

Company No: 01853927

Charity Reg No: 290511

National Energy Action

Operating as NEA

(A Charitable Company Limited by Guarantee)

Report of the Board of Trustees

and

Financial Statements

- for the year ended -

31 March 2021

**NATIONAL ENERGY ACTION
(Operating as NEA)**

**Report of the Board of Trustees and Financial Statements
for the Year ended 31 March 2021**

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National Energy Action (Operating as NEA)

TRUSTEES ANNUAL REPORT INCLUDING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their Annual Report, including the Strategic Report and the audited financial statements of the Charity for the year ended 31 March 2021.

Reference and administrative details

Company No: 01853927

Charity Reg. No: 290511

Business Address: 6th Floor, West One, Forth Banks, Newcastle upon Tyne, NE1 3PA

Independent Auditors: Deloitte LLP, 1 City Square, Leeds, LS1 2AL

Principal Bankers: HSBC Bank plc, 110 Grey Street, Newcastle upon Tyne NE1 6JG

Solicitors: Womble Bond Dickinson, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX

President: Baroness McIntosh of Pickering

Vice Presidents: Lord Best
David Green OBE
Baroness Hilton of Eggardon
David Porter OBE (to April 2021)
Lord Shipley of Gosforth
Lord Whitty

Chief Executive: Adam Scorer

Company Secretary: Tracey Archer

Directors and Trustees: The Directors of the charitable company (the Charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year and up to the date of signing the financial statements were as follows:

Chair: Derek Lickorish MBE (to 22 July 2020 as both Chair and Trustee)
Claire Durkin (from 22 July 2020 as Chair)

Trustees: Syed Ahmed
Andrew Brown (to 22 July 2020)
Judith Damerell (from 14 May 2020)
Claire Durkin
Jacqueline Gardner
David Hall
Robert Howard
Norman Kerr (to 29 May 2020)
Noel Rice
Fraser Scott (from 29 May 2020)
Professor Philip Taylor (from 14 May 2020)
Professor Christopher Underwood
Helen Walker
Maria Wardrobe (from 14 May 2020)

Structure, Governance and Management

Governing Document

National Energy Action (NEA), a registered Charity, is a company limited by guarantee and not having a share capital and is governed in accordance with the provisions contained in its Articles of Association. The Articles of the charity were refreshed during 2014/15.

Clause 3 of the Articles of Association provides that every member, as defined by paragraph 3(b) of the Articles of Association, is liable to contribute a sum not exceeding £1 in the event of the Charity being wound up while a member, or within one year of ceasing to be a member. As at 31 March 2021 there were 133 full members and 76 associate members (2020: 90 and 69, respectively).

Operating Name

The Charity operates under the name of NEA.

Operational Management

The Charity Senior Management Team comprises:

| | |
|------------------------------------------------------------------------------------------------|--------------------|
| Chief Executive | Adam Scorer |
| Group Programme Director and Deputy Chief Executive | Audra Peacock |
| Director of Operations Community Engagement and Demonstration | Peter Sumby |
| Director of Policy and Research UK | Peter Smith |
| Director of Operations Skills, Standards and Delivery | Danni Crosland |
| Director of Operations Skills, Standards and Delivery (from 1 April 2021 – temporary cover) | Lorraine Donaldson |

Appointment of Trustees

Trustees are appointed in accordance with the Articles of Association and are approved each year at the Annual General Meeting (AGM) of the Charity. Four new Trustees were appointed during the year, but three stood down having served two three-year terms.

Trustees are recruited via a number of methods including advertising with specialist agencies and websites, using recruitment services provided by the National Council for Voluntary Organisations and the Association of Chief Executives of Voluntary Organisations and via direct approaches through known contacts and from recommendations which could be through business contacts or personal contacts of trustees, staff, vice-presidents group members and other wide-ranging networks. Our vacancies are also advertised on our own website, Charity Job and through NEA's pages on LinkedIn and other social media platforms.

The NEA Board of Trustees comprises individuals who can bring a particular set of skills and expertise to the Board. As part of the process to identify which skills the Board and charity needs, a Trustee skills survey is carried out on a three-yearly basis. The results of the survey are analysed and discussed by the Board in the light of external and internal environment and the strategic direction of the charity. When there is a need to appoint new Trustees, a discussion of the survey results and any existing or anticipated skills gaps on the Board help to ensure that any new appointment to the Board not only complements the knowledge, understanding and diversity of the existing Trustees; but ensures an appropriate range of knowledge, skills and expertise exists to support the charity's work.

Trustee Induction and Training

Trustees meet with the Charity's Chair and Chief Executive to discuss the role and responsibilities of the Charity's Trustees, and induction sessions for new Trustees take place with members of the Senior Management Team and Company Secretary. Trustees are provided with a support pack comprising a comprehensive collection of information about the Charity and updates to the pack are notified to all Trustees as changes occur.

