fall into one of the categories described above or which may result in the levels of tolerable risk set out in the EngC's risk appetite statement being exceeded then this should be referred to the Board for review and not wait for the annual review.

As part of the business planning process, the Executive Team scans the horizon to identify changes in the external environment that may have an impact on the Engineering Council's operations. Both PESTLE and SWOT analysis frameworks are utilised to do this, which then instructs the 'opportunity and risk' identification process.

As part of the Business Planning process, all key tasks will record risks, opportunities and issues that may affect the achievement of expected outputs in either Functional Risk Registers or the Projects Risk & Opportunities Register and Issues Register.

Based on the horizon scan and organisational SWOT analysis, the emergent opportunities are identified and captured in the Risk and Opportunities Register. The Executive Team reviews the Opportunity Register in the autumn of each year and prepares and prioritises projects that may exploit the opportunities, subject to resources being available. This will also inform any options analysis, which then drives the budgeting forecast the following year.

This process involves assessing the most significant individual risks on the basis of the likelihood of it occurring, and what the impact to the organisation would be should the risk occur and considering ways of avoiding the risk(s) or mitigating its effect. Each area of risk has been assessed by providing a score to both the impact and the probability of each risk and using these to calculate the overall severity, and therefore, Gross Risk. With the identification and definition of suitable controls and monitoring actions, a judgement is then made as to what extent the impact of the Gross Risk is reduced, thereby reflecting what the Net Risk is.

### Role of the Board

The Trustees assessed the major risks to which the Engineering Council was exposed in accordance with Charity Commission guidance and were satisfied that systems were in place to mitigate the Engineering Council's exposure to major risks.

The organisation's Risk Policy & Procedure (January 2021) contains the following key principles that outline the Engineering Council's approach to risk management:

- a. As the EngC's principal body, the Board is responsible for risk management;

- b. The Board is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding the public and other funds and assets for which it is responsible in accordance with its Charter and By-laws;
- c. There should be an open and receptive approach to mitigating risk;
- d. The Management Panel (MP) manages the EngC's Risk and Opportunity Management Process.
- e. The Finance, Audit & Remuneration Panel (FARP) advises the Board on risk assurance.
- f. The Risk Register is reported to the Board via MP.
- g. The CEO and Executive Team, with input from the volunteer committees and panels where relevant, are responsible for encouraging and implementing good risk management practice across the organisation, in particular the identification, evaluation and management of risk.
- h. Early warning mechanisms will be put in place and monitored to alert the Board so that remedial action can be taken to manage any potential hazards.

This policy includes consideration of the organisation's **Risk Appetite** i.e., the level of risk that EngC is prepared to accept in pursuit of its strategic objectives. This Statement informs the EngC's strategy and business planning processes and is reviewed annually by the Board. It sets the context for managing risk and forms an integral part of this policy. The Risk Appetite Statement will also form the basis of delegated levels of authority for decisions including at subordinate panels and committees.

In terms of its willingness to accept certain types of risk, the EngC's approach is to minimise exposure to reputational, compliance and financial risk, whilst accepting that a certain level of risk must be taken to achieve its strategic objectives. Acceptance of risk is subject to ensuring that risks and potential benefits are fully considered and understood before activities are undertaken and that sensible measures are in place to mitigate risk.

As of 31 December 2021, there were **five MEDIUM** Net Risks on the Trustees Risk Register as follows:

- 1. Risk that registered engineers would no longer be subject to directives on mobility: other forms of recognition and ways to enable mobility would become more important.**

#### **MITIGATION**

- Work through ETF.
  - To be factored into discussions about future engagement in recognition tools such as EUR-ACE, EUR ING, Engineering Card, international Accords and Agreements and Mutual Exemption Agreements.
  - Leading input into Professional Qualifications Working Group (requested by EtF/PEC), facilitated by RAEng and attended by PEIs.
  - Input into MAC consultation – October 2017 and continued liaison with RAEng.
  - Participation in key workshops e.g the 2017 NARIC workshop
- Maintain close working links with BEIS and impact of the 2021 Professional Services Bill

- 2. Risk that EngC does not comply with the requirements of the new General Data Protection Regulation (GDPR).**

#### **MITIGATION:**

- Project Team managing transition.
- Legal advisors to be engaged with ongoing work.
- Key staff trained, both Foundation and Practitioner level.

- 3. Risk that reviews of the profession or competing regulatory drivers will result in the EngC's regulatory function and its registers being removed or developed by an alternative body.**

#### **MITIGATION:**

- EngC represented on Professional Engineering Committee (PEC) and contributing to consultations.

- 4. With the outbreak of COVID-19, the risk of not maintaining the various strands of the licensing function (licence reviews, Liaison Officer monitoring, volunteer seminars, workshops etc) to the current standard.**

**MITIGATION:**

- All Licensing stakeholders have been notified of how it is anticipated the Licensing function will continue during the change to working practices.
- Revisions to the Licensing manual for the provision to conduct all types of licence reviews remotely
- Ensuring Liaison Officers (LOs) are provided access to remote meetings held by Licensed Members for the continuation of LO reporting
- Expectations of CPD activities and sampling
- As part of regular Licensing team meetings, discussions will be held re the issue of training materials to key stakeholders as alternatives to conducting seminars / workshops. Additionally, research will be undertaken as to how to undertake online webinars.

- 5. Risk of attack by virus or hacker, or systems failure, or staff/volunteer unintentional breach resulting in corruption or deletion of electronic data.**

**MITIGATION:**

- Keeping IT suppliers reviewed and changed with professional advice. Firewall audit undertaken. Clean rule book established on virtual servers. Third-party virus screening of e-mails provided by Vipre. Appropriate backup procedures and software reinstallation procedures implemented. Staff/volunteer awareness regarding spoofing emails etc.

**Internal and external auditing**

The Quality Management System (QMS) is now embedded within the Engineering Council's Operational Framework and a robust internal audit schedule is in place. This plan is created and revised by the internal Quality Management Team (QMT), which also manages the internal audit team. In addition, QMT monitors the internal audit process, reviews internal audit reports and follows up on both ISO9001 and internal audit non-conformances and root cause analysis. All findings are recorded in the Internal Audit Log as requested by the Executive Team. The Engineering Council was successfully certified against the ISO 9001:2015 quality management standard in June 2018 with a successful Focus Visit in January 2021.

## 6. Financial review

The areas of activity funded during 2021 are set out in section 3 - **2021 Activities and Achievements**. A detailed breakdown of expenditure for the year appears in notes 7-13 to the Financial Statements. FARP regularly scrutinises the organisation's expenditure to ensure that the work of the Engineering Council remains cost-effective.

The inclusion of the Engineering Council Pension Scheme under FRS102 has reduced staff costs by £108,000 (2020 - £105,000), increased direct costs by £124,000 (2020 - £167,000) and resulted in an actuarial gain on the scheme of £540,000 (2020 – loss of £1,107,000). The overall effect of applying FRS102 is thus to decrease income for the year by £15,000 (2020 – decrease of £62,000) and to increase the net movement in funds by £525,000 (2020 – decrease of £1,169,000).

### Engineering Council Pension Scheme

The Trustees of the Engineering Council Pension Scheme met three times during 2021. The Engineering Council, as the Principal Employer, made contribution towards scheme running costs of £108,000, as opposed to £105,000 made in 2020. This change resulted from the triennial valuation, at 31 December 2018, showed a past service surplus of £327K compared to the deficit disclosed by the 2015 valuation of £1.2M. The principal factors affecting the change in the deficit were the deficit reduction contributions made by the Employer and the value placed on the liabilities, which was lower than in the previous year due mainly to the increase in the corporate bond yield.

The Trustees and the Employer have agreed that an annual contribution towards the Scheme running costs will be made until the next triennial valuation which is due at 31 December 2021.

### Reserves

In 2021 the Engineering Council held funds of £3,030,886 (£2,777,200 – 2020) as follows:

**Unrestricted general funds** - The Engineering Council's policy is to maintain a level of unrestricted reserves, in accordance with accepted good practice, of a minimum of six months of operating budget. In 2021 six months operating budget was £1.47M (£1.5M – 2020). In calculating the level of reserves, it should hold the FARP also reviewed the key financial risks to the organisation and identified changes to funding mechanism and/or a shortfall in the annual operating grant, which could result in a lack of funds for Engineering Council operations. Consequently, a minimum reserve of six months operating budget was deemed appropriate.

Disregarding the tangible fixed assets for reserves policy purposes, the charity's general fund was £2,839,683 (2020 - £2,530,155); a figure not materially different from ten months' expenditure.

At its October 2021 meeting FARP agreed the principle of utilising reserves in excess of six months' operating costs to fund projects that supported the organisation's strategic plan, but only on condition that a minimum of six months' operating costs be retained at all times.

### Restricted funds

The pension reserve was £nil at the year end with the pension grant received in year again being equivalent to the current year recovery plan contributions of £108k (£105k – 2020).

The general fund, as shown in the financial statements, includes an unrecognised surplus of £2.031M (2020 surplus - £1.506M), due to an excess of assets over liabilities in the scheme this year. The figure as calculated under FRS102 is in respect of the defined benefit scheme.

This amount is not recognised within the Engineering Council's financial statements as the organisation has no rights over the Scheme's assets. The Trustees believe that this notional funding calculation, which can vary considerably according to the assumptions made at each year-end, has no material effect on the organisation's cash flow in the short term, and that in the long term its effects can be sustained from future income.

The majority of the reserves are held in investments, with the remainder held in cash.

### Investment Policy and Returns

Up to the end of August 2021, the Engineering Council's reserves were held in the Barings Targeted Return Fund which invested across asset classes and through both direct holdings as well as in-house and third-party funds. Following receipt of the notification from Barings Asset Management of their intention to close the Targeted Return Fund with effect from 31 August 2021, it was necessary for the organisation to identify new investment fund managers. Following a full tender process, the Trustees appointed Cazenove Capital to replace Barings Asset Management.

FARP reviews the fund performance at each of its meetings and the fund manager attends FARP once a year to discuss fund performance. Cazenove fund managers attended FARP in October 2021 to outline their approach to investments, the investment mandate is summarised below.

*The investment objective is to maintain the real capital value ahead of inflation, over the long term. The Trustees can tolerate variation in the capital value of the portfolio in the short-term and are prepared to adopt a total return (income and capital growth) approach to meet their expenditure requirements. The portfolio will be invested in the Responsible Multi-Asset Fund which has a target of inflation (CPI) plus 4% per annum, net of fees, over rolling ten-year periods. The Fund targets a stable and sustainable total return distribution of 4% per annum.*

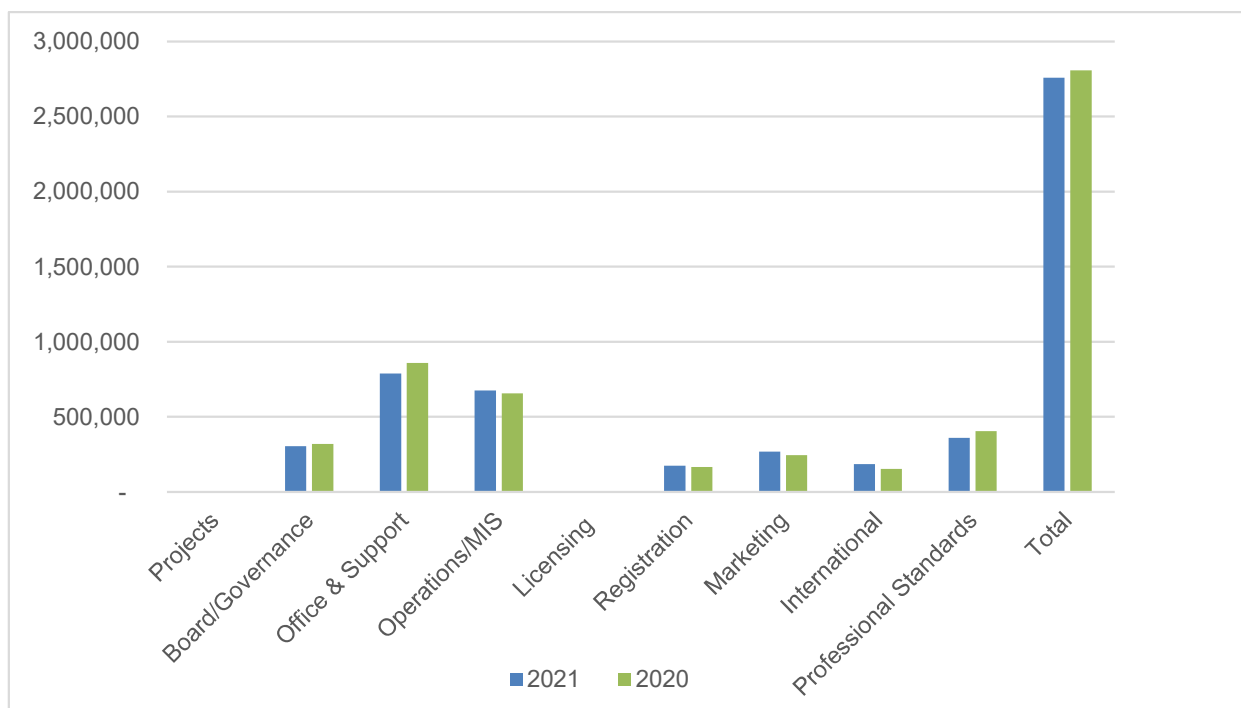
*The Fund incorporates a responsible investment policy, with screening aligned with common charity concerns and environmental, social and governance analysis, engagement and voting embedded in the equity investment process.*

The Trustees confirmed they were happy with the appointment of Cazenove as fund managers and suggested they provide an update on fund performance in the May 2022 FARP. The Trustees confirmed that the investments held were acquired in accordance with the powers available to the Trustees.

### Expenditure on charitable activities

The following graph sets out the amounts spent on key areas of activity in 2021 and 2020.

**FIGURE 7: 2021 & 2020 EXPENDITURE**



## 7. Public benefit report

One of the key elements of the organisation's core business is to ensure that the professional engineering community continues to provide public benefit through appropriate structures and professional behaviours.

This section provides a review of the significant or main activities undertaken by the Engineering Council to further its charitable purposes for the public benefit.

The Trustees confirm they have referred to the Charity Commission's general guidance on Public Benefit when reviewing the Engineering Council's aims and objectives and in planning future activities that will contribute to delivering the strategy OR vision and mission.

### What is the Engineering Council there to achieve?

The purposes of the Engineering Council are set out as follows:

#### Objective

To advance education in, and promote the science and practice of, engineering (including relevant technology) for the public benefit and thereby to promote industry and commerce in Our United Kingdom and elsewhere.

#### Mission:

To maintain internationally recognised standards of competence and commitment for the engineering profession and to licence competent institutions to champion the standards, for the deliverance of public benefit.

#### Vision:

That society continues to have confidence and trust in the engineering profession.

### What has the Engineering Council done during 2021 to carry out those purposes for the public benefit?

#### *Against the principles of public benefit*

Against each of the principles of public benefit and their key factors, as set out in the Charity Commission guidance, the Engineering Council is able to assess whether each factor has been met.

Table 1

Serial	Principle or factor	Assessment
1	<b><i>There must be an identifiable benefit or benefits</i></b>	Engineering underpins provision and/or distribution of the basic necessities of civilised life: buildings, energy, water and sanitation, food, transport, healthcare, communications, defence. The major public benefit is the professional regulation that the Engineering Council and its Licensed Member institutions exercise over their registrants and members when serving the general public.
1a	<i>It must be clear what the benefits are</i>	See specific public benefits in Table 2, serials 1-11.
1b	<i>The benefits must be related to the aims (i.e., objects)</i>	The object is pursued in conjunction with the Engineering Council's Licensed Member institutions through the core functions of registration and accreditation to consistent standards. The end result is that public benefits (1 above) are generated by qualified registrants and institution members working in private and public sector industries and services.
1c	<i>Benefits must be balanced against any detriment or harm</i>	While some engineering products or activities are potentially harmful, the professional code of conduct and professional education and training all emphasise safety, sustainability

		and concern for the environment. Benefits vastly outweigh detriment. Downside would be greater without professional ethical commitment. See Table 2, serial 2.
<b>2</b>	<b><i>Benefit must be to the public, or to a section of the public</i></b>	Benefits of sound engineering are to the public generally, and, in varying degrees, to all mankind.
2a	<i>The beneficiaries must be appropriate to the aims</i>	Confirmed.
2b	<i>Where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by:</i>  <i>Geographical or other restrictions</i>  <i>Ability to pay any fees charged</i>	Individual registrants, totalling more than 230,000, receive particular benefits in addition to the general public benefits at 2 above. Discussed at 2d below.  Registration is conditional on meeting academic and other standards of competence – an integral part of achieving the overall public benefit. Moreover, registration is voluntary, not a statutory 'licence to practise'.  Annual registration fees range from £19 for Engineering Technician to £39 for Chartered Engineer, reducible to £8.40 and £17.60 respectively for individual cases of hardship. See also Table 2, serial 11.  In conclusion, members of the public wishing to become registrants are not unreasonably restricted on either count.
2c	<i>People in poverty must not be excluded from the opportunity to benefit</i>	Covered in 2 and 2b above.
2d	<i>Any private benefits must be incidental</i>	The private benefits of registration directly contribute towards achieving the Engineering Council's aims and are a necessary result of carrying out those aims. The CC's legal analysis underpinning its guidance quotes at para 3.84 a case – IRC v Forrest – relating to membership of one of the Engineering Council's Licensed Member institutions, which applies equally to registration.

**As per specific activities and benefits:****Table 2**

<b>Serial</b>	<b>Engineering Council activity</b>	<b>Institution activity</b>	<b>Effect</b>	<b>Public benefit</b>
1	Set and maintain standards of professional competence in four categories: Engineering Technician, Incorporated Engineer, Chartered Engineer, ICT Technician	Contribute to defining standards, in conjunction with industry and academia; promote standards	Coherent, relevant national standards, adopted by Quality Assurance Agency (QAA)	Defined learning progression for existing and prospective engineers, technicians and craftspersons; benefit to industry and commerce and thus to national economy
2	Define generic standards of professional conduct and ethics	Tailor standards to own field; require all members to observe standards in institution code of conduct. May provide advice facility to members	Members observe standards	Positive contribution to safety, sustainability, the environment, industrial effectiveness and public confidence
3	Require institutions to have complaints and disciplinary procedures; appellate body in defined circumstances	Produce and operate complaints and disciplinary	Reported breaches of standards by members dealt with fairly and transparently	Public confidence in profession; a degree of redress for complainants

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		procedures in support of (2)		
4	License institutions to register qualified individuals through defined procedures	Promote registration and institution membership; assess and register qualified individuals	Evidence of the professional competence and commitment of individual engineers and technicians	Assists employers and clients in recruiting or engaging individuals; public confidence
5	License institutions to accredit academic courses and approve professional development courses for engineers	Accredit and approve courses (often jointly)	Identifies courses leading to exemplifying qualifications for individual registration	Raises and maintains the quality of engineering education; helps to inform curriculum design and promote innovative methods of teaching; assists students in selecting courses and career options; encourages education in economically important fields; attracts foreign students to UK universities, enhancing the universities' reputation and financial position; supports industry in developing high quality programmes that support professional registration
6	License institutions to approve vocational qualifications and programmes for technicians; host a technician working group to develop initiatives and share good practice	Approve Vocational Qualifications (VQs) and apprenticeship programmes	Links existing VQs and apprenticeship programmes to Engineering Technician standard	Informs awarding organisations and apprenticeship developers of suitability of VQs and apprenticeship programmes for registration; allows individuals with approved VQs and apprenticeships to register as Engineering Technicians via a streamlined route
7	State requirement for individual CPD (part of (2))	Facilitate and monitor members' CPD	Members maintain competence	Contributes to (2), (4) and (5)
8	Conduct periodic review of licensed institutions	Operate internal quality assurance procedures	Licence requirements and standards maintained and applied consistently	Underpins (2-6)
9	Represent UK in negotiating international agreements for mutual recognition of qualifications; advise government departments	Advise and support members; admit and register qualified individuals educated overseas; form alliances with overseas institutions	Increased employment and working mobility of engineers and technicians	UK firms can compete and operate more effectively overseas, to the benefit of UK economy; overseas recognition of and demand for UK professional recognition enhances reputation of UK; increased recognition of UK engineering qualifications provides greater encouragement for individuals to seek the knowledge and competence to achieve them

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10	Train institution volunteers in registration and accreditation procedures (e.g., interviewing, mentoring, assessment)	Identify volunteers from among members; cascade training to further volunteers	Contributes to (4, 5, 8)	Contributes to (4, 5, 8)
11	Charge individual registration fees	Charge individual membership fees	Financial viability of bodies	All bodies charge reduced fees for some of student members, young members, technician members, non-corporate (unqualified) members, members temporarily not working, retired members

## 8. How we operate

### How we are governed

The Engineering Council, whose registered office is 5<sup>th</sup> Floor, 10 Lower Thames St, London EC3R 6EN was incorporated by Royal Charter on 27 November 1981 and is a registered charity, No. 286142, whose objects are:

*To advance education in, and to promote the science and practice of, engineering (including relevant technology) for the public benefit and thereby to promote industry and commerce in Our United Kingdom and elsewhere.*

However, as a result of changes made to the profession under the direction of Lord Sainsbury, Minister for Science and Innovation (1998 to 2006), the scope and responsibility was narrowed down to operate the national Register.

### How we are funded

The Engineering Council's principal source of funding is the annual registration fees of individual registered engineers and technicians. The fees are collected by the professional engineering institutions and remitted to EngineeringUK, from which a grant is made to the Engineering Council.

This operating grant is used to cover the cost of carrying out regulatory activities, which include maintenance of standards; licensing of professional engineering institutions as Licensed Members and Professional Affiliates; international representation in FEANI and the International Engineering Alliance; operation of the engineering profession's national Register; and support for the promotion of registration by professional engineering institutions.

The annual registration fees from Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians support the work of the Engineering Council and EngineeringUK.

The Engineering Council does not engage any external fundraisers nor raises funds from the general public and as such no complaints have been received in this respect.

### The Board of Trustees

The Engineering Council is governed by a 22-member Board of Trustees, which is appointed in accordance with the Engineering Council's Bye-laws. Twelve of the members are appointed by the major professional engineering institutions, three by the smaller institutions and the remaining seven by EngineeringUK. The composition of the Board provides stakeholder representation through institution-nominated members, and the involvement of the wider profession through EngineeringUK nominees.

The Board chaired by Prof Chris Atkin CEng FRAeS met on three occasions in 2021.

The Board appoints the Chief Executive Officer, who is in turn responsible for staffing within parameters established by the Board.

The constitution and membership of the Board is published on the Engineering Council website ([www.engc.org.uk](http://www.engc.org.uk)). An extranet requiring a password (from October 2017, the Partner Portal, at <https://partner.engc.org.uk>) is available to stakeholders, primarily Licensed Members, Professional Affiliates, Engineering Council Trustees, and volunteer members of the Engineering Council's Committee and Panels, as well as Engineering Council staff. The Charter and Bye-laws, Regulations and Terms of Reference of the Board's Committees and Panels are published on the Partner Portal together with other information including agendas, minutes and papers and proceedings of the Board, Committees and Panels.

Within three months of joining the Board, Trustees are given an induction by the Executive Team, which is based on the Institute of Chartered Secretaries and Administrators Best Practice Guide to the Appointment and Induction of Charity Trustees. Further trustee training, including GDPR training, is undertaken as appropriate.

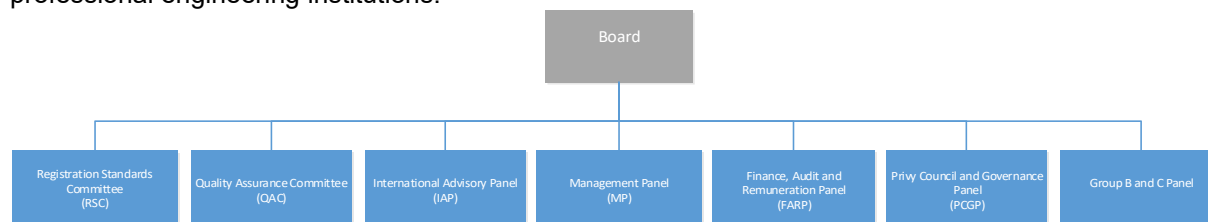
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The following table presents changes to Board members during 2021.

	Nominated by	Board Member	Term of Office ended	Term of Office started
1	BCS, The Chartered Institute for IT	Prof Kevin Jones CEng CITP CSci FIET FBCS	June 2021	
	BCS, The Chartered Institute for IT	Mr Alastair Revell		June 2021
2	Chartered Institution of Building Services Engineers	Mr George Adams CEng FCIBSE	June 2021	
	Chartered Institution of Building Services Engineers	Mr Andrew Rowe		June 2021
3	Institution of Chemical Engineers	Dr Rob Best CEng FICHEM		
4	Institution of Civil Engineers	EUR ING Bill Hewlett CEng FICE FIET	June 2021	
	Institution of Civil Engineers	Mrs Emer Murnaghan		June 2021
5	Institution of Engineering & Technology	Mr James Baker CEng FIET		
6	Institution of Engineering & Technology	Ms Michelle Richmond CEng FIET		
7	Institute of Marine Engineering, Science & Technology	John Chudley CEng FIMarEST		
8	Institute of Materials, Minerals and Mining	EUR ING Dr Graham Woodrow CEng FIMMM	June 2021	
	Institute of Materials, Minerals and Mining	Mr Jim Shields		June 2021
9	Institution of Mechanical Engineers	Mr Mike McLoughlin CEng FIMechE		
10	Royal Aeronautical Society	Prof Chris Atkin CEng FRAeS		
11	Society of Operations Engineers	Mr Stephen Catte CEnv IEng HonFSOE		
12	Institution of Structural Engineers	Mr Phil Nelson CEng FStructE		
13	Group B Institutions	Terry Fuller CEng MICE MCIWEM		
14	Group B Institutions	Mr Neil Phelps IEng MIED		
15	Group C Institutions	Mr Tony Gibson CEng MNucl MIET MAPM MINCOSE		
16	EngineeringUK	Mr David Short CEng FRAeS MIET		
17	EngineeringUK	Ms Ann Watson		
18	EngineeringUK	Matt Gantley		
19	EngineeringUK	Ms Estelle Clark CQP FCQI FRSA		
20	EngineeringUK	Mrs Josephine Parker MBE CEng FCIWEM FICE FWater		
21	EngineeringUK	Capt Mike Rose RN CEng MIMarEST		
22	EngineeringUK	Ms Ann Francke		

## Committees and Panels

The Board operates through the two principal committees and four panels listed below. All committee and panel Chairs are members of the Board. Other committee and panel members are nominated by the professional engineering institutions.



The **Registration Standards Committee (RSC)** has oversight of matters to do with the education, training and professional development of professional engineers and technicians. It is responsible for maintaining the standards of competence and commitment and maintaining the underpinning knowledge and understanding requirements for professional registration. This includes publishing, and keeping under review, the Registration Code of Practice that aligns with the requirements set out in the UK Standard for Professional Engineering Competence (UK-SPEC), the ICT Technician Standard, and the standards for the accreditation of HE programmes and approved apprenticeships. RSC comprises nominees from professional engineering institutions, including from academia and industry, which ensures that the Engineering Council is kept abreast of developments in education and professional development that relate to professional engineers and technicians. The committee met three times in 2021.

The **Quality Assurance Committee (QAC)** is responsible for licensing professional engineering institutions that are considered competent to assess candidates for professional registration, accredit academic programmes, and approve professional development schemes. This involves a periodic review of the institutions' registration process, reviewing and making appropriate changes to licensing policies and processes, and encouraging information exchange between institutions, while maintaining an overview of licence related issues. It also approves suitable bodies as Professional Affiliates. QAC comprises members nominated by the licensed institutions who are registrants and of suitable standing and experience. The committee met four times in 2021.

The **International Advisory Panel (IAP)** is responsible for advising on matters that have an impact on the global recognition of Engineering Council standards and the international mobility of engineering professionals. This involves advising on the international promotion of the national Register, updating the Board on relevant international developments, guiding the Engineering Council's international activity and identifying suitable representatives of the UK engineering profession to join international committees. IAP acts as the National Monitoring Committee for FEANI registration purposes and as the responsible Committee for the UK section of International Registers. IAP also promotes the flow of communications between the Engineering Council and the institutions on international matters. IAP comprises nominees from professional engineering institutions, including from academia and industry, with international experience and expert knowledge of mobility issues affecting professional engineers and technicians. The Panel met three times in 2021.

The **Finance, Audit and Remuneration Panel (FARP)** has responsibility for keeping the financial management of the Engineering Council under review. Through the delegated authority of the Board, it approves variations to expenditure and investment policy within established limits. The Panel advises the Board and CEO on financial services; monthly management accounts; remuneration; staff pensions; subscription and fees policies; the annual budget, report and accounts; risk assessment policy; audit reports and delegated financial authorities. In addition to the Chair, FARP comprises three current trustees and one other member with relevant knowledge and experience. The Panel met three times in 2021.

The **Privy Council and Governance Panel (PCGP)** is responsible for the periodic review of the Charter, Bye-laws and Regulations of the Engineering Council, and making proposals for change to the Board. The Panel also advises the Board on its response to requests for advice from the Privy Council Office and other government departments on matters concerning the constitution of relevant institutions. PCGP provides advice to professional engineering institutions on constitution, governance and disciplinary procedures. This involves publishing and reviewing guidance on disciplinary procedures and consulting with Licensed Members on significant proposed changes to policies or procedures. PCGP also considers representations from professional engineering institutions, registrants or members of the public concerning the conduct of institutions or registrants and determines whether, and if so how, appeal proceedings should take place.

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PCGP comprises suitable nominees from the Board, together with advisors to assist in this work of the Panel. The PCGP met four times in 2021.

The **Management Panel (MP)** is responsible for day-to-day operational decision making and management of the organisation. The Panel is chaired by the CEO and comprises of the CEO, the Deputy CEO/Operations Director, Head of Professional Standards and the Head of Administration & Support and meets approximately every four to six weeks. Its standing agenda includes IT and Management Information Systems, project management/project reporting, risk management, business planning, HR, finance, quality management and business continuity.

The **Group B and C Panel** provides a forum for the exchange of information and good practice with respect to membership and registration matters concerning small (Group C) and medium-sized (Group B) institutions. It also discusses pan-engineering issues of joint concern and, where appropriate, provides focus for campaigns or lobbying and the dissemination of a collective view. The Panel provides a platform for organisations and individuals to present topics of common interest, including identifying and implementing opportunities for co-operation between institutions for mutual benefit and the public good.

### **Volunteer Effort**

Volunteer effort, through its Board, committees, panels and working groups, continues to be crucial to the work of the Engineering Council. A conservative estimate gives the total days given freely to the Engineering Council throughout the year as approximately 1,200. Given the standing of those involved the financial equivalent would be in the order of £620,000 per annum. These figures have not significantly changed in the last year with our volunteers continuing to provide the same level of support through the pandemic.

A remote volunteers' seminar was held in November in 2021, which was well attended.

### **Remuneration Policy**

The Engineering Council is committed to ensuring that it pays staff fairly and at an appropriate level in order to attract and retain people with the right skills and experience to ensure that the organisation delivers its charitable objectives and strategic plan.

FARP has delegated authority from the Board of Trustees to determine all matters relating to staff pay and reward. In determining staff remuneration, FARP considers factors such as the increase in cost of living and the general rate of salary increases in the market during the preceding 12 months. Bonus payments are awarded on a discretionary basis to provide staff with appropriate incentives to encourage enhanced performance and to reward them in a fair and responsible manner for their individual contributions to the success of the organisation.

## **KEY MANAGEMENT PERSONNEL**

### **Chief Executive Officer**

Alasdair Coates BEng (Hons) MSc CEng FICE MCIHT CMIOSH

### **Operations Director & Deputy Chief Executive Officer**

Paul Bailey BSc (Hons) MRAeS MInstP

### **Head of Administration & Support**

Gillian Paterson MA FCIPD

### **Head of Professional Standards**

Katy Turff CMgr MCMI

## Professional Advisors

Service	Organisation	Address
Actuaries & Pension Administrators	Cartwright Benefit Consultants Ltd.	175 Kings Road, Reading, RG1 4EY
Auditors	Haysmacintyre LLP	10 Queen Street Place, London EC4R 1AG
Bankers	HSBC Bank plc	165 Fleet Street, London, EC4A 2DY
Financial Accountants	Kreston Reeves LLP	37 St Margaret's Street, Canterbury, CT1 2TU
Investment Managers	Cazenove Capital	1 London Wall Place, London, EC2Y 5AU
Lawyers	Veale Wasbrough Vizards LLP	Narrow Quay House, Narrow Quay, Bristol BS1 4QA

## 9. Statement of Trustees' responsibilities

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

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which provides a true and fair view of the state of affairs and the incoming resources and application of resources, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities Statements of Recommended Practice (SORP)
- make judgments and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, insofar as these are appropriate to the Council, its Royal Charter and Bye-laws, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

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

The above Trustees' Report on pages 1-24 was approved by the Trustees on 23 June 2022 and signed on their behalf by the Chairman of the Board:



Prof Chris Atkin CEng FRAeS

## Independent auditor's report to the Trustees of The Engineering Council

### Opinion

We have audited the financial statements of The Engineering Council for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement [set out on page 24), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Charities Act 2011 and its Royal Charter, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and the application of FRS 102, income tax and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to application of controls around authorisation of expenditure and payments. Audit procedures performed by the engagement team included:

- Enquiries of management regarding correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates
- Reviewing the assumptions and judgements used by the professional actuary in relation to the Council's pension asset.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

*Haysmacintyre LLP*

Haysmacintyre LLP  
Statutory Auditors  
Date: 23 June 2022

10 Queen Street Place  
London  
EC4R 1AG

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

## The Engineering Council

### Statement of financial activities for the year ended 31 December 2021

	Note	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>Income from:</b>					
Charitable activities	4	108,255	2,810,856	2,919,111	2,918,226
Other trading activities	5	-	6,595	6,595	7,754
Investments	6	-	37,913	37,913	54,082
<b>Total income</b>		<b>108,255</b>	<b>2,855,364</b>	<b>2,963,619</b>	<b>2,980,062</b>
<b>Expenditure on:</b>					
Raising funds	5	-	258	258	2,582
Charitable activities	7	108,255	2,656,664	2,764,919	2,867,855
<b>Total expenditure</b>		<b>108,255</b>	<b>2,656,922</b>	<b>2,765,177</b>	<b>2,870,437</b>
<b>Net income before net gains/(losses) on investments</b>		<b>-</b>	<b>198,442</b>	<b>198,442</b>	<b>109,625</b>
Net gains/(losses) on investments		-	40,244	40,244	(42,063)
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>-</b>	<b>238,686</b>	<b>238,686</b>	<b>67,562</b>
<b>Other recognised gains/(losses):</b>					
Actuarial gains/(losses) on defined benefit pension schemes		-	540,000	540,000	(1,107,000)
Derecognition of pension surplus		-	(525,000)	(525,000)	1,169,000
<b>Net movement in funds</b>		<b>-</b>	<b>253,686</b>	<b>253,686</b>	<b>129,562</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		-	2,777,200	2,777,200	2,647,638
Net movement in funds		-	253,686	253,686	129,562
<b>Total funds carried forward</b>		<b>-</b>	<b>3,030,886</b>	<b>3,030,886</b>	<b>2,777,200</b>

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

The notes on pages 31 to 53 form part of these financial statements.

## The Engineering Council

### Balance sheet as at 31 December 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	14	191,203	247,045
Investments	15	-	2,016,073
		<u>191,203</u>	<u>2,263,118</u>
<b>Current assets</b>			
Debtors	16	88,861	171,120
Cash at bank and in hand		3,033,313	688,715
		<u>3,122,174</u>	<u>859,835</u>
Creditors: amounts falling due within one year	17	(282,491)	(345,753)
		<u>2,839,683</u>	<u>514,082</u>
<b>Net current assets</b>			
<b>Net assets including pension scheme liabilities</b>		<u>3,030,886</u>	<u>2,777,200</u>
<b>Charity funds</b>			
Restricted funds	18	-	-
Unrestricted funds	18	3,030,886	2,777,200
<b>Total funds</b>		<u>3,030,886</u>	<u>2,777,200</u>

The financial statements were approved and authorised for issue by the Trustees on 23 June 2022 and signed on their behalf by:



Prof Chris Atkin CEng FRAeS

The notes on pages 31 to 53 form part of these financial statements.