As part of on-going training and development, Trustees are provided with opportunities to attend events throughout the year and to attend the Charity's Annual Conference and AGM, where major issues concerning the work of the Charity are discussed with representatives from providers of energy efficiency services to low-income households, the fuel utilities, health professionals, voluntary organisations, consumer groups, regulatory bodies and national and local government. The annual conference took place online in September 2020 and the AGM took place during the Conference proceedings. The timing and venue for the 2021 Conference and AGM will depend on guidance released by the UK Government however it is anticipated that the AGM will take place online during our Warm Homes Week activities at the end of September 2021.

Trustees are also provided with opportunities, as they arise, to attend training courses in areas such as Charity governance and financial matters. Five Trustees attended charity finance training and one has undertaken additional

training in safeguarding. Four have also undertaken a refresher course in charity governance. It is intended that all remaining Trustees will complete refresher courses in charity governance, finance and safeguarding during the coming year.

NEA will review its compliance with the Charity Code during the year as it strives to ensure it employs best practice in its trustees and governance structures as well as in its operations.

A series of strategic planning discussions has been held in person and more latterly by email and by teleconference as NEA works to produce its Strategic Plan for the next 5 years. Consultation with stakeholders and partners will take place over the coming months with the intention to launch the new plan in April 2022.

Trustees are prohibited by NEA's governing document of receiving payment for their role in governance other than out of pocket expenses. Conflicts of interest are declared at the start of each meeting. There are therefore no declarations to be made regarding any monies paid to any serving Trustee.

Organisation

NEA is administered by a Board of Trustees which meets 4 times each year. A Chief Executive is appointed by the Trustees to lead on the management of day-to-day operations.

Risk management

The Trustees have a risk management strategy that comprises:

- A quarterly review of the strategic risks at each Board meeting;
- Monthly management review of the operational and strategic risks the Charity may face, the controls in place and any actions required, and exception reporting on operational issues to Trustees;
- Systems and procedures to mitigate, transfer or insure those risks identified in the plan; and
- Procedures designed to minimise any potential impact on the Charity should those risks materialise.

A NEA Committee for Audit, Risk and Finance ensures, among other things, that formal processes for risk management are in place and effectively working across the organisation. The Committee met 4 times in 2020/21.

In a review of risks following the administration and subsequent liquidation of NEA's subsidiary, Warm Zones, the Trustees have recognised the 3 highest risks facing the Charity and the actions to be taken in mitigating them as:

- (1) Global Pandemic/Severe Epidemic – the risk materialised and it has been incumbent on the charity to mitigate the impact of this. In mitigation of the impact on both employees and beneficiaries, the charity enacted its comprehensive Business Continuity Plan, engaged with funders and regulatory bodies to reprofile delivery objectives to target audiences and facilitated safe working from home practices for all staff.
- (2) Changes to Warm Home Discount Scheme – due to conclude March 21, the charity worked with the relevant regulatory body and government department to extend the current arrangements for a further year, due to the pandemic, but then also to inform criteria of any revisions to the scheme superseding this one.
- (3) Economic Downturn – COVID-19 and the subsequent lockdown had a severe short-term impact on economy. The adverse impact on fuel poverty levels was expected to be high and the longer-term, post-lockdown impact very uncertain. This resulted in an upturn in demand for NEA services. To mitigate this the charity grew its delivery capacity and diversified its services. Through effective engagement with funders and regulatory bodies, the charity was able to continue to assist beneficiaries through alternative, COVID-19 safe means.

A People and Cultures Committee (formerly Remuneration Committee) is also in place. The Committee sets the pay and remuneration of the Charity's key management personnel and any benchmarks, parameters or criteria used in setting their pay. It also reviews the NEA terms and conditions of employment and provide guidance and support for staff welfare and organisational cultural matters. The Committee met twice in 2020/21 and concluded other business via email correspondence which is permitted under NEA's constitution.

The Committee has also set up a number of working groups to provide assistance on formulating NEA's long-term funding strategy. The Trustees and staff members will work together to identify new and innovative funding streams for the charity in an effort to further diversify and challenge the organisation's traditional funding base. In the world where the policy horizon is changing quickly, a working group on policy and practice has also been set up to help NEA determine and prioritise its advocacy and policy work. The group, working with NEA's policy team will also provide strategic guidance on extrapolating and disseminating the lessons learned from our operational activities to provide front-line evidence on what works and what doesn't at a grass roots level for those who are vulnerable and living in a cold, damp home, but also as lessons learned for other practitioners.

Objectives, strategies and activities

The charitable objectives of NEA are to:

- (a) Relieve poverty and preserve and protect health by promoting the efficient use of energy for low-income and other vulnerable households;
- (b) Advance public education about all aspects of energy conservation and the efficient use of energy; and
- (c) Promote, or assist in promoting, vocational training for those employed in the delivery of energy efficiency services.

Key Beneficiaries

The key beneficiaries of NEA's work are low income and other vulnerable households, in particular older people, families with young children and those living with a long-term illness in poorly insulated and under-heated homes. In 2020/21 households adversely affected by the COVID - 19 pandemic were also a major priority. Additionally, agencies which support these groups benefit from NEA's work including other national charities and service providers. The Trustees have taken into consideration The Charity Commission's General Guidance on Public Benefit.

Key objectives for the year and principal activities undertaken

Three strategic aims of the Charity formed the framework for all activities in 2020/21, with associated outcomes and principal activities (set out on pages 6 to 7), to deliver these aims and outcomes. These aims were agreed as part of the charity's strategic plan for 2016/21 and were confirmed during the development of the 3-year business plan 2019/21.

AIM 1: To increase strategic action against fuel poverty

Informing policy decisions. NEA exists to bring about the eradication of fuel poverty. To that end we engaged policy makers, urging action and responding to numerous consultations by the UK Government, Welsh Government and Northern Ireland Executive and their agencies to shape strategic action on fuel poverty. NEA is an evidence-based body with our advocacy based on NEA's own research findings, insight from our operational projects, policy analysis of publicly available data sources and through consultations with NEA members and partners.

With the least disruption to our activities as a result of COVID - 19, we achieved well against our performance indicators.

- Fuel poverty strategies in England and Wales were produced and the development of an Energy Strategy in Northern Ireland progressed albeit in the absence of a sitting devolved government
- The UK Government commitment to significant new funding directed to fuel poor households in England was reaffirmed and the Green Homes Grant voucher and local authority schemes represented a significant increase in available resources for fuel poverty alleviation
- NEA introduced a new membership category at the end of the financial year which will expand numbers and types supporter to help drive NEA aims
- Our Water Poverty work completed its planned cycle of reports and helped drive the development of a government commission water affordability review

In 2020/21 NEA advocacy achieved impact across our four key policy priorities.

Consistently supporting the most vulnerable households

NEA advocated the needs of fuel poor households during the COVID - 19 pandemic including through the publication of our Fuel Poverty Monitor and the insight of our frontline advisors. We pushed Ofgem to accelerate action for prepayment meter users and on embedding an Ability to Pay principle in the supply licence. We mobilised support for an extension and expansion of the Warm Home Discount scheme. We worked with several companies to help develop better support packages. Our work on water poverty created a positive debate on how action from energy and water firms can work better to support the most vulnerable households.

Deliver a 'fair' transition to net zero

NEA was a leading voice in the development of new energy efficiency programmes to deliver on government manifesto commitments and fuel poverty targets. We brought policy makers, community organisations and the supply chain together to understand and maximise the opportunities from the Green Homes Grant programme. We engaged HM Treasury and others in the numerous studies and debates on the distribution of the costs and benefits of the net zero ambition and how

to ensure that those in the worst conditions should be promoted to the front of domestic decarbonisation of heat programmes.

Public health and fuel poverty

Despite the inevitable focus of health professionals on the immediate challenge of the COVID – 19 pandemic, NEA maintained the cross departmental working group and made sure that the impact of cold homes related respiratory conditions and the lessons from the COVID - 19 pandemic were understood and provided a crucial element of any COVID - 19 public health recovery programme. We pushed for a greater focus on winter resilience action plans to build on the insight gained regarding vulnerability to cold weather illness and risk.

Co-operation between Nations

As all the nations of the UK reviewed their fuel poverty and related energy strategies, NEA led and worked with coalitions of organisations to get the most ambitious and appropriate fuel poverty strategies in England, Wales and Northern Ireland. We exposed the national differences between targets, measures and success of fuel poverty programmes. We worked with officials, parliamentarians, campaign groups and delivery bodies in England, Wales and Northern Ireland to take advantage of the opportunities in each nation to mobilise the greatest consensus for fuel poverty.

AIM 2 – To develop and progress solutions to improve access to energy efficiency products, advice and fuel poverty related services in UK households

In 2020/21 the COVID - 19 pandemic fundamentally altered how NEA delivered services to households, community groups and others. Delivering support over the telephone became the dominant form of direct service delivery during the pandemic and our other projects had to adapt to the unprecedented challenges of successive lockdowns as access to households in their communities or face to face became impossible. Demand for direct support across all delivery bodies has been unprecedented and NEA had to completely reorganise itself to play a full part in meeting that demand. The lessons from that process of reorganisation will be understood and applied in future years to strengthen our support for fuel poor households with the most urgent need.