## The Engineering Council

### Statement of cash flows for the year ended 31 December 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Net cash provided by/(used in) operating activities	<b>341,553</b>	360,103
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Dividends, interests and rents from investments	<b>58</b>	862
Purchase of tangible fixed assets	<b>(13,086)</b>	(273,427)
Proceeds from sale of investments	<b>2,094,172</b>	-
Purchase of investments	<b>(37,855)</b>	(70,000)
Gains on sale of investments	<b>(40,244)</b>	-
	<hr/>	<hr/>
<b>Net cash provided by/(used in) investing activities</b>	<b>2,003,045</b>	<b>(342,565)</b>
	<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>	<b>2,344,598</b>	<b>17,538</b>
Cash and cash equivalents at the beginning of the year	<b>688,715</b>	671,177
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>3,033,313</b>	688,715
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 31 to 53 form part of these financial statements

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 1. General information

The Engineering Council is an unincorporated charity registered with the Charity Commission. The registered office is 10 Lower Thames Street, London, EC3R 6EN.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Engineering Council meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

##### 2.2 Going concern

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Whilst the impact of the COVID-19 pandemic has been assessed by the Trustees, so far as is reasonably possible, due to its unprecedented impact on the worldwide economy it is difficult to evaluate with any certainty the potential outcomes on the Charity's future activities. However, taking into consideration the Charity's level of reserves, the Trustees believe that the Charity will be able to continue in operational existence for the foreseeable future.

##### 2.3 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

##### 2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Charitable activities are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity, all incurred in achieving the charity's objectives.

All expenditure is inclusive of irrecoverable VAT.

**Notes to the financial statements  
for the year ended 31 December 2021**

**2. Accounting policies (continued)**

**2.5 Tangible fixed assets and depreciation**

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Fixtures and fittings	- 20% straight line
Office equipment	- 25% straight line
Computer equipment	- 33% straight line

Assets of nil book value are removed from the asset register after 10 years, irrespective of whether they exist or not. These are included in "Disposals during the year" as appropriate.

**2.6 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

**2.7 Interest receivable**

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

**2.8 Operating leases**

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**2.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2.10 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Notes to the financial statements  
for the year ended 31 December 2021**

**2. Accounting policies (continued)**

**2.11 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

**2.12 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.13 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.

**2.14 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

## **The Engineering Council**

### **Notes to the financial statements for the year ended 31 December 2021**

#### **2. Accounting policies (continued)**

##### **2.15 Pensions**

The Engineering Council contributes to a contracted-out defined benefit pension scheme, the Engineering Council Pension Scheme. This scheme was closed to new entrants on 3 July 2002. The Scheme closed to future accrual with effect from 30 April 2012.

The Engineering Council fully adopts Financial Reporting Standard 102 (FRS102) and the impact of this standard has been reflected throughout the financial statements.

In accordance with FRS102, the Statement of Financial Activities includes: the cost of benefits accruing during the year in respect of current service costs (charged against staff costs within charitable activities); the interest cost and the expected return on assets (shown as direct costs); and actuarial gains and losses (disclosed within other recognised gains and losses).

In accordance with FRS102, the balance sheet includes the surplus or deficit in the scheme. This has been estimated for the purposes of FRS102 based on the results of the funding Actuarial Valuation, adjusted for the different assumptions and taking into consideration subsequent cash flows.

Further details regarding the scheme are disclosed in note 24.

The Engineering Council also contributes to a defined contribution stakeholder pension scheme operated by Scottish Widows. Contributions are charged to the Statement of Financial Activities as they fall due.

##### **2.16 Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

##### **2.17 Value Added Tax**

Due to the nature of the Engineering Council's income sources, almost all VAT incurred on purchases is irrecoverable. Irrecoverable VAT input charges have therefore been included in the expenditure areas to which they relate.

**Notes to the financial statements  
for the year ended 31 December 2021**

**3. Critical accounting estimates and areas of judgment**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Defined benefit pension scheme*

In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The charity also contributes to the Engineering Council Pension Scheme. The scheme is a defined benefit scheme in accordance with section 28 of FRS 102. Service costs, curtailments, settlement gains and losses, net financial returns and rereasurement gains and losses are included in the Statement of Financial Activities in the year to which they relate.

Changes in the assets and liabilities of the scheme in the year are disclosed and allocated as follows:

- Changes relating to current or past service costs and gains and losses on settlements and curtailments and pension finance costs arising from changes in the net of the interest costs and expected return on assets, are allocated to the relevant activity heading based on staff costs of employees within the scheme.
- Pension finance charges arising from similar changes are recognised as expenditure.
- Remeasurement gains and losses are recognised as other recognised gains and losses.

The assets, liabilities and movements in the surplus or deficit of the scheme are calculated by qualified independent actuaries as an update to the latest full actuarial valuation.

Details of the scheme assets and liabilities and major assumptions are shown in note 24.

*Tangible fixed assets*

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that accrual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Although tangible fixed assets are significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically, no changes have been required.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 4. Income from charitable activities

	<b>Restricted funds 2021 £</b>	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Grants	108,255	2,650,696	<b>2,758,951</b>
FEANI income	-	81,027	<b>81,027</b>
Miscellaneous income	-	30	<b>30</b>
Admin fee from EngineeringUK	-	26,125	<b>26,125</b>
Professional services	-	19,408	<b>19,408</b>
MCP license fees	-	33,570	<b>33,570</b>
	<u>108,255</u>	<u>2,810,856</u>	<u><b>2,919,111</b></u>
Prior year - 2020			
	<i>Restricted funds 2020 £</i>	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Grants	105,000	2,611,523	2,716,523
FEANI income	-	98,404	98,404
Miscellaneous income	-	35	35
Admin fee from EngineeringUK	-	44,664	44,664
Professional services	-	24,600	24,600
MCP license fees	-	34,000	34,000
	<u>105,000</u>	<u>2,813,226</u>	<u>2,918,226</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 5. Other trading activities

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Trading income	6,595	<b>6,595</b>
Stamp purchases	(258)	<b>(258)</b>
	<hr/> 6,337 <hr/>	<hr/> <b>6,337</b> <hr/>
Prior year - 2020		
	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Trading income	7,754	7,754
Stamp purchases	(2,159)	(2,159)
	<hr/> 5,595 <hr/>	<hr/> 5,595 <hr/>

Trading income comprises professional stamps and replacement registration certificates.

#### 6. Investment income

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Interest from fixed asset investments	37,855	<b>37,855</b>
Bank interest receivable	58	<b>58</b>
	<hr/> 37,913 <hr/>	<hr/> <b>37,913</b> <hr/>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

Prior year - 2020

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Interest from fixed asset investments	53,220	53,220
Bank interest receivable	862	862
Pension income (note 25)	(150,000)	(150,000)
	<u>(95,918)</u>	<u>(95,918)</u>

#### 7. Analysis of expenditure by activities

	<b>Activities undertaken directly 2021 £</b>	<b>Support costs 2021 £</b>	<b>Total funds 2021 £</b>
Charitable activities	2,482,001	282,918	<b>2,764,919</b>

Prior year - 2020

	<i>Activities undertaken directly 2020 £</i>	<i>Support costs 2020 £</i>	<i>Total funds 2020 £</i>
Charitable activities	2,424,855	293,000	2,717,855

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 8. Direct costs

	<b>Restricted funds 2021 £</b>	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Pension expense (note 12)	-	124,000	<b>124,000</b>
Project spend	-	5,339	<b>5,339</b>
Recruitment and temporary staff	-	25,798	<b>25,798</b>
Training	-	17,176	<b>17,176</b>
Computer and information systems costs	-	170,377	<b>170,377</b>
Marketing	-	22,954	<b>22,954</b>
Travel and subsistence	-	3,691	<b>3,691</b>
Subscriptions and meetings	-	100,251	<b>100,251</b>
Accommodation costs	-	191,343	<b>191,343</b>
Wages and salaries (note 11)	108,255	1,712,817	<b>1,821,072</b>
	<u>108,255</u>	<u>2,373,746</u>	<u><b>2,482,001</b></u>

Prior year - 2020

	<i>Restricted funds 2020 £</i>	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Pension expense (note 12)	-	167,000	167,000
Project spend	-	1,739	1,739
Recruitment and temporary staff	-	6,553	6,553
Training	-	3,449	3,449
Computer and information systems costs	-	217,083	217,083
Marketing	-	4,780	4,780
Travel and subsistence	-	18,508	18,508
Subscriptions and meetings	-	88,530	88,530
Accommodation costs	-	285,893	285,893
Wages and salaries (note 11)	105,000	1,526,320	1,631,320
	<u>105,000</u>	<u>2,319,855</u>	<u>2,424,855</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 9. Support costs

	Unrestricted funds 2021 £	Total funds 2021 £
<b>General support</b>		
Telephone	9,694	9,694
Printing, stationery and office supplies	49,624	49,624
Maintenance of equipment	15,515	15,515
Sundries	2,031	2,031
Rental of office equipment	14,043	14,043
Bank charges	4,478	4,478
Accountancy	4,680	4,680
Legal and professional	23,175	23,175
Insurance	48,411	48,411
Application fees	6,622	6,622
Office move costs	5,563	5,563
Depreciation	62,695	62,695
	<hr/>	<hr/>
<b>Governance</b>	<b>246,531</b>	<b>246,531</b>
Accountancy	23,473	23,473
Auditors' remuneration	12,914	12,914
	<hr/>	<hr/>
	<b>282,918</b>	<b>282,918</b>
	<hr/> <hr/>	<hr/> <hr/>

Support costs are allocated in full to the only charitable activity of the charity.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

Prior year - 2020

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
<b>General support</b>		
Telephone	10,922	10,922
Printing, stationery and office supplies	60,219	60,219
Maintenance of equipment	15,120	15,120
Sundries	2,607	2,607
Rental of office equipment	8,323	8,323
Bank charges	3,913	3,913
Accountancy	4,750	4,750
Legal and professional fees	18,036	18,036
Insurance	47,401	47,401
Application fees	14,802	14,802
Office move costs	14,228	14,228
Depreciation	56,969	56,969
	<hr/> 257,290	<hr/> 257,290
<b>Governance</b>		
Accountancy	21,170	21,170
Auditors' remuneration	14,540	14,540
	<hr/> 293,000	<hr/> 293,000
	<hr/> <hr/>	<hr/> <hr/>

#### 10. Auditor's remuneration

	<b>2021 £</b>	<i>2020 £</i>
Fees payable to the charity's auditor for the audit of the charity's annual accounts - excluding VAT	<b>12,914</b>	11,950
	<hr/> <hr/>	<hr/> <hr/>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 11. Staff costs

	2021 £	2020 £
Wages and salaries	1,429,556	1,407,744
Social security costs	153,275	154,651
Contribution to defined contribution pension schemes	362,241	235,925
	<u>1,945,072</u>	<u>1,798,320</u>

Included within wages and salaries is an ex-gratia termination payment of £15,000 (2020: £15,000), which was paid in full during the year.

The average number of persons employed by the charity during the year was as follows:

	2021 No.	2020 No.
	<u>33</u>	<u>32</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021 No.	2020 No.
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	-	1
In the band £100,001 - £110,000	1	1
In the band £140,001 - £150,000	1	1

Employers pension contributions totalling £63,024 (2020: £38,619) were paid to higher paid employees.

The total employment benefits of the key management personnel were £508,317 including employer's national insurance contributions of £44,614 (2020 - £495,325, including employer's national insurance contributions of £47,365).

#### 12. Pension expense

	2021 £	2020 £
Interest on pension scheme liabilities	187,000	255,000
Interest on scheme assets	(187,000)	(105,000)
Administrative expenses	124,000	167,000
	<u>124,000</u>	<u>317,000</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 13. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 December 2021, expenses totalling £1,204 were reimbursed or paid directly to 4 Trustees (2020 - £2,019 to 4 Trustees) for travel expenses incurred.

#### 14. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2021	444,399	33,341	300,756	778,496
Additions	-	-	13,086	13,086
At 31 December 2021	<u>444,399</u>	<u>33,341</u>	<u>313,842</u>	<u>791,582</u>
<b>Depreciation</b>				
At 1 January 2021	218,330	29,215	283,906	531,451
Charge for the year	52,754	1,548	14,626	68,928
At 31 December 2021	<u>271,084</u>	<u>30,763</u>	<u>298,532</u>	<u>600,379</u>
<b>Net book value</b>				
At 31 December 2021	<u><u>173,315</u></u>	<u><u>2,578</u></u>	<u><u>15,310</u></u>	<u><u>191,203</u></u>
At 31 December 2020	<u><u>226,069</u></u>	<u><u>4,126</u></u>	<u><u>16,850</u></u>	<u><u>247,045</u></u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 15. Fixed asset investments

	Listed investments £
At 1 January 2021	2,016,073
Additions	37,855
Disposals	(2,053,928)
At 31 December 2021	-
<b>Net book value</b>	
At 31 December 2021	-
At 31 December 2020	2,016,073

#### 16. Debtors

	2021 £	2020 £
<b>Due within one year</b>		
Trade debtors	45,972	50,027
Other debtors	2,503	46,820
Prepayments and accrued income	40,386	74,273
	<u>88,861</u>	<u>171,120</u>

#### 17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	43,850	33,751
Amounts owed to group undertakings	18,998	29,610
Other taxation and social security	61,821	75,189
Other creditors	19,147	5,383
Accruals and deferred income	138,675	201,820
	<u>282,491</u>	<u>345,753</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 18. Statement of funds

##### Statement of funds - current year

	Balance at 1 January 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 December 2021 £
<b>Unrestricted funds</b>					
General Funds	2,777,200	2,855,364	(2,656,922)	55,244	3,030,886
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Restricted funds</b>					
Pension fund grant	-	108,255	(108,255)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total of funds</b>	<b>2,777,200</b>	<b>2,963,619</b>	<b>(2,765,177)</b>	<b>55,244</b>	<b>3,030,886</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

##### **Pension reserve**

This represents the movement on the defined benefit pension scheme. At the end of the year the scheme was in surplus, this was de-recognised since it is deemed non-recoverable.

##### **Pension fund grant**

This represents the grant from EngineeringUK which was paid into the defined benefit pension scheme as a lump-sum contribution following consultation with the actuaries.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 18. Statement of funds (continued)

##### Statement of funds - prior year

	<i>Balance at 1 January 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2020 £</i>
<b>Unrestricted funds</b>						
General Funds	2,647,638	2,875,062	(2,765,437)	62,000	(42,063)	2,777,200
Pension reserve	-	-	-	(62,000)	62,000	-
	<u>2,647,638</u>	<u>2,875,062</u>	<u>(2,765,437)</u>	<u>-</u>	<u>19,937</u>	<u>2,777,200</u>
<b>Restricted funds</b>						
Pension fund grant	-	105,000	(105,000)	-	-	-
	<u>-</u>	<u>105,000</u>	<u>(105,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total of funds</b>	<u><u>2,647,638</u></u>	<u><u>2,980,062</u></u>	<u><u>(2,870,437)</u></u>	<u><u>-</u></u>	<u><u>19,937</u></u>	<u><u>2,777,200</u></u>

#### 19. Summary of funds

##### Summary of funds - current year

	<b>Balance at 1 January 2021 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Gains/ (Losses) £</b>	<b>Balance at 31 December 2021 £</b>
General funds	2,777,200	2,855,364	(2,656,922)	55,244	3,030,886
Restricted funds	-	108,255	(108,255)	-	-
	<u>2,777,200</u>	<u>2,963,619</u>	<u>(2,765,177)</u>	<u>55,244</u>	<u>3,030,886</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 19. Summary of funds (continued)

##### Summary of funds - prior year

	<i>Balance at 1 January 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2020 £</i>
General funds	2,647,638	2,875,062	(2,765,437)	-	19,937	2,777,200
Restricted funds	-	105,000	(105,000)	-	-	-
	<u>2,647,638</u>	<u>2,980,062</u>	<u>(2,870,437)</u>	<u>-</u>	<u>19,937</u>	<u>2,777,200</u>

#### 20. Analysis of net assets between funds

##### Analysis of net assets between funds - current year

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Tangible fixed assets	191,203	<b>191,203</b>
Current assets	3,122,174	<b>3,122,174</b>
Creditors due within one year	(282,491)	<b>(282,491)</b>
<b>Total</b>	<u>3,030,886</u>	<u><b>3,030,886</b></u>

##### Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	247,045	247,045
Fixed asset investments	2,016,073	2,016,073
Current assets	822,697	822,697
Creditors due within one year	(308,615)	(308,615)
<b>Total</b>	<u>2,777,200</u>	<u>2,777,200</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 21. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income for the year (as per Statement of Financial Activities)	<b>238,686</b>	67,562
<b>Adjustments for:</b>		
Depreciation charges	<b>68,928</b>	57,212
Gains on investments	-	58,843
Dividends, interests and rents from investments	<b>(58)</b>	(862)
Decrease in debtors	<b>82,259</b>	90,810
Increase/(decrease) in creditors	<b>(63,262)</b>	24,538
Pension adjustments	<b>15,000</b>	62,000
<b>Net cash provided by operating activities</b>	<b>341,553</b>	360,103

#### 22. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	<b>3,033,313</b>	688,715
<b>Total cash and cash equivalents</b>	<b>3,033,313</b>	688,715

#### 23. Analysis of changes in net debt

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	<b>688,715</b>	<b>2,344,598</b>	<b>3,033,313</b>
	<b>688,715</b>	<b>2,344,598</b>	<b>3,033,313</b>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 24. Pension commitments

The charity operates a defined benefit pension scheme.

The Engineering Council contributes to a contracted-out defined benefit pension scheme, The Engineering Council Pension Scheme. This scheme was closed to new entrants on 3 July 2002.

The full actuarial valuation as at 31 December 2018 was updated to the Scheme's accounting date by an independent qualified actuary in accordance with FRS102. As required by FRS102, the actuarial method adopted to calculate the present value of member's expected benefits is the projected unit method.

Following consultation with the actuaries, The Engineering Council made a lump-sum contribution of £105,000 in March 2019.

The present value of the liability to meet future pension obligations of members is arrived at by applying a discount rate equivalent to the return expected to be derived from a class AA corporate bond. At 31 December 2021 this was 1.9% (2020 - 1.30%).

The assets of the scheme are valued at their market value at the balance sheet date. This value will therefore fluctuate materially from year to year in response to market conditions.

The Engineering Council is the principal employer and Engineering UK is a participating employer under this scheme. The proportion of the total scheme fund attributable to Engineering Council staff and ex-Engineering Council staff is 100% (2020 - 100%). On withdrawal from the Scheme by Engineering Council or closure, assets would be segregated in a similar proportion.

The Scheme closed to future accrual with effect from 30 April 2012.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2021	2020
Discount rate	1.90%	1.30%
Retail price inflation	3.60%	3.10%
Future salary increases	3.50%	3.00%

The assets in the scheme and the expected rates of return were:

	2021 £	2020 £
Equities	3,216,600	3,228,000
Bonds	12,705,570	12,589,200
Cash	160,830	322,800
	<u>16,083,000</u>	<u>16,140,000</u>

The actual return on scheme assets was £513,000 (2020 - £1,064,000).