In spite of the challenging circumstances we delivered well against our key performance indicators, in particular by increasing our direct delivery of support to fuel poor households.

Supporting households and communities. NEA works with many industry and other partners to deliver vital support and advice services to fuel poor households and to the communities that work with them. In 2020/21 NEA worked with partners through a variety of funding arrangements including significant activity under the Warm Homes Discount Industry Initiative Scheme and other schemes. We set up a national telephone service that led to a significant increase in the reach and impact of our work with households in serious hardship.

- At the height of demand our **WASH Advice team** took 1700 calls from across England and Wales in a three-week period alone
- **Energy advice** 4,669 clients were given direct energy advice in 2020/21
- **Benefit Entitlement checks** for 637 clients led to £1,830,182 of additional financial gain secured through claim support
- **Fuel debt interventions** saw £82,366 written off by energy suppliers
- £385,897 worth of crisis pre-pay top up grants were awarded
- £876,402 worth of **energy efficiency measures** were installed into people's homes.

Warm and safe homes in Fishwick. This is NEA's major project to bring relief to households afflicted by a failed CES (Community Energy Saving) programme. While the pandemic prevented any significant work on properties in Fishwick, NEA was able to secure additional funds, establish a strong delivery partnership with experienced delivery partners and understand more about the impact on properties and the people who live in them through survey and other research methods.

Innovation and low carbon technology. NEA has been involved in major partnerships to understand how low carbon heating technologies and other innovative heating solutions can work most effectively in the homes of people on the lowest incomes and in the least efficient homes. Working with housing associations, local authorities, energy firms, as part of national demonstrator projects and supporting NEA's own project in Fishwick, we have supported and challenged innovation programmes to focus on those households and properties where the need is greatest but where access and engagement is not straightforward.

AIM 3 – To enhance energy efficiency and fuel poverty education and skills

NEA prides itself on its excellence as a training, information and education provider. Over the years our courses have resulted in thousands of skilled and knowledgeable people supporting fuel poor households in a range of technical settings.

Training. During 2020/21 NEA had to redesign and restructure all its courses to deliver high quality training and education programme over virtual platforms. NEA developed and delivered e-learning, webinar, e-examinations and restructured courses to meet the needs of remote learners.

- 3,890 delegates received NEA training through e-learning and webinars
- Delegates anticipate that they will go on to support over 930,000 consumers with their knowledge.
- Development began on new modules to provide structured content on decarbonisation and households in vulnerable circumstances

Online events. Over the year, NEA launched a comprehensive online event series to ensure that its role in providing excellent education and awareness-raising continued despite COVID-19 restrictions. As well as a four-day annual conference that drew record numbers of participants and delegates, NEA also ran online regional forums, specialist policy briefings, member events and other virtual activities.

- NEA delivered 74 events involving almost 5,000 stakeholders.
- Our online annual conference alone had 2500 registrations from a more diverse group than previous years and comprising 23 hours of live content

Supporting members

By the end of March 2021 NEA had 209 ordinary members of which 133 were full members who carry voting rights within the charity's constitution. NEA also has 31 members of its Business Supporters Group (BSG). NEA held 4 online BSG member meetings in 2020/21 sharing insight and helping to shape NEA policy developments and campaigns.

Key performance indicators

KPIs for 2020/21 were set to ensure the financial position of the Charity remains strong, that internal systems are robust and that the Charity continues to deliver the three strategic aims.

In 2020/21:

Financial Management

NEA had budgeted for a small surplus of £12 but has produced an operating deficit on activities of £409,520 or 7% of turnover for the year. The reason for the deficit is primarily that during 2020/21, NEA carried out work on behalf of Green Networks Energy (GNE) in relation to the Warm Homes Discount scheme but in January 2021 GNE entered administration. As a consequence, a provision through the 2020/21 Statement of Financial Activities for the potential net unrecoverable balance of £307,000 which is owed by GNE has been made.

In accordance with the Reserves Policy, the Board also re-confirmed the designation of £404,692 from the Charity's reserves to support the charity through transition at the end of the Health and Innovation Programme (HIP) and other major funded programmes.

Delivery

92% of the work programme was successfully delivered on time with 8% of the programme carried forward into 2020/21 due to agreed changes to delivery schedules and the impact of COVID-19. (2019/20: 93% of the work programme delivered with 7% of work programme carried forward).

Management

During the year 2020/21, NEA faced unprecedented challenges as a result of the COVID-19 pandemic. As a result we introduced a number of management interventions to ensure the sustainability of the charity and our ability to meet our charitable objectives. These included:

- The engagement of our Business Continuity plans to ensure that the charity was able to continue operating
- The renegotiation of funded delivery outputs to maximise the limitations of service delivery, under the government's recommended safeguards

Campaigns

NEA continued to work with partners to demonstrate that an ambitious energy efficiency programme would capture major economic benefits, that central funding for domestic energy efficiency should be a spending priority for UK Government and that to be regarded as an important infrastructure priority.

Charity Development

Following Warm Zones CIC entering administration and being placed into liquidation at the end of 2018/19, NEA added an Income Maximisation team which has extended the charity's ability to provide direct support to low income, fuel poor households.

Warm Zones CIC

Warm Zones CIC (WZ) was a wholly owned subsidiary of NEA. During 2018/19 Warm Zones Directors placed the company into administration and by the end of the 2018/19 Warm Zones had been placed into liquidation.

At the time of liquidation WZ owed NEA £1,739,001. Provision was included in NEA's accounts for the year ended 31 March 2020 for £1,061,181 of that debt, which was considered to be irrecoverable. The balance of £677,820, which was believed to be recoverable, was included within NEA's trade debtors figure at 31 March 2020. This balance was expected to be received during the course of 2020/21 but the recoverable amount has since been reassessed as £573,820. An interim sum of £260,904 was received from the liquidators during 2020/21. The remaining recoverable balance of £312,916 is included within NEA's trade debtor figure at 31 March 2021 and it is expected that the outstanding sum will be received in full. It is still the charity's intention to seek recourse for the unrecoverable element of the WZ debt with WZ's former insurers. A claim would be made against WZ's professional indemnity insurance cover and legal advice will be sought in this regard but at this stage it is uncertain whether a claim would be successful. The balance sheet at 31 March 2021 includes a corresponding creditor relating to the gross value owed by WZ (£2.054 million), which may have to be repaid to Ofgem.

At the time of signing, discussions and processes to bring these outstanding matters to conclusion are ongoing. The significant level of provision which has been made has reduced NEA reserves but the Board is confident that NEA's reserves and financial arrangements are adequate to ensure that the charity remains a going concern.

Financial Review

Statement of Financial Activities (SOFA) - 2020/21

The Statement of Financial Activities shows that total income increased by £430,550 from a total of £5,614,733 in 2019/20 to £6,045,283 in 2020/21, a 8% increase. The increase is principally a result of the combination of the impact of the Fishwick - Preston project, with the planning phase commencing during the latter part of 2020/21 which earned income of £141,998 together with an increase in sponsorship income of £274,355. Sponsorship income increased from £1,275,576 in 2019/20 to £1,549,931 in 2020/21 mainly as a result of our involvement in delivering the reactive response programme on behalf of Cadent Gas Limited and the Charities Trust.

The Statement of Financial Activities (SOFA) shows a net income on unrestricted activities of £63,320 (2019/20: £151,180). After making the appropriations detailed below the balance of the Charity's General Reserve decreased by £393,740 from £1,959,956 at 31 March 2020 to £1,566,216 (2019/20 £1,214,877 decrease). The main reason for the transfer of £455,842 from the General Reserve to the Restricted Reserve is to cover the financial impact of both the GNE bad debt provision of £307,000 and the additional bad debt provision of £104,000 for the WZ debt : -

| | £ |
|---------------------------------------|------------------|
| SOFA Net Income - Unrestricted Funds | 63,320 |
| Transfer to Restricted Funds | (455,842) |
| Unrealised Gain on Listed investments | (1,219) |
| Decrease in General Reserve | (393,740) |

Principal Income Sources and Fundraising

NEA's income is derived principally from delivery of services for a wide range of organisations. In 2020/21 £4.093 million (68%) was earned from grant-funded programmes (2019/20: £3.723 million (67%)), details of which are shown in Note 5 to the accounts on page 25. Governmental agencies in Northern Ireland provided grant income totalling £126,904. A further £1.550 million (26%) was received as sponsorship (2019/20: £1.276 million (23%)), the largest single source being Smart Energy GB (£0.616 million) for managing the delivery targeted dissemination of information about smart meters.

A small amount of income is made from donations, usually from organisations rather than individuals (2020/21 0.4%; 2019/20 2%). A small amount of fundraising activity is undertaken with the public by NEA or anyone acting on its behalf.

Investment powers and policy

Under the Articles of Association, the Charity has the power to invest in any way the Trustees deem appropriate. The Trustees, having regard to the liquidity requirements of operating the Charity, its Reserves Policy and risks inherent in different vehicles for investment, continue to operate a policy of keeping available funds in interest deposit accounts with its bankers HSBC and Santander and with the CCLA Deposit Fund, prioritising security and liquidity ahead of yield.