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

The amounts recognised in the Balance sheet are as follows:

	2021 £	2020 £
Present value of funded obligations	<b>(14,052,000)</b>	<i>(14,634,000)</i>
Unrecognised past service cost	<b>16,083,000</b>	<i>16,140,000</i>
	<hr/>	<hr/>
Surplus in scheme	<b>2,031,000</b>	<i>1,506,000</i>
Adjustment for non-recoverable surplus	<b>(2,031,000)</b>	<i>(1,506,000)</i>
	<hr/>	<hr/>
<b>Net assets</b>	<b>-</b>	<i>-</i>
	<hr/> <hr/>	<hr/> <hr/>

The charity has an unrecognised surplus of £2,031,000 (2020 - £1,506,000) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

The amounts recognised in the Statement of financial activities are as follows:

	2021 £	2020 £
Interest on obligation	<b>(187,000)</b>	<i>(255,000)</i>
Expected return on scheme assets	<b>187,000</b>	<i>105,000</i>
Administrative expenses	<b>(124,000)</b>	<i>(167,000)</i>
	<hr/>	<hr/>
<b>Total amount recognised in the Statement of financial activities</b>	<b>(124,000)</b>	<i>(317,000)</i>
	<hr/> <hr/>	<hr/> <hr/>

The actuarial gain on the scheme at year end was £540,000 (2020 - Loss - £1,107,000).

Movements in the present value of the defined benefit obligation were as follows:

	2021 £	2020 £
Opening defined benefit obligation	<b>14,634,000</b>	<i>13,036,000</i>
Interest cost	<b>187,000</b>	<i>255,000</i>
Actuarial losses/(gains)	<b>(214,000)</b>	<i>1,916,000</i>
Benefits paid	<b>(555,000)</b>	<i>(573,000)</i>
	<hr/>	<hr/>
<b>Closing defined benefit obligation</b>	<b>14,052,000</b>	<i>14,634,000</i>
	<hr/> <hr/>	<hr/> <hr/>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

Changes in the fair value of scheme assets were as follows:

	2021 £	2020 £
Opening fair value of scheme assets	16,140,000	15,711,000
Expected return on assets	187,000	255,000
Actuarial gains/(losses)	326,000	809,000
Contributions by employer	109,000	105,000
Benefits paid	(555,000)	(573,000)
Administrative expenses	(124,000)	(167,000)
	<u>16,083,000</u>	<u>16,140,000</u>

The charity contributed £109,000 to its Defined benefit pension scheme in 2021 expecting to increase annually on 1 January at 3.4% per annum

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2021	2020
Equities and property	20%	20%
Bonds	79%	78%
Cash	1%	2%

#### Stakeholder and other pension schemes

The board at a meeting on 3 July 2002 decided to no longer offer entry to The Engineering Council Pension Scheme to new staff and nominated a stakeholder pension scheme instead. This is a defined contribution scheme operated by Scottish Widows and is not contracted out for the earnings related part of the State Pension Scheme. The employer contributes 10% of pensionable salary and the employee 5%.

The Engineering Council employer contributions during 2021 were £238,986 (2020 - £218,925).

#### 25. Capital commitments

	2021 £	2020 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>7,000</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 26. Operating lease commitments

At 31 December 2021 the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>2021</b>	2020
	<b>£</b>	£
Not later than 1 year	<b>145,741</b>	145,741
Later than 1 year and not later than 5 years	<b>303,864</b>	449,605
	<b>449,605</b>	595,346

#### 27. Related party transactions

EngineeringUK is a related party to the Engineering Council. Under the Engineering Council supplemental charter which came into effect on 22 March 2002, EngineeringUK may nominate 7 of its 22 Board members. By its Regulations, the Engineering Council has assigned all income from its registration fees to EngineeringUK. Changes to this regulation cannot be made without EngineeringUK's approval. The level of fee is determined by EngineeringUK.

During the year ended 31 December 2021, the following transactions took place between the parties arising from the above:

EngineeringUK provided a grant to the Engineering Council of £2,650,696 (2020 - £2,611,523) to fund its operation plus £108,255 (2020 - £105,000) for the pension scheme.

To cover administration costs, The Engineering Council charged EngineeringUK £26,125 (2020 - £44,664) in the year.

On 31 December 2020, Engineering Council owed EngineeringUK the sum of £18,998 (2020 Debtor - £29,610). This amount is disclosed within creditors falling due within one year.

There were no other related party transactions in the current or the prior year.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2021

#### 28. Comparative statement of financial activities

	<i>Restricted funds 2020 £</i>	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
<b>Income from:</b>			
Charitable activities	105,000	2,813,226	2,918,226
Other trading activities	-	7,754	7,754
Investments	-	<u>54,082</u>	<u>54,082</u>
<b>Total income</b>	<u>105,000</u>	<u>2,875,062</u>	<u>2,980,062</u>
<b>Expenditure on:</b>			
Raising funds	-	2,582	2,582
Charitable activities	<u>105,000</u>	<u>2,762,855</u>	<u>2,867,855</u>
<b>Total expenditure</b>	<u>105,000</u>	<u>2,765,437</u>	<u>2,870,437</u>
<b>Net income before investment gains/(losses)</b>	-	109,625	109,625
Net gains/(losses) on investments	<u>-</u>	<u>(42,063)</u>	<u>(42,063)</u>
<b>Net income before other recognised gains and losses</b>	-	67,562	67,562
Derecognition of pension surplus	-	(1,107,000)	(1,107,000)
Actuarial gains on defined benefit pension scheme	<u>-</u>	<u>1,169,000</u>	<u>1,169,000</u>
<b>Net movement in funds</b>	-	129,562	129,562
<b>Reconciliation of funds:</b>			
Total funds brought forward	<u>-</u>	<u>2,647,638</u>	<u>2,647,638</u>
<b>Total funds carried forward</b>	<u>-</u>	<u>2,777,200</u>	<u>2,777,200</u>

**THE ENGINEERING COUNCIL**

England & Wales - Charity number 286142

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# Accounts

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# Engineering Council

Annual Report and Financial Accounts 2020

**Registered Charity No 286142**

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## Foreword

Operating under a Royal Charter, the Engineering Council is charged with regulating the UK engineering profession on behalf of society. We hold the national Register of those who have satisfied their peers of their competence and commitment as Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians. We set the education standards for engineering programmes that provide the underpinning knowledge and understanding required to practise engineering, as well as setting standards for professional development. We can only achieve this through the commitment of the entire professional engineering community, supported by academics and employers.

Professional registration provides the benchmark which allows the public to have confidence and trust that the engineers and technicians on our Register have met globally recognised professional standards.

Nearly a quarter of a million men and women are currently listed on our Register. The UK has an ageing population, and with the number of registrants aged over 60 representing over a third of those on the Register, we must continue to work hard to maintain a talent pipeline to meet future skills requirements. We therefore welcome the joint initiatives that are underway to ensure that more people enter professional engineering careers and that those who are already professionally registered remain so throughout their working life. This is a strategic imperative for the nation if we are to meet the engineering and technological needs of the future.

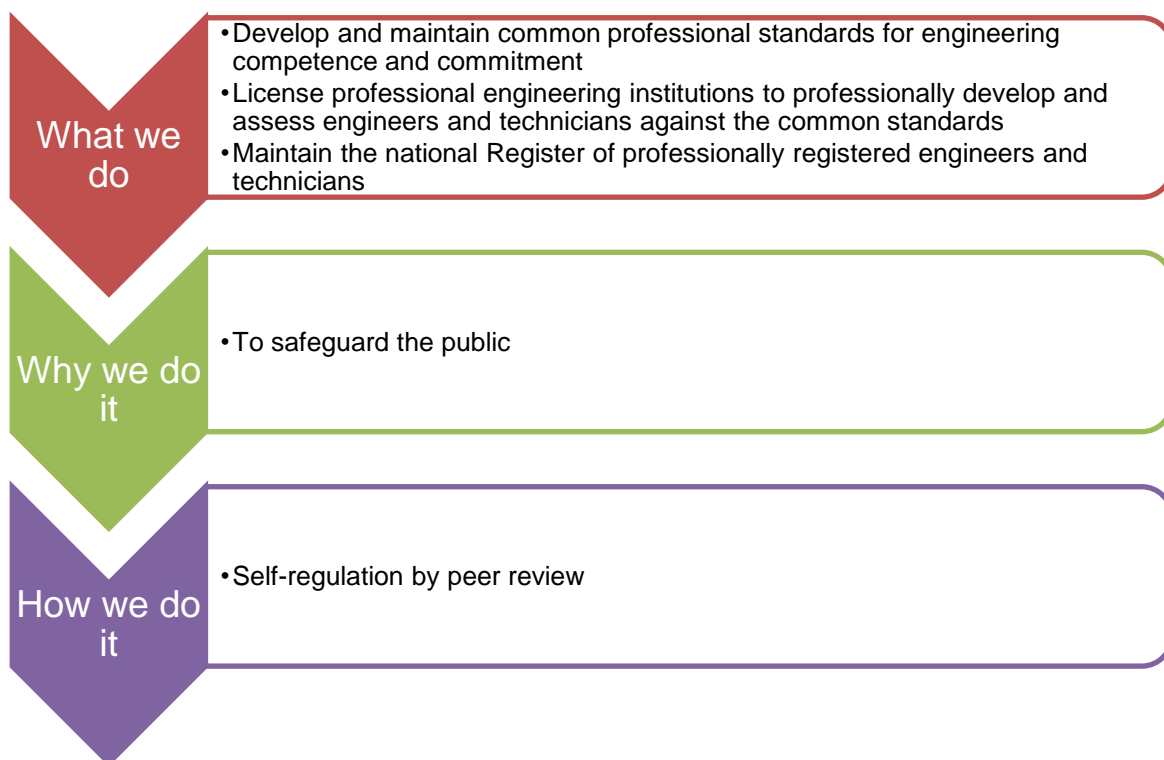
### **Vision:**

That society continues to have confidence and trust in the engineering profession.

### **Mission:**

To maintain internationally recognised standards of competence and commitment for the engineering profession and to license competent institutions to champion the standards for the deliverance of public benefit.

### **What we do, how we do it and why:**



## Chairman and CEO's statements

Any reflection on 2020 must include the highly unusual and challenging nature of this year, with a global pandemic affecting all organisations. These circumstances and the constant change they have created have inevitably had an impact, but we are proud to say that the Engineering Council has adapted to this and found solutions to deliver our core operations. In 2020, we have continued to progress towards the objectives set out in our 2018-2020 Strategic Plan, which – due to current circumstances – has been extended into 2021.

We have focussed on supporting the licensed professional engineering institutions (PEIs) through this challenging time, while maintaining our standards; this is the key balance for the Engineering Council to strike as an effective regulator. This support has included providing guidance on accreditation and advice on virtual professional review interviews, which look likely to continue post-pandemic. We recognise the significant pressures on the engineering community this year and, working with EngineeringUK, froze 2021 registration fees in acknowledgement of this.

Our response to key issues that affect the engineering profession and society at large continued in 2020, progressing the development of a competence framework for engineering professionals working on higher-risk buildings to support the new Building Safety regime, while working towards a Contextualised Register for competent professionals. The Engineering Council is pleased to have supported the development of the UK Cyber Security Council as a member of the Cyber Security Alliance, sharing our expertise on regulatory matters including governance and professional ethics.

We have maintained our governance arrangements, including holding a virtual AGM and EGM successfully. Changes to our Royal Charter, voted on at that EGM, are currently with the Privy Council for its approval. The move to new office premises and change of registered office was a critical project for this year and was delivered successfully, keeping all stakeholders informed.

We published our revised Standards in August 2020 as scheduled, following our periodic Standards Review, as well as an enhanced Course Search database. We responded to the most recent Washington Accord review and engaged extensively with Government and other regulators around the Brexit transition and new requirements.

In 2021, the Engineering Council will announce its new Strategic Plan, setting out our priorities for the next few years as shaped by key stakeholders. In our 40<sup>th</sup> year of operation, we will continue to maintain internationally recognised standards for the engineering profession, champion those standards through the institutions we license and hold the Register of individuals assessed as meeting them.

**Professor Chris Atkin CEng FRAes and Alasdair Coates BEng (Hons) MSc CEng FICE MCIHT  
CMIOSH**

## 1. Registration statistics as of 31 December 2020

FIGURE 1: NEW TITLES ADDED TO THE REGISTER IN 2020 COMPARED TO 2019

	Interim			Final			Total		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
EngTech	8	10	25.00%	5,527	2,687	-51.38%	5,535	2,697	-51.27%
IEng	61	74	21.31%	1,346	1,201	-10.77%	1,407	1,275	-9.38%
CEng	257	286	11.28%	6,313	5,847	-7.38%	6,570	6,133	-6.65%
ICTTech	-	-	-	332	529	59.34%	332	529	59.34%
<b>Total</b>	<b>326</b>	<b>370</b>	<b>13.50%</b>	<b>13,518</b>	<b>10,264</b>	<b>-24.07%</b>	<b>13,844</b>	<b>10,634</b>	<b>-23.19%</b>

FIGURE 2: TOTAL NUMBER OF REGISTRANTS ON THE REGISTER IN 2020 COMPARED TO 2019

	Interim			Final			Total		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
EngTech	130	134	3.08%	22,814	22,637	-0.78%	22,944	22,771	-0.75%
IEng	1,269	1,217	-4.10%	26,382	25,486	-3.40%	27,651	26,703	-3.43%
CEng	5,795	5,578	-3.74%	174,943	173,358	-0.91%	180,738	178,936	-1.00%
ICTTech	-	-	0.00%	517	898	73.69%	517	898	73.69%
<b>Total</b>	<b>7,194</b>	<b>6,929</b>	<b>-3.68%</b>	<b>224,656</b>	<b>222,379</b>	<b>-1.01%</b>	<b>231,850</b>	<b>229,308</b>	<b>-1.10%</b>

FIGURE 3: LOSS OF TITLES ON THE REGISTER IN 2020 COMPARED TO 2019

	Interim			Final			Total		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
EngTech	-4	-6	-33.33%	-1,875	-3,004	-37.58%	-1,879	-3,010	-37.57%
IEng	-116	-130	-10.77%	-1,730	-2,251	-23.15%	-1,846	-2,381	-22.47%
CEng	-419	-531	-21.09%	-8,230	-8,643	-4.78%	-8,649	-9,174	-5.72%
ICTTech	-	-	-	-31	-149	-79.19%	-31	-149	-79.19%
<b>Total</b>	<b>-539</b>	<b>-667</b>	<b>-23.75%</b>	<b>-11,866</b>	<b>-14,047</b>	<b>-15.53%</b>	<b>-12,405</b>	<b>-14,714</b>	<b>-15.69%</b>

An individual registrant can hold more than one designation or title (for example, such as Chartered Engineer (CEng) and Incorporated Engineer (IEng), or holding CEng with more than one institution), consequently there are more titles recorded on the Register than there are individual registrants.

To help ensure clarity, the report shows the number of 'titles' held as well as the number of individual 'registrants' this applies to. Whilst the change in numbers is small (less than 0.2%), to ensure an equivalent comparison we have presented 2020 registrants and titles against 2019 registrants and titles.

### Reinstatements in 2020

In 2020, there were 1176 reinstatements to the Register. Reinstatements are registrations that have previously been suspended but have returned to the Register within the last three years.

### New final titles by gender

Over the last three years the number of new final stage title held by men has fallen by 760. In the same period, new final stage titles held by women have decreased by 13 and (as shown in Table 4) the percentage of female registrants has increased, but by less than 1%. The number of titles held by women and the percentage of registrants who are female are yet to achieve the desired shift, despite the efforts

being made across the profession to encourage women into both engineering and professional registration.

**FIGURE 4: NEW FINAL STAGE TITLES BY YEAR, BY REGISTRATION TITLE, BY GENDER, 2018-2020**

		EngTech	IEng	CEng	ICTTech	Total	% of total new titles
2018	Male	3,180	1,207	5,335	17	9,739	89.22%
	Female	221	83	870	3	1,177	10.78%
2019	Male	4,926	1,241	5,325	264	11,756	89.43%
	Female	321	89	962	18	1,390	10.57%
2020	Male	2,483	1,099	4,936	461	8,979	87.48%
	Female	173	87	863	41	1,164	11.34%
	Gender not specified	31	15	48	27	121	1.18%

### International registrations

**FIGURE 5: INTERNATIONAL FINAL STAGE TITLES**

	2020	2019
EngTech	1,357	1,381
IEng	2,832	2,947
CEng	41,563	41,428
ICTTech	20	17
Total	45,772	45,773

## 2. Strategy and performance in 2020

**FIGURE 6: ENGINEERING COUNCIL'S STRATEGIC PLAN 2018-2020**



## 3. 2020 Activities and Achievements

The Engineering Council took on work not included in our Strategic Plan in 2019, in response to new issues that arose on behalf of the profession. During 2020, these workstreams have been incorporated into existing objectives, as we continued to invest time and resource in these strategically important areas.

### **Provide public benefit**

1. Maintain the Engineering Council's position as an effective and well-respected regulator of the profession

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Work on the Mutual Recognition of Professional Qualifications (MRPQ) has intensified in 2020 as the transition period came to an end and the UK ceased to be part of the EU Customs Union and Single Market. We have worked closely with the Department for Business, Energy & Industrial Strategy (BEIS) in our capacity as a competent authority, updating the professional engineering institutions we licence. We have also published a webpage on the transition, to keep registrants and the engineering community informed of the latest position: [www.engc.org.uk/brexit](http://www.engc.org.uk/brexit)

Revisions to the Engineering Council's Charter and Byelaws were voted on and accepted at an Extraordinary General Meeting (EGM) held remotely in July 2020.

To enhance the training, support and guidance we offer volunteers, we are developing an action plan based on our Volunteer Management Strategy.

Our Engineering Ethics Reference Group (EEREG), run jointly with the Royal Academy of Engineering (RAEng), is now well established and working at a strategic level. Proposed priorities for the future have been presented to the Professional Engineering Committee and recommendations for action on enhancing the engineering profession's culture of ethical behaviour will be produced in early 2021.

2. Ensure that no barriers exist for anyone appropriately qualified to become professionally registered

Based on the engineering footprint agreed with the RAEng and EngineeringUK, we published '[Mapping the UK's Engineering Workforce](#)'. This report was sent to all MPs, highlighting that 18% of the UK working population work in engineering and at least 15% of the working population of every region are in engineering jobs.

We applied accessibility principles to the revised Standards documents published in 2020, making them clearer and easier to use for all stakeholders.

Our first Diversity & Inclusion (D&I) workshop for PEI staff was held in November 2020 and we began discussions with PEIs on promoting provisions for career/carer breaks and CPD support available to those returning to work, as well as developing guidance on accommodating access needs in the professional registration process.

3. Ensure that the Engineering Council is operationally sound and is recognised by stakeholders as delivering value for money

Implementing our ICT Strategic Plan 2018-2020 has enabled enhancements to our IT systems and supported Engineering Council staff in successfully working remotely since March 2020. This included holding an Annual General Meeting (AGM), EGM and our usual calendar of Board, committee and Panel meetings online.