Grant Making Policy

NEA makes grants to institutions to further each of the three charitable aims. Grants are funded by NEA's funders and the volume and value of grants made are agreed with the funders. Grants are paid subject to the criteria set out by the funder. Further detail of grants awarded to institutions in the year can be found in note 9. In addition, NEA makes grants to individuals under hardship fund arrangements. These cases are referred to NEA by various care and voluntary organisations which work directly with vulnerable families and individuals.

Reserves Policy

The General Reserve, which represents an accumulation of surpluses from earned income, is available to enable the Charity to continue to fulfil its objectives, to meet existing commitments and to provide funds for tangible asset replacement and project development. The policy, agreed by the Board of Trustees in May 2020, is reviewed annually and aims to provide sufficient reserves to meet contractual commitments and a risk-assessed level of funds to ensure the charity remains a going-concern over the medium term. The Policy also aims to ensure that reserves are not excessive. The range agreed as appropriate for 2020/21 is £3.2 million to £3.7 million. The Trustees regularly monitor the risks facing the Charity allowing them to test the adequacy of the reserves policy in the light of the prevailing economic situation and the current funding climate. The General Reserve as at 31 March 2021 was £1,566,216 (2019/20: £1,959,956).

In May 2020, the Board re-affirmed designation of the remaining balance of £404,692 of the Post-HIP Transition Designated Reserve for the purpose of supporting the charity through the transition at the end of the Health and Innovation Programme and other funded programmes from 2021 onwards.

Taking into account the approved designated reserves and their planned use, the level of reserves at 31 March 2021 and the projected level of reserves to 31 March 2024, it is clear that the reserve levels are not within the proposed preferred range. The plan to restore NEA reserves to within the preferred range has been approved by the Board in May 2021.

Going concern consideration

The Board and senior management have considered both the level of reserves and the ongoing impact of the COVID-19 pandemic on the charity. Following a review of cash forecasts, planned operations and financial implications; a high percentage of income has been secured for the next 12 months and there is sufficient anticipated income to cover the costs of the charity well into 2022/23. The charity has adapted well to the pandemic and is able to offer virtual access to its training courses and case work. Taking into account all potential limitations on the delivery of outcomes or the finalising of income streams, over the next 12 months, the charity is satisfied that it remains in a strong financial position as a going concern.

Plans for the future and new opportunities

The current three-year Business Plan

2020/21 was the second year of the existing three-year business plan adopted by the NEA Board alongside the strategic plan 2016/21. The plan aims to take NEA forward, building on success, responding to emerging challenges and ensuring the charity retains a strong focus on the most effective ways to achieve its charitable objectives.

The 2019/22 business plan identified five core challenges. These are:

1. A number of multi-year projects funded by large donations have ended. Such future donations are less likely. Competition for funding source is increasing.
2. Warm Zones CIC has closed, and NEA no longer has a unique partner through which to deliver significant 'measures' projects.
3. Resources to meet fuel poverty milestones and longer-term targets are insufficient. Fewer insulation, boiler and heating system measures seriously limit progress to end fuel poverty.
4. Energy market policy priorities have shifted to low carbon transition, innovation and consumer vulnerability, risking less focus on affordability and fuel poverty.
5. The scale of our core challenge remains undiminished. The numbers, experiences and prospects for those in fuel poverty remain dire and largely unchanged.

The strategic aims for the new Business Plan remain unchanged:

Aims:

- AIM 1 - To increase strategic action against fuel poverty;
- AIM 2 – To develop and progress solutions to improve access to energy efficiency products, advice and fuel poverty related services in UK households; and
- AIM 3 – To enhance energy efficiency and fuel poverty education and skills.

Activities

NEA has identified its core activities through which it will achieve its strategic aims and against which Key Performance Indicators are set. These are:

AIM 1: To increase strategic action against fuel poverty

- UK, devolved and local governments develop and deliver effective fuel poverty strategies.
- Comprehensive resources are available to facilitate fuel poverty solutions and prevention.
- Partners, stakeholders and individuals are engaged with NEA priorities and objectives.
- A strong membership base is committed to delivering NEA's aims and objectives.
- Credible research data, evidence and insight supports NEA influence and advocacy.
- Our policy priorities provide clear focus and purpose for our advocacy and campaigns.
 - Most vulnerable first – fair distributional impact of energy policy and regulation.
 - Fuel poverty objectives and National Institute for Health and Care Excellence (NICE) guidelines adopted by health bodies/professionals.
 - Fuel poverty objectives drive public policy/market innovation on low carbon transition.
- Increase awareness and impact of NEA activity and interventions.
- Develop common approaches to alleviating fuel and water poverty.

AIM 2: To develop and progress solutions to improve access to energy efficiency products, advice and related services in UK households

- Cost effective, energy efficient solutions available for different property and households.
- Innovative products and services available, as fuel poverty solutions.
- Commitment exists across all local authority areas to providing fuel poverty solutions.
- Income maximisation services to fuel poor households.
- NEA provides support/measures directly or indirectly to fuel poor households.

AIM 3: To enhance energy efficiency and fuel poverty education and skills

- Structured professional development of individuals working within the sector.
- Nationally accredited and bespoke training opportunities.
- Organisations working with vulnerable households offer comprehensive fuel poverty advice.

Sound management and governance will support NEA to achieve its strategic aims

- Sound financial and project management provides a stable platform for delivery.
- Income generation targets are known, pursued and achieved.
- Sound governance ensures oversight, challenge and direction.
- People development means NEA is a healthy, productive and motivated place to work.

To support NEA planning, two new informal working groups of the board have been set up to support the development of NEA thinking regarding Policy and Programme Delivery and Strategic Fundraising. While they are not delegated committees of the board, they are led by Trustees and supported by management.

A new strategy

The current NEA Strategy and Business Plan remain in place for 2021/22. During 2020/21 NEA began the process of producing a new five-year strategy for the charity to ensure that its vision and priorities matched the opportunities to drive toward the eradication of fuel poverty. NEA held a number of workshops with staff and a day long strategy session with its board to set out the foundations and broad parameters for the strategy and the business planning process needed to implement the strategy.

It is intended that the strategy will:

1. Be wholly focused on the needs of fuel poor households and the positive solutions to fuel poverty
2. Focus on NEA's core strengths of service delivery, advocacy and partnership working
3. Put the needs of most vulnerable households at the centre of the drive toward a net zero carbon society and economy
4. Aim for appropriate, guaranteed packages of support for all low-income households
5. Make a reality of the promise of joined-up government responses to fuel poverty

To deliver the new strategy, NEA will replace the three-yearly business planning cycle with an annual business plan. This will allow more effective objective setting and oversight of progress toward its strategic priorities. The new strategy and business plan are due to be in place by the Annual General Meeting in September 2021.

2021 will see an extensive engagement programme with staff, trustees and NEA's partners to ensure that NEA's charitable objectives, its strategic goals, its delivery priorities, its performance metrics and its internal skills and process are fit for purpose in what could be the most challenging and rewarding decade for NEA in its 40-year history.

Status of these Financial Statements

These financial statements are prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102 and in compliance with the Companies Act 2006, Charities Act 2011 and the Charities SORP 2019. They have been audited in accordance with section 475 of the Companies Act 2006. Accordingly, these Financial Statements are the statutory accounts of National Energy Action for the year ended 31 March 2021.

Statement of Trustees' responsibilities

The Trustees (who are also directors of National Energy Action for the purposes of Company Law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company Law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under Company Law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether FRS 102 "The Financial Reporting Standard applicable UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors

Deloitte LLP were confirmed as Independent Auditors to NEA for 2020/21 at the Annual General Meeting in September 2020.

Statement of disclosure to auditors

- a) So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware; and
- b) They have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

The Trustees Reports, including the Strategic report, are approved and authorised for issue by order of the Board of Trustees:



Tracey Archer
Company Secretary

Date: 22 July 2021

Independent auditor's report to the members of National Energy Action

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of National Energy Action (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial activities including the income and expenditure account;
- the balance sheet;
- the cash flow statement; and
- the related notes 1 to 25.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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.

We considered the nature of the industry and its control environment, and reviewed the documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act and UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

- recognition of grant income in the correct accounting period and correctly classified. To address this risk we tested a sample of agreements between the charitable company and its funders to evaluate whether the income and the corresponding cash receipt or receivable have been recognised appropriately, and to assess the classification of the income as either restricted or unrestricted; and
- classification of funds between restricted and unrestricted. To address this risk we have tested a sample of income and expenditure in the year to assess whether they have been classified appropriately.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with Charity Commission.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the trustees' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Anderson

Sarah Anderson FCCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

July 2021

9 August 2021

National Energy Action (Operating as NEA)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
**STATEMENT OF FINANCIAL ACTIVITIES INCLUDING THE INCOME AND EXPENDITURE
ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021**