After a successful recertification against quality management standard ISO9001:2015, we continue to investigate other means of quality recognition, such as ISO 27001. We have continued to integrate quality management into our business planning and formalised business improvement processes.

We have made significant improvements to our people management policies and practices in 2020. This includes benchmarking our competence framework and formalising arrangements for remote working.

### **Maintain a globally recognised standard**

4. Widen engagement with key stakeholders on the promotion of the Register and the Standard

We continued to be an active participant in the Industry Competence Steering Group (CSG), established to take forward the recommendations of Dame Judith Hackitt's Independent Review of Building Regulations and Fire Safety. The final report of the CSG, *Setting the Bar*, was published in October 2020: [www.engc.org.uk/buildingsafety](http://www.engc.org.uk/buildingsafety)

We worked with UKAS to further develop proposals for third party oversight of bodies undertaking assessment and re-assessment of the competence of individuals whose work impacts on building safety.

We established a Steering Group to take forward the development of a Contextualised Register to support the new building safety regime. This will facilitate engineering professionals becoming registered as competent to work on higher-risk buildings and is expected to be a project across multiple years.

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We continue to support the development of Recognised Standards for specific sectors, including the Electrician Engineering Technician (EngTech) Standard produced by the Institution of Engineering and Technology (IET) and proposed standards from the work of the Cyber Security Council (CSC).

### 5. Safeguard and promote UK registration standards internationally

Our Board approved a proposal by IET for a pilot in offering professional registration, against UK-SPEC, in Mandarin. We anticipate the IET project, with representation from the Engineering Council, will begin in Q1 2021

Our 2017/8 Washington Accord Review was concluded with the Engineering Council being given a six-year authorisation until 2023, confirming that our accreditation standards and processes are substantially equivalent to the Washington Accord benchmark.

We became a founder member of ENGINET, a group of European regulators from Spain, Portugal, France, Italy and the Netherlands. ENGINET members will work towards mutual recognition based on the assessment of professional competence.

We coordinated a response to the BEIS consultation on the future of mutual recognition of overseas professional qualifications and worked alongside other professions in BEIS/Department for International Trade (DIT) advisory groups, providing input into forthcoming UK Trade Agreements

### 6. Ensure that the needs and expectations of stakeholders are being met

We published the Approval and Accreditation of Qualifications and Apprenticeships (AAQA) Standard to support the recognition of a broader range of vocational and technical programmes, began updating the ICTTech Standard to align with the revised UK-SPEC, and developed, tested and launched a unified public recognised course search and underlying qualifications database, replacing the earlier degree and technician qualifications databases.

Supporting the PEIs in delivering registrant messages, we ran workshops for PEI staff, published the 2020/21 Pocket Guide to Registration with updated profiles of all PEIs and Professional Affiliates and continued to extend our range of registrant case studies, making this as diverse as possible.

We continued to maintain and improve **mycareerpath** in response to user feedback and consulted PEIs on its future direction, reviewed our current Guidance Note on CPD and created a three-year CPD plan for the Professional Development Steering Group.

## Meet future needs

### 7. Ensure that the regulatory needs of the profession are being met

We published our revised Standards, updated through a wide-ranging consultation process, in August 2020 and continue to support stakeholders as they implement these changes ahead of the transition deadlines.

We continued to work with university employers through the Technician Commitment and engaged with engineering employers as we started developing guidance on AAQA. We are consulting on the evolution of our employer programme as part of our new Strategic Plan.

We completed the review of our 'Guidance on Sustainability', for publication in early 2021, and started consultation on revisions to our 'Guidance on Risk'.

### 8. Ensure that all regulatory functions remain fit for purpose and support the Standard

Work on understanding the future of assessment has begun, ensuring continued fit with good assessment practice following the publication of our revised Standards, including learning from remote assessment.

We have successfully implemented our risk-based approach to Licensing, incorporating annual desk-based risk assessments and enhancing the effectiveness of our regulatory regime.

We have put in place an organisation-wide 'Register Programme' that brings together all related work, including the development of a publicly searchable Register and registrant portal.

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9. Ensure that the engineering profession's pathways to registration remain appropriate for the needs of future stakeholders

We completed the first two phases of agency-led work to test out concepts relating to pathways to professional registration and titles. The next phase will be quantitative information gathering, including a physical workshop, when circumstances permit this being carried out.

We completed our Knowledge Profile Research Project in Q1 2020, with its findings accepted by RSC and QAC; this work will inform our work on understanding the future of assessment.

We published '[Mapping the UK's Engineering Workforce](#)', analysing external Office for National Statistics (ONS) data to set out the size and make-up of the UK's engineering workforce, which forms the future pipeline of registrants.

### Going forward

We have started the consultation process to create our next Strategic Plan, to start from 2021, with the overall goal that the Engineering Council maintains its ability to meet the needs of the profession, key stakeholders and society.

Our objective is to maintain the public's confidence in the engineering profession through greater promotion of:

- the Engineering Council's regulatory work
- its leadership role within the engineering community, and
- an increase in a diverse and engaged registrant population.

## 4. Impact of Covid-19

### Introduction

Following the outbreak of Covid-19 and the subsequent nationwide lock which started in March 2020 Engineering Council staff made a successful transition to working from home, and continued to do so, in the main, throughout 2020 and in to 2021. Although some staff were able to return to the office for short periods, subsequent lockdowns meant that working from home became the 'norm' in 2020. Throughout the whole period Engineering Council staff have continued to work closely with the PEIs and other bodies, particularly with respect to licensing, registration, and accreditation activities. All board, committee, panel and working group meetings have continued on-line.

The following assessment of the impact of Covid-19 and the ensuing lockdown on the organisation and its operations was undertaken in June 2020 and resulted in a change of assessment of the relevant risk item on the Trustees Risk Register. The impact assessment was reviewed and updated in February 2021 taking in to account the impact of the previous twelve months on Engineering Council staff and operations, and the organisation's ability to continue to deliver its strategic and business plans throughout 2021 should home working remain in place during the year.

### Risks

**Financial risk – Income** – the organisation does not believe that Covid-19 has had or will have an impact on its income. Its main income stream is the annual grant from EngineeringUK. This grant is agreed by the Board of EngineeringUK, (which includes the CEOs of the three largest engineering institutions), in July of the preceding year. The agreement to pay the Engineering Council an operational grant to run the organisation's key activities, such as maintaining the Register of professionally qualified engineers and technicians, is laid out in the organisation's Royal Charter. In terms of the sustainability of this revenue stream, evidence shows that registration is valued by individuals, particularly in times of economic uncertainty, when new professional registrations tend to increase rather than decrease, highlighting the value that registration brings in demonstrating individuals' competence and commitment to either a current or prospective employer. Engineering Council is not reliant on income from sources such as donations, grants, fund raising or commercial arrangements (such as events or publications). **Impact – minimal**

**Financial Risk – International Fee Income** – As staff are not set up to print, receive post or send post out from home, during periods of national lockdown, there will be a delay in the receipt of some international

fee income. However, once the organisation returns to more office based working this issue will be quickly rectified. Any delay in receipt of the internal fee income will be short term. In previous years the renewal rate of FEANI registrations has remained steady at around 80%, in 2020 the renewal rate was circa 72%. Whilst this represents a small fall in income the amount involved does not represent a risk to the organisation's finances. **Impact – minimal**

**Financial Risk – Costs** – Engineering Council is not incurring additional costs due to Covid-19, to the contrary during 2020 the organisation saw a decrease in some costs particularly those associated with hosting/attendance at physical meetings (catering, travel, and subsistence costs). Additionally, as a precaution during 2020 the Management Panel reviewed its current projects and placed on hold those it felt were not currently operationally or strategically critical. This situation was kept under review throughout the year and in early 2021 it was decided that number of strategic projects could be initiated/revived. **Impact - minimal**

**Financial Risk – Reserves** – the organisation held free reserves of £2.7m at the end of 2020, in the form of cash in the bank and an investment fund with Barings Asset Management. Whilst the organisation does not draw an income from its investment fund and reinvests any gains back into the fund, it has the reassurance that there will be funds available should it need to draw on them.

Although the value of the fund fell by £317K between 31 December 2019 and 31 March 2020, the stock markets improved over the course of 2020 and the losses incurred at the beginning of the year were recouped, with the fund showing an increase in its overall value at year end. Whilst there is a risk that there may be further fluctuations in the stock market which will affect the fund value during 2021, the organisation will be monitoring the situation and will keep its planned expenditure from reserves under constant review. Additionally, the organisation's chosen investment fund favours low risk investments designed to preserve, rather than grow capital. **Impact - minimal**

**Financial Risk – Pension Scheme** – at its last triennial valuation, the Scheme was in surplus on a technical provisions' basis by £327K. Following the valuation, the Scheme Trustees implemented a revised investment strategy aimed at minimising the exposure of the Scheme's investments to stock market volatility. Whilst the Engineering Council has agreed to pay a contribution towards the Scheme's running costs of £108k in 2021, the organisation has no obligation to make any additional contributions to the Scheme until after the results of the next triennial valuation, due at 31 December 2021, are known. As a result, we do not anticipate any impact to the organisation from Covid-19 in relation to the Scheme in 2021. **Impact - minimal**

**Operational Risk – Business Plan** – all staff are continuing to work predominately from home and have done so successfully since 17 March 2020. The organisation has continued to work effectively and has delivered on its strategic and business plan objectives as expected. Despite the continue lockdown we do not expect any substantive changes to the work we plan to carry out in 2021. Board, panel, and committee meetings have all been held as scheduled, using Zoom and will continue to be held remotely during 2021. These remote meetings have proved to be as effective as face-to-face meetings. There continues to be little negative impact of remote working on delivery of the 2020 or current year's business plan (the new strategic plan has been developed during lockdown and will be launched later in 2021) and we have continued to deliver core business process with minimum interruption. Staff and supplier payments are made promptly, and new registrations and data reconciliations continue to be processed, including a full year end reconciliation at the end of 2020. Whilst some paper-based processes stop during periods of lock down they resume once there is a return to the office-based working. **Impact - minimal**

**Operational Risk – Staff wellbeing** – ensuring staff have been able to cope as well as possible has been a key priority, particularly given the prolonged time spent in lockdown. Regular individual, team, departmental and full office meetings have been held to ensure staff are able to keep in contact not just on projects and the day-to-day matters but on the wider business operations. A successful virtual staff away day was held in November 2020. The organisation has an Employee Assistance Programme in place, to offer support and advice to staff.

A constant review of working arrangements continues and the return to office-based work will be carefully planned to take account of Government advice and staff safety and well-being. **Impact - minimal**

The organisation has not, so far not felt it necessary to take advantage of the Government support offered to businesses as a result of the pandemic. All staff have been fully deployed throughout the lockdowns and have access to the equipment and systems required to carry out their roles. The organisation believes that the robustness of its business planning and financial management has allowed activities to continue

uninterrupted and extreme measures have not been required. Our IT systems have been sufficiently robust and well developed to allow all staff to work effectively from home with minimum disruption to business activities. Additionally, during the first lockdown, the organisation was able to complete a planned office move/office refurbishment to deadline and budget, further demonstrating the strength of its operations planning. The Management Panel continues to monitor both the finances and business processes monthly basis and reports regularly on them to the Trustees.

We believe that the organisation is well placed to continue to successfully deliver all business activities despite the restrictions imposed on it by lockdown and organisation wide home-based working.

## 5. Risk and compliance

### How the Engineering Council manages risk

The Engineering Council maintains a risk management policy which forms part of the EngC's internal control and governance arrangements. The policy explains the EngC's underlying approach to risk management including how the organisation views, identifies, assesses, and manages risk. It also describes the process the Board uses to manage the Engineering Council's risk management process and evaluate the effectiveness of the internal control procedures.

Engineering Council maintains a Trustee Risk Register which identifies risks that could have an impact on the organisation's ability to deliver its strategic objectives, including all legal and financial mandates, assess the probability and impact of those risks occurring and details the measures in place to manage and mitigate them.

The Trustee Risk Register is supported by several Functional Risk Registers, each covering the main activities of the Board's Committees and Panels, and which identify risks that could have an impact on the organisation's ability to deliver its strategic objectives in those areas. These registers are reviewed at each of the Committee/Panel meetings with the Management Panel undertaking a holistic review every quarter.

### Role of the Executive Team and Management Panel

Day to day management of individual risks is the responsibility of the appropriate Executive Team member or volunteer(s) where decisions are delegated to them as recorded in the Risk Register. The Risk Register is regularly reviewed by the Executive Team and relevant volunteers and on a by-exception basis. The Management Panel reviews the Risk Register at each meeting and reports any concerns about risk and their management to the Board. The Risk Register is reviewed once a year by the Board. Should any other risk emerge during the year that is assessed to fall into one of the categories described above or which may result in the levels of tolerable risk set out in the EngC's risk appetite statement being exceeded then this should be referred to the Board for review and not wait for the annual review.

As part of the business planning process, the Executive Team scans the horizon to identify changes in the external environment that may have an impact on the Engineering Council's operations. Both PESTLE and SWOT analysis frameworks are utilised to do this, which then instructs the 'opportunity and risk' identification process.

As part of the Business Planning process, all key tasks will record risks, opportunities and issues that may affect the achievement of expected outputs in either Functional Risk Registers or the Projects Risk & Opportunities Register and Issues Register.

Based on the horizon scan and organisational SWOT analysis, the emergent opportunities are identified and captured in the Risk and Opportunities Register. The Executive Team reviews the Opportunity Register in the autumn of each year and prepares and prioritises projects that may exploit the opportunities, subject to resources being available. This will also inform any options analysis, which then drives the budgeting forecast the following year.

This process involves assessing the most significant individual risks on the basis of the likelihood of it occurring, and what the impact to the organisation would be should the risk occur and considering ways of avoiding the risk(s) or mitigating its effect. Each area of risk has been assessed by providing a score to both the impact and the probability of each risk and using these to calculate the overall severity, and therefore, Gross Risk. With the identification and definition of suitable controls and monitoring actions, a

judgement is then made as to what extent the impact of the Gross Risk is reduced, thereby reflecting what the Net Risk is.

### Role of the Board

The Trustees assessed the major risks to which the Engineering Council was exposed in accordance with Charity Commission guidance and were satisfied that systems were in place to mitigate the Engineering Council's exposure to major risks.

The organisation's Risk Policy & Procedure (July 2020) contains the following key principles that outline the Engineering Council's approach to risk management:

- a. As the EngC's principal body, the Board is responsible for risk management;
- b. The Board is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding the public and other funds and assets for which it is responsible in accordance with its Charter and By-laws;
- c. There should be an open and receptive approach to mitigating risk;
- d. The Management Panel (MP) manages the EngC's Risk and Opportunity Management Process.
- e. The Finance, Audit & Remuneration Panel (FARP) advises the Board on risk assurance.
- f. The Risk Register is reported to the Board via MP.
- g. The CEO and Executive Team, with input from the volunteer committees and panels where relevant, are responsible for encouraging and implementing good risk management practice across the organisation, in particular the identification, evaluation and management of risk.
- h. Early warning mechanisms will be put in place and monitored to alert the Board so that remedial action can be taken to manage any potential hazards.

This policy includes consideration of the organisation's **Risk Appetite** i.e., the level of risk that EngC is prepared to accept in pursuit of its strategic objectives. This Statement informs the EngC's strategy and business planning processes and is reviewed annually by the Board. It sets the context for managing risk and forms an integral part of this policy. The Risk Appetite Statement will also form the basis of delegated levels of authority for decisions including at subordinate panels and committees.

In terms of its willingness to accept certain types of risk, the EngC's approach is to minimise exposure to reputational, compliance and financial risk, whilst accepting that a certain level of risk must be taken to achieve its strategic objectives. Acceptance of risk is subject to ensuring that risks and potential benefits are fully considered and understood before activities are undertaken and that sensible measures are in place to mitigate risk.

As of 31 December 2020, there were **three HIGH** Net Risks on the Trustees Risk Register as follows:

**UK secession from EU (BREXIT):** Risk that registered engineers would no longer be subject to directives on mobility: other forms of recognition and ways to enable mobility would become more important.

Mitigation: Work through ETF; should be factored into discussions about future engagement in recognition tools such as EUR-ACE, EUR ING, Engineering Card, international Accords and Agreements and Mutual Exemption Agreements; leading input into Professional Qualifications Working Group (requested by EtF/PEC), facilitated by RAEng and attended by PEIs.

**Major disaster (e.g., terrorist attack, pandemic):** Risk of a major event preventing access to Engineering Council offices for a significant period of time.

Mitigation: Routine penetration testing; Business Continuity provisions; Home working provision including provision of Callswitch (phone system), MS Teams and Zoom licences

**Maintaining licensing function during COVID-19 outbreak:** With the outbreak of COVID-19, the risk of not maintaining the various strands of the licensing function (licence reviews, Liaison Officer monitoring, volunteer seminars, workshops etc) to the current standard

Mitigation: All Licensing stakeholders have been notified of how it is anticipated the Licensing function will continue during the change to working practices; Revisions to the Licensing manual for the provision to conduct all types of licence reviews remotely; Ensuring Liaison Officers (LOs) are provided access to remote meetings held by Licensed Members for the continuation of LO reporting; Expectations of CPD activities and sampling; As part of regular Licensing team meetings, discussions will be held re the issue of training materials to key stakeholders as alternatives to conducting seminars / workshops. Additionally, research will be undertaken as to how to undertake online webinars."

### Internal and external auditing

The Quality Management System (QMS) is now embedded within the Engineering Council's Operational Framework and a robust internal audit schedule is in place. This plan is created and revised by the internal Quality Management Team (QMT), which also manages the internal audit team. In addition, QMT monitors the internal audit process, reviews internal audit reports and follows up on both ISO9001 and internal audit non-conformances and root cause analysis. All findings are recorded in the Internal Audit Log as requested by the Executive Team. The Engineering Council was successfully certified against the ISO 9001:2015 quality management standard in June 2018.

## 6. Financial review

The areas of activity funded during 2020 are set out in section 3 - **2020 Activities and Achievements**. A detailed breakdown of expenditure for the year appears in notes 5-10 to the Financial Statements. FARP regularly scrutinises the organisation's expenditure to ensure that the work of the Engineering Council remains cost-effective.

The inclusion of the Engineering Council Pension Scheme under FRS102 has reduced staff costs by £105,000 (2019 - £350,000), increased direct costs by £317,000 (2019 - £125,000) and resulted in an actuarial loss on the scheme of £1,107,000 (2019 – gain of £529,000). The overall effect of applying FRS102 is thus to decrease income for the year by £62,000 (2019 – increase of £225,000) and to decrease the net movement in funds by £1,169,000 (2019 – increase of £754,000).

### Engineering Council Pension Scheme

The Trustees of the Engineering Council Pension Scheme met three times during 2020. The Engineering Council, as the Principal Employer, made contribution towards scheme running costs of £105,000, as opposed to the scheme deficit contribution of £350,000 made in 2019. This change resulted from the triennial valuation, at 31 December 2018, showed a past service surplus of £327K compared to the deficit disclosed by the 2015 valuation of £1.2M. The principal factors affecting the change in the deficit were the deficit reduction contributions made by the Employer and the value placed on the liabilities, which was lower than in the previous year due mainly to the increase in the corporate bond yield.

The Trustees and the Employer have agreed that an annual contribution towards the Scheme running costs will be made until the next triennial valuation which is due at 31 December 2021.

### Reserves

In 2020 the Engineering Council held funds of £2,777,200 (£2,647,638 – 2019) as follows:

**Unrestricted general funds** - The Engineering Council's policy is to maintain a level of unrestricted reserves, in accordance with accepted good practice, of a minimum of six months of operating budget. In 2020 six months operating budget was £1.5M (£1.55M – 2019). In calculating the level of reserves, it should hold the FARP also reviewed the key financial risks to the organisation and identified changes to funding mechanism and/or a shortfall in the annual operating grant, which could result in a lack of funds for Engineering Council operations. Consequently, a minimum reserve of six months operating budget was deemed appropriate.

Disregarding the tangible fixed assets for reserves policy purposes, the charity's general fund was £2,530,155 (2019 - £2,616,808); a figure not materially different from ten months' expenditure.

At its October 2020 meeting FARP agreed the principle of utilising reserves in excess of six months' operating costs to fund projects that supported the organisation's strategic plan, but only on condition that a minimum of six months' operating costs be retained at all times.

### Restricted funds

The pension reserve was £nil at the year end with the pension grant received in year again being equivalent to the current year recovery plan contributions of £105k (£350k – 2019).

The general fund, as shown in the financial statements, includes an unrecognised surplus of £1.506M (2019 surplus - £2.675M), due to an excess of assets over liabilities in the scheme this year. The figure as calculated under FRS102 is in respect of the defined benefit scheme.

## Annual Report and Financial Accounts 2020

This amount is not recognised within the Engineering Council's financial statements as the organisation has no rights over the Scheme's assets. The Trustees believe that this notional funding calculation, which can vary considerably according to the assumptions made at each year-end, has no material effect on the organisation's cash flow in the short term, and that in the long term its effects can be sustained from future income.

The majority of the reserves are held in investments, with the remainder held in cash.

### **Investment Policy and Returns**

The Trustees considered the most appropriate policy for investing funds to be a mix of equity-based trusts, gilts and cash holdings best met the Engineering Council's requirements for both income and capital growth. The Engineering Council's investment policy is based on securing low-risk investment with easily liquidated assets.

The Barings Targeted Return Fund invests across asset classes and through both direct holdings as well as in-house and third-party funds. The Targeted Return Fund does not invest directly in companies which manufacture tobacco products.

In January 2020, the Targeted Return Fund moved from being a Charity Commission approved Common Investment Fund to a Charity Authorised Investment Fund (CAIF) recognised by the Charity Commission and the Financial Conduct Authority (FCA). An advantage of a CAIF is that its fees are not subject to irrecoverable VAT, as a result of converting to a CAIF Barings reduced their management fees by 0.1%, so the overall effective fee moved from 0.6% to 0.4%. Additionally, the fund is now subject to financial oversight by the FCA, which was felt by Barings to be a stricter and tougher regulator than the Charity Commission. At the same time the fund performance target was reduced from CPI plus 5%, to CPI plus 3%, which was intended to make the fund more competitive without changing its structure, and lessening equity market risk. The investment manager's fees are absorbed in the value of the fund and are therefore not separately identifiable.

FARP reviews the fund performance at each of its meetings and the fund manager attends FARP once a year to discuss fund performance. The fund manager's report for 2020 follows.

*'The COVID 19 pandemic had dramatic impact on investments in 2020, with the lockdowns causing a striking fall in economic activity but also significant disruption in stock markets. All assets became correlated, including unusually government bonds which all fell sharply so that the Fund saw a sharp fall in the first quarter of 2020. However, the fund manager took advantage of some of these falls and introduced Investment Grade Bonds and increased the Fund's US equity position. Throughout the year companies and investors learned to live with Covid assisted by the unprecedented monetary and fiscal support offered by the authorities around the world. Markets ended 2020 on a positive note with an easing of international trade tensions, the outcome of the US presidential election and the prospect of three successful vaccines and on Christmas Eve the signing of Brexit. The Fund has been achieving its real yield target of CPI plus 1% with a yield of 3.4% but nonetheless saw a fall in the level of distributions with companies cutting or suspending dividends. Whilst the fund has seen a recovery in performance over recent months, the one and three years the numbers reflect the adverse impact of the pandemic.'*

The Trustees confirmed they were happy to continue with the appointment of Baring Asset Management as fund managers and that the investments held were acquired in accordance with the powers available to the Trustees.

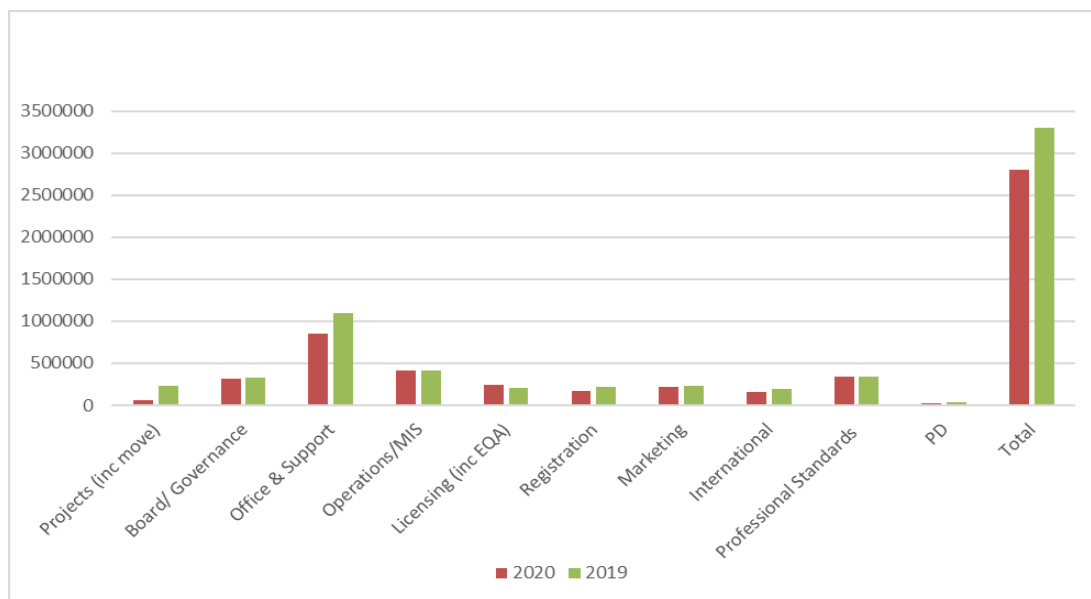
### **Post Balance Sheet Event**

On 14 April Barings Asset Management advised that it would be closing its Targeted Return Fund with effect from 31 August 2021. Whilst the Trustees do not anticipate any significant fall in the fund's value because of the closure, they will be seeking alternative fund managers.

### **Expenditure on charitable activities**

The following graph sets out the amounts spent on key areas of activity in 2019 and 2020.

**FIGURE 7: 2020 & 2019 EXPENDITURE**



## 7. Public benefit report

One of the key elements of the organisation’s core business is to ensure that the professional engineering community continues to provide public benefit through appropriate structures and professional behaviours.

This section provides a review of the significant or main activities undertaken by the Engineering Council to further its charitable purposes for the public benefit.

The Trustees confirm they have referred to the Charity Commission’s general guidance on Public Benefit when reviewing the Engineering Council’s aims and objectives and in planning future activities that will contribute to delivering the strategy OR vision and mission.

### **What is the Engineering Council there to achieve?**

The purposes of the Engineering Council are set out as follows:

#### **Objective**

To advance education in, and promote the science and practice of, engineering (including relevant technology) for the public benefit and thereby to promote industry and commerce in Our United Kingdom and elsewhere.

#### **Mission:**

To maintain internationally recognised standards of competence and commitment for the engineering profession and to licence competent institutions to champion the standards, for the deliverance of public benefit.

#### **Vision:**

That society continues to have confidence and trust in the engineering profession.

**What has the Engineering Council done during 2019 to carry out those purposes for the public benefit?**

***Against the principles of public benefit***

Against each of the principles of public benefit and their key factors, as set out in the Charity Commission guidance, the Engineering Council is able to assess whether each factor has been met.

Table 1

Serial	Principle or factor	Assessment
1	<b><i>There must be an identifiable benefit or benefits</i></b>	Engineering underpins provision and/or distribution of the basic necessities of civilised life: buildings, energy, water and sanitation, food, transport, healthcare, communications, defence. The major public benefit is the professional regulation that the Engineering Council and its Licensed Member institutions exercise over their registrants and members when serving the general public.
1a	<i>It must be clear what the benefits are</i>	See specific public benefits in Table 2, serials 1-11.
1b	<i>The benefits must be related to the aims (i.e., objects)</i>	The object is pursued in conjunction with the Engineering Council's Licensed Member institutions through the core functions of registration and accreditation to consistent standards. The end result is that public benefits (1 above) are generated by qualified registrants and institution members working in private and public sector industries and services.
1c	<i>Benefits must be balanced against any detriment or harm</i>	While some engineering products or activities are potentially harmful, the professional code of conduct and professional education and training all emphasise safety, sustainability and concern for the environment. Benefits vastly outweigh detriment. Downside would be greater without professional ethical commitment. See Table 2, serial 2.
2	<b><i>Benefit must be to the public, or to a section of the public</i></b>	Benefits of sound engineering are to the public generally, and, in varying degrees, to all mankind.
2a	<i>The beneficiaries must be appropriate to the aims</i>	Confirmed.
2b	<i>Where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by:</i>  <i>Geographical or other restrictions</i>  <i>Ability to pay any fees charged</i>	Individual registrants, totalling more than 230,000, receive particular benefits in addition to the general public benefits at 2 above. Discussed at 2d below.  Registration is conditional on meeting academic and other standards of competence – an integral part of achieving the overall public benefit. Moreover, registration is voluntary, not a statutory 'licence to practise'.  Annual registration fees range from £19 for Engineering Technician to £39 for Chartered Engineer, reducible to £8.40 and £17.60 respectively for individual cases of hardship. See also Table 2, serial 11.  In conclusion, members of the public wishing to become registrants are not unreasonably restricted on either count.
2c	<i>People in poverty must not be excluded from the opportunity to benefit</i>	Covered in 2 and 2b above.
2d	<i>Any private benefits must be incidental</i>	The private benefits of registration directly contribute towards achieving the Engineering Council's aims and are a necessary result of carrying out those aims. The CC's legal analysis underpinning its guidance quotes at para 3.84 a case – IRC v Forrest – relating to membership of one of the Engineering Council's Licensed Member institutions, which applies equally to registration.

**As per specific activities and benefits:****Table 2**

<b>Serial</b>	<b>Engineering Council activity</b>	<b>Institution activity</b>	<b>Effect</b>	<b>Public benefit</b>
1	Set and maintain standards of professional competence in four categories: Engineering Technician, Incorporated Engineer, Chartered Engineer, ICT Technician	Contribute to defining standards, in conjunction with industry and academia; promote standards	Coherent, relevant national standards, adopted by Quality Assurance Agency (QAA)	Defined learning progression for existing and prospective engineers, technicians and craftspersons; benefit to industry and commerce and thus to national economy
2	Define generic standards of professional conduct and ethics	Tailor standards to own field; require all members to observe standards in institution code of conduct. May provide advice facility to members	Members observe standards	Positive contribution to safety, sustainability, the environment, industrial effectiveness and public confidence
3	Require institutions to have complaints and disciplinary procedures; appellate body in defined circumstances	Produce and operate complaints and disciplinary procedures in support of (2)	Reported breaches of standards by members dealt with fairly and transparently	Public confidence in profession; a degree of redress for complainants
4	License institutions to register qualified individuals through defined procedures	Promote registration and institution membership; assess and register qualified individuals	Evidence of the professional competence and commitment of individual engineers and technicians	Assists employers and clients in recruiting or engaging individuals; public confidence
5	License institutions to accredit academic courses and approve professional development courses for engineers	Accredit and approve courses (often jointly)	Identifies courses leading to exemplifying qualifications for individual registration	Raises and maintains the quality of engineering education; helps to inform curriculum design and promote innovative methods of teaching; assists students in selecting courses and career options; encourages education in economically important fields; attracts foreign students to UK universities, enhancing the universities' reputation and financial position; supports industry in developing high quality programmes that support professional registration
6	License institutions to approve vocational qualifications and programmes for technicians; host a technician working group to develop initiatives and share good practice	Approve Vocational Qualifications (VQs) and apprenticeship programmes	Links existing VQs and apprenticeship programmes to Engineering Technician standard	Informs awarding organisations and apprenticeship developers of suitability of VQs and apprenticeship programmes for registration; allows individuals with approved VQs and apprenticeships to register as Engineering Technicians via a streamlined route

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7	State requirement for individual CPD (part of (2))	Facilitate and monitor members' CPD	Members maintain competence	Contributes to (2), (4) and (5)
8	Conduct periodic review of licensed institutions	Operate internal quality assurance procedures	Licence requirements and standards maintained and applied consistently	Underpins (2-6)
9	Represent UK in negotiating international agreements for mutual recognition of qualifications; advise government departments	Advise and support members; admit and register qualified individuals educated overseas; form alliances with overseas institutions	Increased employment and working mobility of engineers and technicians	UK firms can compete and operate more effectively overseas, to the benefit of UK economy; overseas recognition of and demand for UK professional recognition enhances reputation of UK; increased recognition of UK engineering qualifications provides greater encouragement for individuals to seek the knowledge and competence to achieve them
10	Train institution volunteers in registration and accreditation procedures (e.g., interviewing, mentoring, assessment)	Identify volunteers from among members; cascade training to further volunteers	Contributes to (4, 5, 8)	Contributes to (4, 5, 8)
11	Charge individual registration fees	Charge individual membership fees	Financial viability of bodies	All bodies charge reduced fees for some of student members, young members, technician members, non-corporate (unqualified) members, members temporarily not working, retired members

## 8. How we operate

### How we are governed

The Engineering Council, whose registered office is 5<sup>th</sup> Floor, 10 Lower Thames St, London EC3R 6EN was incorporated by Royal Charter on 27 November 1981 and is a registered charity, No. 286142, whose objects are:

*To advance education in, and to promote the science and practice of, engineering (including relevant technology) for the public benefit and thereby to promote industry and commerce in Our United Kingdom and elsewhere.*

However, as a result of changes made to the profession under the direction of Lord Sainsbury, Minister for Science and Innovation (1998 to 2006), the scope and responsibility was narrowed down to operate the national Register.

### **How we are funded**

The Engineering Council's principal source of funding is the annual registration fees of individual registered engineers and technicians. The fees are collected by the professional engineering institutions and remitted to EngineeringUK, from which a grant is made to the Engineering Council.

This operating grant is used to cover the cost of carrying out regulatory activities, which include maintenance of standards; licensing of professional engineering institutions as Licensed Members and Professional Affiliates; international representation in FEANI and the International Engineering Alliance; operation of the engineering profession's national Register; and support for the promotion of registration by professional engineering institutions.

The annual registration fees from Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians support the work of the Engineering Council and EngineeringUK.

The Engineering Council does not raise funds from the general public.

### **The Board of Trustees**

The Engineering Council is governed by a 22-member Board of Trustees, which is appointed in accordance with the Engineering Council's Bye-laws. Twelve of the members are appointed by the major professional engineering institutions, three by the smaller institutions and the remaining seven by EngineeringUK. The composition of the Board provides stakeholder representation through institution-nominated members, and the involvement of the wider profession through EngineeringUK nominees.

The Board chaired by Prof Chris Atkin CEng FRAeS met on three occasions in 2019.

The Board appoints the Chief Executive Officer, who is in turn responsible for staffing within parameters established by the Board.

The constitution and membership of the Board is published on the Engineering Council website ([www.engc.org.uk](http://www.engc.org.uk)). An extranet requiring a password (from October 2017, the Partner Portal, at <https://partner.engc.org.uk>) is available to stakeholders, primarily Licensed Members, Professional Affiliates, Engineering Council Trustees, and volunteer members of the Engineering Council's Committee and Panels, as well as Engineering Council staff. The Charter and Bye-laws, Regulations and Terms of Reference of the Board's Committees and Panels are published on the Partner Portal together with other information including agendas, minutes and papers and proceedings of the Board, Committees and Panels.

Within three months of joining the Board, Trustees are given an induction by the Executive Team, which is based on the Institute of Chartered Secretaries and Administrators Best Practice Guide to the Appointment and Induction of Charity Trustees. Further trustee training, including GDPR training, is undertaken as appropriate.

## Annual Report and Financial Accounts 2020

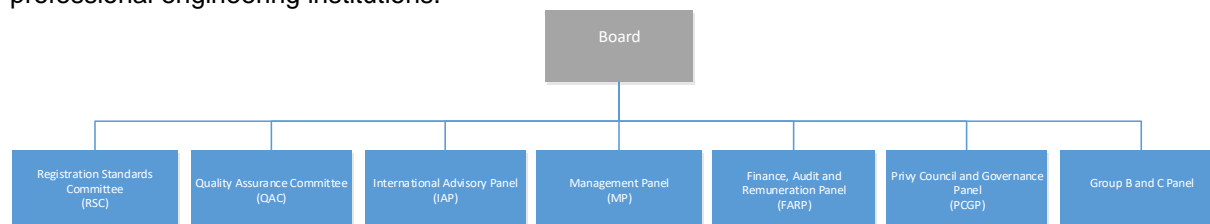
The following table presents changes to Board members during 2020.

	Nominated by	Board Member	Term of Office ended	Term of Office started
1	BCS, The Chartered Institute for IT	Prof Kevin Jones CEng CITP CSci FIET FBCS		
2	Chartered Institution of Building Services Engineers	Mr George Adams CEng FCIBSE		
3	Institution of Chemical Engineers	Dr Rob Best CEng FIChemE		
4	Institution of Civil Engineers	EUR ING Bill Hewlett CEng FICE FIET		
5	Institution of Engineering & Technology	Mr James Baker CEng FIET		
6	Institution of Engineering & Technology	Ms Michelle Richmond CEng FIET		
7	Institute of Marine Engineering, Science & Technology	John Chudley CEng FIMarEST		
8	Institute of Materials, Minerals and Mining	EUR ING Dr Graham Woodrow CEng FIMMM		
9	Institution of Mechanical Engineers	Mr Mike McLoughlin CEng FIMechE		
10	Royal Aeronautical Society	Prof Chris Atkin CEng FRAeS		
11	Society of Operations Engineers	Mr Stephen Catte CEnv IEng HonFSOE		
12	Institution of Structural Engineers	Mr Phil Nelson CEng FIMStructE		
13	Group B Institutions	Terry Fuller CEng MICE MCIWEM		
14	Group B Institutions	Mr Neil Phelps IEng MIED		
15	Group C Institutions	Mr Tony Gibson CEng MNucl MIET MAPM MINCOSE		
16	EngineeringUK	Mr Doug Alexander*		
		Mr David Short CEng FRAeS MIET		
17	EngineeringUK	Ms Ann Watson		
18	EngineeringUK	Matt Gantley		Jun 2020
		Carolyn Griffiths CEng FIMechE FREng	Jun 2020	
19	EngineeringUK	Ms Estelle Clark CQP FCQI FRSA		
20	EngineeringUK	Mrs Josephine Parker MBE CEng FCIWEM FICE F!Water		Jun 2020
		Col Martin Court CEng FIMechE	Jun 2020	
21	EngineeringUK	Capt Mike Rose RN CEng MIMarEST		
22	EngineeringUK	Ms Ann Francke		

\*As Chair of FARP Doug Alexander remains on the Board of Trustees as a non-voting member.

## Committees and Panels

The Board operates through the two principal committees and four panels listed below. All committee and panel Chairs are members of the Board. Other committee and panel members are nominated by the professional engineering institutions.



The **Registration Standards Committee (RSC)** has oversight of matters to do with the education, training and professional development of professional engineers and technicians. It is responsible for maintaining the standards of competence and commitment and maintaining the underpinning knowledge and understanding requirements for professional registration. This includes publishing, and keeping under review, the Registration Code of Practice that aligns with the requirements set out in the UK Standard for Professional Engineering Competence (UK-SPEC), the ICT Technician Standard, and the standards for the accreditation of HE programmes and approved apprenticeships. RSC comprises nominees from professional engineering institutions, including from academia and industry, which ensures that the Engineering Council is kept abreast of developments in education and professional development that relate to professional engineers and technicians. The committee met three times in 2020.

The **Quality Assurance Committee (QAC)** is responsible for licensing professional engineering institutions that are considered competent to assess candidates for professional registration, accredit academic programmes, and approve professional development schemes. This involves a periodic review of the institutions' registration process, reviewing and making appropriate changes to licensing policies and processes, and encouraging information exchange between institutions, while maintaining an overview of licence related issues. It also approves suitable bodies as Professional Affiliates. QAC comprises members nominated by the licensed institutions who are registrants and of suitable standing and experience. The committee met four times in 2020.

The **International Advisory Panel (IAP)** is responsible for advising on matters that have an impact on the global recognition of Engineering Council standards and the international mobility of engineering professionals. This involves advising on the international promotion of the national Register, updating the Board on relevant international developments, guiding the Engineering Council's international activity and identifying suitable representatives of the UK engineering profession to join international committees. IAP acts as the National Monitoring Committee for FEANI registration purposes and as the responsible Committee for the UK section of International Registers. IAP also promotes the flow of communications between the Engineering Council and the institutions on international matters. IAP comprises nominees from professional engineering institutions, including from academia and industry, with international experience and expert knowledge of mobility issues affecting professional engineers and technicians. The panel met three times in 2020.

The **Finance, Audit and Remuneration Panel (FARP)** has responsibility for keeping the financial management of the Engineering Council under review. Through the delegated authority of the Board, it approves variations to expenditure and investment policy within established limits. The Panel advises the Board and CEO on financial services; monthly management accounts; remuneration; staff pensions; subscription and fees policies; the annual budget, report and accounts; risk assessment policy; audit reports; delegated financial authorities; marketing and promotions activity; and the business continuity plan. In addition to the Chair, FARP comprises three current trustees and one other member with relevant knowledge and experience. The panel met three times in 2020.

The **Privy Council and Governance Panel (PCGP)** is responsible for the periodic review of the Charter, Bye-laws and Regulations of the Engineering Council, and making proposals for change to the Board. The Panel also advises the Board on its response to requests for advice from the Privy Council Office and other government departments on matters concerning the constitution of relevant institutions. PCGP provides advice to professional engineering institutions on constitution, governance and disciplinary procedures. This involves publishing and reviewing guidance on disciplinary procedures and consulting with Licensed Members on significant proposed changes to policies or procedures. PCGP also considers representations from professional engineering institutions, registrants or members of the public concerning the conduct of institutions or registrants and determines whether, and if so how, appeal proceedings should take place.

## Annual Report and Financial Accounts 2020

PCGP comprises suitable nominees from the Board, together with advisors to assist in this work of the Panel. The PCGP met four times in 2020.

The **Management Panel (MP)** is responsible for day-to-day operational decision making and management of the organisation. The Panel is chaired by the CEO and comprises of the CEO, the Deputy CEO/Operations Director, Head of Professional Standards and the Head of Administration & Support and meets approximately every four to six weeks. Its standing agenda includes IT and Management Information Systems, project management/project reporting, risk management, business planning, HR, finance, quality management and business continuity.

The **Group B and C Panel** provides a forum for the exchange of information and good practice with respect to membership and registration matters concerning small (Group C) and medium-sized (Group B) institutions. It also discusses pan-engineering issues of joint concern and, where appropriate, provides focus for campaigns or lobbying and the dissemination of a collective view. The Panel provides a platform for organisations and individuals to present topics of common interest, including identifying and implementing opportunities for co-operation between institutions for mutual benefit and the public good.

### **Volunteer Effort**

Volunteer effort, through its Board, committees, panels and working groups, continues to be crucial to the work of the Engineering Council. A conservative estimate gives the total days given freely to the Engineering Council throughout the year as approximately 1,200. Given the standing of those involved the financial equivalent would be in the order of £620,000 per annum. These figures have not significantly changed in the last year.

A remote Volunteers Seminars was held in November in 2020, which was well attended.

### **Remuneration Policy**

The Engineering Council is committed to ensuring that it pays staff fairly and at an appropriate level in order to attract and retain people with the right skills and experience to ensure that the organisation delivers its charitable objectives and strategic plan.

FARP has delegated authority from the Board of Trustees to determine all matters relating to staff pay and reward. In determining staff remuneration, FARP considers factors such as the increase in cost of living and the general rate of salary increases in the market during the preceding 12 months. Bonus payments are awarded on a discretionary basis to provide staff with appropriate incentives to encourage enhanced performance and to reward them in a fair and responsible manner for their individual contributions to the success of the organisation.

## **KEY MANAGEMENT PERSONNEL**

### **Chief Executive Officer**

Alasdair Coates BEng(Hons) MSc CEng FICE MCIHT CMIOSH

### **Operations Director & Deputy Chief Executive Officer**

Paul Bailey BSc (Hons)

### **Head of Administration & Support**

Gillian Paterson MA FCIPD

### **Head of Professional Standards**

Katy Turff CMgr MCMI

## Professional Advisors

Service	Organisation	Address
Actuaries & Pension Administrators	Cartwright Benefit Consultants Ltd.	175 Kings Road, Reading, RG1 4EY
Auditors	Haysmacintyre LLP	10 Queen Street Place, London EC4R 1AG
Bankers	HSBC Bank plc	165 Fleet Street, London, EC4A 2DY
Financial Accountants	Kreston Reeves LLP	37 St Margaret's Street, Canterbury, CT1 2TU
Investment Managers	Barings Asset Management Ltd	155 Bishopsgate, London, EC2M 3XY
Lawyers	Veale Wasbrough Vizards LLP	Narrow Quay House, Narrow Quay, Bristol BS1 4QA

## 9. Statement of Trustees' responsibilities

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

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which provides a true and fair view of the state of affairs and the incoming resources and application of resources, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities Statements of Recommended Practice (SORP)
- make judgments and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, insofar as these are appropriate to the Council, its Royal Charter and Bye-laws, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

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

The above Trustees' Report on pages 1-25 was approved by the Trustees on 10 June 2021 and signed on their behalf by the Chairman of the Board:



Prof Chris Atkin CEng FRAeS

# Independent auditor's report to the Trustees of The Engineering Council

## Opinion

We have audited the financial statements of The Engineering Council for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of the charity's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

## Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

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

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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.

## **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statements set out on page 24, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Engineering Council, we identified that the principal risks of non-compliance with laws and regulations relates to the Charities Act 2011 and its Royal Charter, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and the application of FRS 102, income tax and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to application of controls around authorisation of expenditure and payments. Audit procedures performed by the engagement team included:

- Enquiries of management regarding correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular, journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Reviewing the assumptions and judgements used by the professional actuary in relation to the Council's pension asset.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP  
Statutory Auditors  
[date]

10 Queen Street Place  
London  
EC4R 1AG

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

## The Engineering Council

### Statement of financial activities for the year ended 31 December 2020

Note	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Income from:</b>				
Charitable activities	105,000	2,813,226	2,918,226	3,082,018
Other trading activities	-	7,754	7,754	26,358
Investments	-	54,082	54,082	78,450
	<u>105,000</u>	<u>2,875,062</u>	<u>2,980,062</u>	<u>3,186,826</u>
<b>Total income</b>				
<b>Expenditure on:</b>				
Raising funds	-	2,582	2,582	2,159
Charitable activities	105,000	2,762,855	2,867,855	3,084,006
	<u>105,000</u>	<u>2,765,437</u>	<u>2,870,437</u>	<u>3,086,165</u>
<b>Total expenditure</b>				
Net (losses)/gains on investments	-	(42,063)	(42,063)	166,574
	<u>-</u>	<u>67,562</u>	<u>67,562</u>	<u>267,235</u>
<b>Net movement in funds before other recognised gains/(losses)</b>				
<b>Other recognised gains/(losses):</b>				
Actuarial (losses)/gains on defined benefit pension schemes	-	(1,107,000)	(1,107,000)	529,000
Derecognition of pension surplus	-	1,169,000	1,169,000	(754,000)
	<u>-</u>	<u>129,562</u>	<u>129,562</u>	<u>42,235</u>
<b>Net movement in funds</b>				
<b>Reconciliation of funds:</b>				
Total funds brought forward	-	2,647,638	2,647,638	2,605,403
Net movement in funds	-	129,562	129,562	42,235
	<u>-</u>	<u>2,777,200</u>	<u>2,777,200</u>	<u>2,647,638</u>
<b>Total funds carried forward</b>				

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

The notes on pages 31 to 53 form part of these financial statements.

## The Engineering Council

### Balance sheet as at 31 December 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	14	247,045	30,830
Investments	15	2,016,073	2,004,916
		<u>2,263,118</u>	<u>2,035,746</u>
<b>Current assets</b>			
Debtors	16	171,120	293,905
Cash at bank and in hand		688,715	671,177
		<u>859,835</u>	<u>965,082</u>
Creditors: amounts falling due within one year	17	(345,753)	(353,190)
		<u>514,082</u>	<u>611,892</u>
<b>Net current assets</b>		<u>514,082</u>	<u>611,892</u>
<b>Net assets including pension scheme liabilities</b>		<u>2,777,200</u>	<u>2,647,638</u>
<b>Charity funds</b>			
Restricted funds	18	-	-
Unrestricted funds	18	2,777,200	2,647,638
		<u>2,777,200</u>	<u>2,647,638</u>
<b>Total funds</b>		<u>2,777,200</u>	<u>2,647,638</u>

The financial statements were approved and authorised for issue by the Trustees on and signed on their behalf by:



**Mr James Baker**  
Chairman of the Finance, Audit  
and Remuneration Panel



**Professor Chris Atkin, CEng FRAes**  
Chairman of the Board

The notes on pages 31 to 53 form part of these financial statements.

## The Engineering Council

### Statement of cash flows for the year ended 31 December 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Net cash provided by/(used in) operating activities	<b>360,103</b>	31,699
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Dividends, interests and rents from investments	862	1,032
Purchase of tangible fixed assets	<b>(273,427)</b>	-
Purchase of investments	<b>(70,000)</b>	(74,418)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(342,565)</b>	<b>(73,386)</b>
	<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>	<b>17,538</b>	<b>(41,687)</b>
Cash and cash equivalents at the beginning of the year	<b>671,177</b>	712,864
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>688,715</b>	671,177
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 31 to 53 form part of these financial statements

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 1. General information

The Engineering Council is an unincorporated charity registered with the Charity Commission. The registered office is 10 Lower Thanes Street, London, EC3R 6EN.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Engineering Council meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

##### 2.2 Going concern

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Whilst the impact of the COVID-19 pandemic has been assessed by the Trustees, so far as is reasonably possible, due to its unprecedented impact on the worldwide economy it is difficult to evaluate with any certainty the potential outcomes on the Charity's future activities. However, taking into consideration the Charity's level of reserves, the Trustees believe that the Charity will be able to continue in operational existence for the foreseeable future.

##### 2.3 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

##### 2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Charitable activities are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity, all incurred in achieving the charity's objectives.

All expenditure is inclusive of irrecoverable VAT.

**Notes to the financial statements  
for the year ended 31 December 2020**

**2. Accounting policies (continued)**

**2.5 Tangible fixed assets and depreciation**

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Fixtures and fittings	- 20% straight line
Office equipment	- 25% straight line
Computer equipment	- 33% straight line

Assets of nil book value are removed from the asset register after 10 years, irrespective of whether they exist or not. These are included in "Disposals during the year" as appropriate.

**2.6 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

**2.7 Interest receivable**

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

**2.8 Operating leases**

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**2.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2.10 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Notes to the financial statements  
for the year ended 31 December 2020**

**2. Accounting policies (continued)**

**2.11 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

**2.12 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.13 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.

**2.14 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 2. Accounting policies (continued)

##### 2.15 Pensions

The Engineering Council contributes to a contracted-out defined benefit pension scheme, the Engineering Council Pension Scheme. This scheme was closed to new entrants on 3 July 2002. The Scheme closed to future accrual with effect from 30 April 2012.

The Engineering Council fully adopts Financial Reporting Standard 102 (FRS102) and the impact of this standard has been reflected throughout the financial statements.

In accordance with FRS102, the Statement of Financial Activities includes: the cost of benefits accruing during the year in respect of current service costs (charged against staff costs within charitable activities); the interest cost and the expected return on assets (shown as direct costs); and actuarial gains and losses (disclosed within other recognised gains and losses).

In accordance with FRS102, the balance sheet includes the surplus or deficit in the scheme. This has been estimated for the purposes of FRS102 based on the results of the funding Actuarial Valuation, adjusted for the different assumptions and taking into consideration subsequent cash flows.

Further details regarding the scheme are disclosed in note 24.

The Engineering Council also contributes to a defined contribution stakeholder pension scheme operated by Scottish Widows. Contributions are charged to the Statement of Financial Activities as they fall due.

##### 2.16 Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

##### 2.17 Value Added Tax

Due to the nature of the Engineering Council's income sources, almost all VAT incurred on purchases is irrecoverable. Irrecoverable VAT input charges have therefore been included in the expenditure areas to which they relate.

**Notes to the financial statements  
for the year ended 31 December 2020**

**3. Critical accounting estimates and areas of judgment**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Defined benefit pension scheme*

In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The charity also contributes to the Engineering Council Pension Scheme. The scheme is a defined benefit scheme in accordance with section 28 of FRS 102. Service costs, curtailments, settlement gains and losses, net financial returns and remeasurement gains and losses are included in the Statement of Financial Activities in the year to which they relate.

Changes in the assets and liabilities of the scheme in the year are disclosed and allocated as follows:

- Changes relating to current or past service costs and gains and losses on settlements and curtailments and pension finance costs arising from changes in the net of the interest costs and expected return on assets, are allocated to the relevant activity heading based on staff costs of employees within the scheme.
- Pension finance charges arising from similar changes are recognised as expenditure.
- Remeasurement gains and losses are recognised as other recognised gains and losses.

The assets, liabilities and movements in the surplus or deficit of the scheme are calculated by qualified independent actuaries as an update to the latest full actuarial valuation.

Details of the scheme assets and liabilities and major assumptions are shown in note 25.

*Tangible fixed assets*

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that accrual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Although tangible fixed assets are significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically, no changes have been required.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 4. Income from charitable activities

	<b>Restricted funds 2020 £</b>	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Grants	105,000	2,611,523	<b>2,716,523</b>
FEANI income	-	98,404	<b>98,404</b>
Miscellaneous income	-	35	<b>35</b>
Admin fee from EngineeringUK	-	44,664	<b>44,664</b>
Professional services	-	24,600	<b>24,600</b>
MCP license fees	-	34,000	<b>34,000</b>
	<u>105,000</u>	<u>2,813,226</u>	<u><b>2,918,226</b></u>

Prior year - 2019

	<i>Restricted funds 2019 £</i>	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Grants	350,000	2,535,459	2,885,459
FEANI income	-	91,128	91,128
Admin fee from EngineeringUK	-	44,664	44,664
Professional services	-	24,850	24,850
MCP license fees	-	35,917	35,917
	<u>350,000</u>	<u>2,732,018</u>	<u>3,082,018</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 5. Other trading activities

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Trading income	7,754	7,754
Stamp purchases	(2,159)	(2,159)
	<u>5,595</u>	<u>5,595</u>
Prior year - 2019		
	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Trading income	26,358	26,358
Stamp purchases	(2,159)	(2,159)
	<u>24,199</u>	<u>24,199</u>

Trading income comprises professional stamps and replacement registration certificates.

#### 6. Investment income

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Interest from fixed asset investments	53,220	53,220
Bank interest receivable	862	862
Pension income (note 25)	(150,000)	(150,000)
	<u>(95,918)</u>	<u>(95,918)</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

Prior year - 2019

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Interest from fixed asset investments	74,418	74,418
Bank interest receivable	1,032	1,032
Pension income (note 25)	3,000	3,000
	<u>78,450</u>	<u>78,450</u>

#### 7. Analysis of expenditure by activities

	<b>Activities undertaken directly 2020 £</b>	<b>Support costs 2020 £</b>	<b>Total funds 2020 £</b>
Charitable activities	<u>2,424,855</u>	<u>293,000</u>	<u>2,717,855</u>

Prior year - 2019

	<i>Activities undertaken directly 2019 £</i>	<i>Support costs 2019 £</i>	<i>Total funds 2019 £</i>
Charitable activities	<u>2,755,606</u>	<u>328,400</u>	<u>3,084,006</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 8. Direct costs

	<b>Restricted funds 2020 £</b>	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Pension expense (note 12)	-	167,000	<b>167,000</b>
Project spend	-	1,739	<b>1,739</b>
Recruitment and temporary staff	-	6,553	<b>6,553</b>
Training	-	3,449	<b>3,449</b>
Computer and information systems costs	-	217,083	<b>217,083</b>
Marketing	-	4,780	<b>4,780</b>
Travel and subsistence	-	18,508	<b>18,508</b>
Subscriptions and meetings	-	88,530	<b>88,530</b>
Accommodation costs	-	285,893	<b>285,893</b>
Wages and salaries (note 11)	105,000	1,526,320	<b>1,631,320</b>
	<u>105,000</u>	<u>2,319,855</u>	<u><b>2,424,855</b></u>

Prior year - 2019

	<i>Restricted funds 2019 £</i>	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Pension expense (note 12)	-	128,000	128,000
Project spend	-	5,650	5,650
Recruitment and temporary staff	-	43,857	43,857
Training	-	20,531	20,531
Computer and information systems costs	-	389,106	389,106
Marketing	-	29,999	29,999
Travel and subsistence	-	115,294	115,294
Subscriptions and meetings	-	111,202	111,202
Accommodation costs	-	250,993	250,993
Wages and salaries (note 11)	350,000	1,310,974	1,660,974
	<u>350,000</u>	<u>2,405,606</u>	<u>2,755,606</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 9. Support costs

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
<b>General support</b>		
Telephone	10,922	<b>10,922</b>
Printing, stationery and office supplies	60,219	<b>60,219</b>
Maintenance of equipment	15,120	<b>15,120</b>
Sundries	2,607	<b>2,607</b>
Rental of office equipment	8,323	<b>8,323</b>
Bank charges	3,913	<b>3,913</b>
Accountancy	4,750	<b>4,750</b>
Legal and professional	18,036	<b>18,036</b>
Insurance	47,401	<b>47,401</b>
Application fees	14,802	<b>14,802</b>
Office move costs	14,228	<b>14,228</b>
Depreciation	56,969	<b>56,969</b>
	<hr/>	<hr/>
<b>Governance</b>	<b>257,290</b>	<b>257,290</b>
Accountancy	21,170	<b>21,170</b>
Auditors' remuneration	14,540	<b>14,540</b>
	<hr/>	<hr/>
	<b>293,000</b>	<b>293,000</b>
	<hr/> <hr/>	<hr/> <hr/>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

Prior year - 2019

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Telephone	8,953	8,953
Printing, stationery and office supplies	51,574	51,574
Maintenance of equipment	15,601	15,601
Sundries	3,168	3,168
Rental of office equipment	3,057	3,057
Bank charges	4,546	4,546
Accountancy	4,500	4,500
Legal and professional fees	29,435	29,435
Insurance	48,084	48,084
Application fees	5,530	5,530
Office move costs	40,675	40,675
Depreciation	71,786	71,786
Bad debts	2,052	2,052
	<u>288,961</u>	<u>288,961</u>
Accountancy	21,349	21,349
Auditors' remuneration	16,239	16,239
	<u>326,549</u>	<u>326,549</u>

#### 10. Auditor's remuneration

	<b>2020 £</b>	<b>2019 £</b>
Fees payable to the charity's auditor for the audit of the charity's annual accounts - excluding VAT	<u><b>11,950</b></u>	<u>11,950</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 11. Staff costs

	2020 £	2019 £
Wages and salaries	1,407,744	1,298,688
Social security costs	154,651	140,326
Contribution to defined contribution pension schemes	235,925	349,960
	<u>1,798,320</u>	<u>1,788,974</u>

Included within wages and salaries is an ex-gratia termination payment of £15,000 (2019: £Nil), which was paid in full during the year.

The average number of persons employed by the charity during the year was as follows:

	2020 No.	2019 No.
	<u>32</u>	<u>32</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2020 No.	2019 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	1	-
In the band £100,001 - £110,000	1	1
In the band £140,001 - £150,000	1	1

Employers pension contributions totalling £38,619 (2019: £37,228) were paid to higher paid employees.

The total employment benefits of the key management personnel were £495,325, including employer's national insurance contributions of £47,365 (2019 - £475,386, including employer's national insurance contributions of £42,853).

#### 12. Pension expense

	2020 £	2019 £
Interest on pension scheme liabilities	255,000	347,000
Interest on scheme assets	(105,000)	(350,000)
Administrative expenses	167,000	128,000
	<u>317,000</u>	<u>125,000</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 13. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 December 2020, expenses totalling £2,019 were reimbursed or paid directly to 4 Trustees (2019 - £9,587 to 18 Trustees) for travel expenses incurred.

#### 14. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	196,280	29,171	279,618	505,069
Additions	248,119	4,170	21,138	273,427
At 31 December 2020	<u>444,399</u>	<u>33,341</u>	<u>300,756</u>	<u>778,496</u>
<b>Depreciation</b>				
At 1 January 2020	168,569	27,905	277,765	474,239
Charge for the year	49,761	1,310	6,141	57,212
At 31 December 2020	<u>218,330</u>	<u>29,215</u>	<u>283,906</u>	<u>531,451</u>
<b>Net book value</b>				
At 31 December 2020	<u>226,069</u>	<u>4,126</u>	<u>16,850</u>	<u>247,045</u>
At 31 December 2019	<u>27,711</u>	<u>1,266</u>	<u>1,853</u>	<u>30,830</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 15. Fixed asset investments

	Listed investments £
<b>Cost or valuation</b>	
At 1 January 2020	2,004,916
Additions	53,220
Revaluations	(42,063)
<b>At 31 December 2020</b>	<b>2,016,073</b>
<b>Net book value</b>	
<b>At 31 December 2020</b>	<b>2,016,073</b>
<i>At 31 December 2019</i>	<i>2,004,916</i>

Historical cost of investments held would be £1,749,070. All investments are held in the UK.

#### 16. Debtors

	2020 £	2019 £
<b>Due within one year</b>		
Trade debtors	50,027	31,381
Amounts owed by group undertakings	-	58,715
Other debtors	46,820	119,088
Prepayments and accrued income	74,273	84,721
	<b>171,120</b>	<b>293,905</b>

#### 17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	33,751	139,530
Amounts owed to group undertakings	29,610	-
Other taxation and social security	75,189	72,361
Other creditors	5,383	10,678
Accruals and deferred income	201,820	130,621
	<b>345,753</b>	<b>353,190</b>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 18. Statement of funds

##### Statement of funds - current year

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2020 £
<b>Unrestricted funds</b>						
General Funds	2,647,638	2,875,062	(2,765,437)	62,000	(42,063)	2,777,200
Pension reserve	-	-	-	(62,000)	62,000	-
	<u>2,647,638</u>	<u>2,875,062</u>	<u>(2,765,437)</u>	<u>-</u>	<u>19,937</u>	<u>2,777,200</u>
<b>Restricted funds</b>						
Pension fund grant	-	105,000	(105,000)	-	-	-
	<u>-</u>	<u>105,000</u>	<u>(105,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total of funds</b>	<u><u>2,647,638</u></u>	<u><u>2,980,062</u></u>	<u><u>(2,870,437)</u></u>	<u><u>-</u></u>	<u><u>19,937</u></u>	<u><u>2,777,200</u></u>

##### **Pension reserve**

This represents the movement on the defined benefit pension scheme. At the end of the year the scheme was in surplus, this was de-recognised since it is deemed non-recoverable.

##### **Pension fund grant**

This represents the grant from EngineeringUK which was paid into the defined benefit pension scheme as a lump-sum contribution following consultation with the actuaries.

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 18. Statement of funds (continued)

##### Statement of funds - prior year

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2019 £
<b>Unrestricted funds</b>						
General Funds	2,586,631	2,836,826	(2,717,393)	(225,000)	166,574	2,647,638
Pension reserve	-	-	-	225,000	(225,000)	-
	<u>2,586,631</u>	<u>2,836,826</u>	<u>(2,717,393)</u>	<u>-</u>	<u>(58,426)</u>	<u>2,647,638</u>
<b>Restricted funds</b>						
Engineering Gateway project	18,772	-	(18,772)	-	-	-
Pension fund grant	-	350,000	(350,000)	-	-	-
	<u>18,772</u>	<u>350,000</u>	<u>(368,772)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total of funds</b>	<u><u>2,605,403</u></u>	<u><u>3,186,826</u></u>	<u><u>(3,086,165)</u></u>	<u><u>-</u></u>	<u><u>(58,426)</u></u>	<u><u>2,647,638</u></u>

#### 19. Summary of funds

##### Summary of funds - current year

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2020 £
General funds	2,647,638	2,875,062	(2,765,437)	-	19,937	2,777,200
Restricted funds	-	105,000	(105,000)	-	-	-
	<u>2,647,638</u>	<u>2,980,062</u>	<u>(2,870,437)</u>	<u>-</u>	<u>19,937</u>	<u>2,777,200</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 19. Summary of funds (continued)

##### Summary of funds - prior year

	<i>Balance at 1 January 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2019 £</i>
General funds	2,586,631	2,836,826	(2,717,393)	-	(58,426)	2,647,638
Restricted funds	18,772	350,000	(368,772)	-	-	-
	<u>2,605,403</u>	<u>3,186,826</u>	<u>(3,086,165)</u>	<u>-</u>	<u>(58,426)</u>	<u>2,647,638</u>

#### 20. Analysis of net assets between funds

##### Analysis of net assets between funds - current period

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Tangible fixed assets	247,045	<b>247,045</b>
Fixed asset investments	2,016,073	<b>2,016,073</b>
Current assets	822,697	<b>822,697</b>
Creditors due within one year	(308,615)	<b>(308,615)</b>
<b>Total</b>	<u>2,777,200</u>	<u><b>2,777,200</b></u>

##### Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	30,830	30,830
Fixed asset investments	2,004,916	2,004,916
Current assets	965,082	965,082
Creditors due within one year	(353,190)	(353,190)
<b>Total</b>	<u>2,647,638</u>	<u>2,647,638</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 21. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net income for the period (as per Statement of Financial Activities)	<b>67,562</b>	267,235
<b>Adjustments for:</b>		
Depreciation charges	<b>57,212</b>	71,786
Gains/(losses) on investments	<b>58,843</b>	(166,574)
Dividends, interests and rents from investments	<b>(862)</b>	(1,032)
Decrease in debtors	<b>90,810</b>	39,518
Increase in creditors	<b>24,538</b>	45,391
Pension adjustments	<b>62,000</b>	(225,000)
Write off of investments	-	375
<b>Net cash provided by operating activities</b>	<b>360,103</b>	31,699

#### 22. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	<b>688,715</b>	671,177
<b>Total cash and cash equivalents</b>	<b>688,715</b>	671,177

#### 23. Analysis of changes in net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	<b>671,177</b>	<b>17,538</b>	<b>688,715</b>
	<b>671,177</b>	<b>17,538</b>	<b>688,715</b>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 24. Pension commitments

The charity operates a defined benefit pension scheme.

The Engineering Council contributes to a contracted-out defined benefit pension scheme, The Engineering Council Pension Scheme. This scheme was closed to new entrants on 3 July 2002.

The full actuarial valuation as at 31 December 2018 was updated to the Scheme's accounting date by an independent qualified actuary in accordance with FRS102. As required by FRS102, the actuarial method adopted to calculate the present value of member's expected benefits is the projected unit method.

Following consultation with the actuaries, The Engineering Council made a lump-sum contribution of £105,000 in March 2019.

The present value of the liability to meet future pension obligations of members is arrived at by applying a discount rate equivalent to the return expected to be derived from a class AA corporate bond. At 31 December 2020 this was 1.30% (2019 - 2.00%).

The assets of the scheme are valued at their market value at the balance sheet date. This value will therefore fluctuate materially from year to year in response to market conditions.

The Engineering Council is the principal employer and Engineering UK is a participating employer under this scheme. The proportion of the total scheme fund attributable to Engineering Council staff and ex-Engineering Council staff is 100% (2019 - 100%). On withdrawal from the Scheme by Engineering Council or closure, assets would be segregated in a similar proportion.

The Scheme closed to future accrual with effect from 30 April 2012.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2020	2019
Discount rate	1.30%	2.00%
Retail price inflation	3.10%	3.10%
Future salary increases	3.00%	3.00%

The assets in the scheme and the expected rates of return were:

	2020 £	2019 £
Equities	3,228,000	3,142,200
Bonds	12,589,200	12,411,690
Cash	322,800	157,110
	<u>16,140,000</u>	<u>15,711,000</u>

The actual return on scheme assets was £1,064,000 (2019 - £1,464,000).

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

The amounts recognised in the Balance sheet are as follows:

	2020 £	2019 £
Present value of funded obligations	<b>(14,634,000)</b>	<i>(13,036,000)</i>
Unrecognised past service cost	<b>16,140,000</b>	<i>15,711,000</i>
	<hr/>	<hr/>
Surplus in scheme	<b>1,506,000</b>	<i>2,675,000</i>
Adjustment for non-recoverable surplus	<b>(1,506,000)</b>	<i>(2,675,000)</i>
	<hr/>	<hr/>
<b>Net assets</b>	<b>-</b>	<i>-</i>
	<hr/> <hr/>	<hr/> <hr/>

The charity has an unrecognised surplus of £1,506,000 (2019 - £2,675,000) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future or through refunds from the plan.

The amounts recognised in the Statement of financial activities are as follows:

	2020 £	2019 £
Interest on obligation	<b>(255,000)</b>	<i>(347,000)</i>
Expected return on scheme assets	<b>105,000</b>	<i>350,000</i>
Administrative expenses	<b>(167,000)</b>	<i>(128,000)</i>
	<hr/>	<hr/>
<b>Total amount recognised in the Statement of financial activities</b>	<b>(317,000)</b>	<i>(125,000)</i>
	<hr/> <hr/>	<hr/> <hr/>

The actuarial loss on the scheme at year end was £1,107,000 (2019 - Gain - £529,000).

Movements in the present value of the defined benefit obligation were as follows:

	2020 £	2019 £
Opening defined benefit obligation	<b>13,036,000</b>	<i>12,687,000</i>
Interest cost	<b>255,000</b>	<i>347,000</i>
Actuarial losses/(gains)	<b>1,916,000</b>	<i>585,000</i>
Benefits paid	<b>(573,000)</b>	<i>(583,000)</i>
	<hr/>	<hr/>
<b>Closing defined benefit obligation</b>	<b>14,634,000</b>	<i>13,036,000</i>
	<hr/> <hr/>	<hr/> <hr/>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

Changes in the fair value of scheme assets were as follows:

	2020 £	2019 £
Opening fair value of scheme assets	15,711,000	14,608,000
Expected return on assets	105,000	350,000
Actuarial gains/(losses)	809,000	1,114,000
Contributions by employer	255,000	350,000
Benefits paid	(573,000)	(583,000)
Administrative expenses	(167,000)	(128,000)
	<u>16,140,000</u>	<u>15,711,000</u>

The charity expects to contribute £105,000 to its Defined benefit pension scheme in 2020 increasing annually on 1 January at 3.4% per annum

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2020	2019
Equities and property	20%	20%
Bonds	78%	79%
Cash	2%	1%

#### Stakeholder and other pension schemes

The board at a meeting on 3 July 2002 decided to no longer offer entry to The Engineering Council Pension Scheme to new staff and nominated a stakeholder pension scheme instead. This is a defined contribution scheme operated by Scottish Widows and is not contracted out for the earnings related part of the State Pension Scheme. The employer contributes 10% of pensionable salary and the employee 5%.

The Engineering Council employer contributions during 2020 were £218,925 (2019 - £221,960).

#### 25. Capital commitments

	2020 £	2019 £
Contracted for but not provided in these financial statements	<u>7,000</u>	<u>-</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

#### 26. Operating lease commitments

At 31 December 2020 the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	145,741	191,272
Later than 1 year and not later than 5 years	449,605	544,231
Later than 5 years	-	691,627
	<u>595,346</u>	<u>1,427,130</u>

#### 27. Related party transactions

EngineeringUK is a related party to the Engineering Council. Under the Engineering Council supplemental charter which came into effect on 22 March 2002, EngineeringUK may nominate 7 of its 22 Board members. By its Regulations, the Engineering Council has assigned all income from its registration fees to EngineeringUK. Changes to this regulation cannot be made without EngineeringUK's approval. The level of fee is determined by EngineeringUK.

During the year ended 31 December 2020, the following transactions took place between the parties arising from the above:

EngineeringUK provided a grant to the Engineering Council of £2,611,523 (2019 - £2,535,459) to fund its operation plus £105,000 (2019 - £350,000) for the pension scheme.

To cover administration costs, The Engineering Council charged EngineeringUK £44,664 (2019 - £44,664) in the year.

On 31 December 2020, Engineering Council owed EngineeringUK the sum of £29,610 (2019 Debtor - £58,715). This amount is disclosed within creditors falling due within one year.

There were no other related party transactions in the current or the prior year.

#### 28. Comparative statement of financial activities

	<i>Restricted funds 2019 £</i>	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
<b>Income from:</b>			
Charitable activities	350,000	2,732,018	3,082,018
Other trading activities	-	26,358	26,358
Investments	-	78,450	78,450
<b>Total income</b>	<u>350,000</u>	<u>2,836,826</u>	<u>3,186,826</u>
<b>Expenditure on:</b>			
Raising funds	-	2,159	2,159
Charitable activities	<u>368,772</u>	<u>2,715,234</u>	<u>3,084,006</u>

## The Engineering Council

### Notes to the financial statements for the year ended 31 December 2020

<b>Total expenditure</b>	<u>368,772</u>	<u>2,717,393</u>	<u>3,086,165</u>
<b>Net income before investment gains/(losses)</b>	<u>(18,772)</u>	<u>119,433</u>	<u>100,661</u>
Net gains/(losses) on investments	<u>-</u>	<u>166,574</u>	<u>166,574</u>
<b>Net income before other recognised gains and losses</b>	<u>(18,772)</u>	<u>286,007</u>	<u>267,235</u>
Derecognition of pension surplus	<u>-</u>	<u>(754,000)</u>	<u>(754,000)</u>
Actuarial gains on defined benefit pension scheme	<u>-</u>	<u>529,000</u>	<u>529,000</u>
<b>Net movement in funds</b>	<u>(18,772)</u>	<u>61,007</u>	<u>42,235</u>
<b>Reconciliation of funds:</b>			
Total funds brought forward	<u>18,772</u>	<u>2,586,631</u>	<u>2,605,403</u>
<b>Total funds carried forward</b>	<u>-</u>	<u>2,647,638</u>	<u>2,647,638</u>

On 14 April 2021 Barings Asset Management advised that it would be closing the Targeted Return Fund with effect from 31 August 2021. Whilst this is a non-adjusting post balance sheet event, the Trustees do not foresee any significant change in the value of the fund at the time of closure. The Trustees are in the process of appointing new managers for the fund.