| | Note | Unrestricted Funds 2020/21 | Restricted Funds 2020/21 | Total Funds 2020/21 | Unrestricted Funds 2019/20 | Restricted Funds 2019/20 | Total Funds 2019/20 |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------------|--------------------------------|---------------------------|----------------------------------|--------------------------------|---------------------------|
| | | £ | £ | £ | £ | £ | £ |
| Income from: | | | | | | | |
| Generated funds: | | | | | | | |
| Donations | | 26,658 | - | 26,658 | 88,369 | - | 88,369 |
| Investment income | 4 | 11,376 | 33,557 | 44,933 | 28,887 | 8,822 | 37,709 |
| Charitable activities: | | | | | | | |
| Increase Strategic Action Against Fuel Poverty | | 15,612 | 417,246 | 432,858 | 65,196 | 1,316,769 | 1,381,965 |
| Develop and Progress Solutions to Improve Access to Energy Efficiency Products, Advice and Fuel Poverty Related Services in UK Households | | - | 4,119,677 | 4,119,677 | - | 1,512,794 | 1,512,794 |
| Enhance Energy Efficiency and Fuel Poverty Education and Skills | | - | 1,361,507 | 1,361,507 | - | 2,531,510 | 2,531,510 |
| Miscellaneous Income | | 59,650 | - | 59,650 | 61,031 | 1,355 | 62,386 |
| Total Income | | 113,296 | 5,931,987 | 6,045,283 | 243,483 | 5,371,250 | 5,614,733 |
| Expenditure on: | | | | | | | |
| Raising funds: | | | | | | | |
| Costs of generating donations | 7 | 214 | - | 214 | 6,317 | - | 6,317 |
| Charitable activities: | | | | | | | |
| Increase Strategic Action Against Fuel Poverty | | 50,981 | 384,874 | 435,855 | 84,283 | 1,332,441 | 1,416,724 |
| Develop and Progress Solutions to Improve Access to Energy Efficiency Products, Advice and Fuel Poverty Related Services in UK Households | 6, 8, 9 | - | 3,966,248 | 3,966,248 | 26 | 2,908,756 | 2,908,782 |
| Enhance Energy Efficiency and Fuel Poverty Education and Skills | | - | 2,053,705 | 2,053,705 | 749 | 2,596,910 | 2,597,659 |
| Total Expenditure | | 51,195 | 6,404,827 | 6,456,022 | 91,375 | 6,838,107 | 6,929,482 |
| Recognised gain/(loss) on Investment assets | 19 | 1,219 | - | 1,219 | (927) | - | (927) |
| Net Income/(Expenditure) Before Transfers | | 63,320 | (472,840) | (409,520) | 151,181 | (1,466,857) | (1,315,676) |
| Transfers between funds | 19,20 | (455,842) | 455,842 | - | (1,462,293) | 1,462,293 | - |
| Net Movement in Funds | | (392,522) | (16,998) | (409,520) | (1,311,112) | (4,564) | (1,315,676) |
| Fund balances brought forward at 1 April as previously reported | | 2,365,908 | 38,445 | 2,404,353 | 3,677,020 | 43,009 | 3,720,029 |
| Fund balances carried forward at 31 March | 19, 20 21, 22 | 1,973,386 | 21,447 | 1,994,833 | 2,365,908 | 38,445 | 2,404,353 |

The statement of financial activities has been prepared on the basis that all income and expenditure derive from continuing activities.

There are no recognised gains and losses other than those passing through the statement of financial activities. There is no material difference between the net resources stated above and their historical cost equivalents.

National Energy Action (Operating as NEA)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

BALANCE SHEET AS AT 31 MARCH 2021

| | Note | 2021 | 2020 |
|------------------------------------------------|------|------------------|------------------|
| | | £ | £ |
| Fixed Assets | | | |
| Tangible assets | 14a | 76,493 | 64,309 |
| Intangible assets | 14b | 11,216 | 16,825 |
| Total Fixed Assets | | 87,709 | 81,134 |
| Current Assets | | | |
| Debtors | 15 | 741,729 | 1,055,235 |
| Investments | 16 | 1,002,608 | 1,001,390 |
| Cash at bank and in hand | | 5,549,320 | 5,999,531 |
| Total Current Assets | | 7,293,657 | 8,056,156 |
| Creditors: Amounts falling due within one year | 17 | (5,386,533) | (5,732,936) |
| Net Current Assets | | 1,907,124 | 2,323,220 |
| Total Assets less Current Liabilities | | 1,994,833 | 2,404,353 |
| The Funds of the Charity | | | |
| Unrestricted income funds | 19 | 1,973,386 | 2,365,908 |
| Restricted income funds | 20 | 21,447 | 38,445 |
| Total Charity Funds | | 1,994,833 | 2,404,353 |

The financial statements on pages 17 to 35 were approved by the Board of Trustees on 22 July 2021 and signed on its behalf by:



Claire Durkin Chair
Company Number: 01853927

National Energy Action (Operating as NEA)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

| | 2020/21 Total Funds £ | 2019/20 Total Funds £ |
|---------------------------------------------------------------------|--------------------------------|--------------------------------|
| Cash flows from operating activities | | |
| Net cash used in operating activities | <u>(458,812)</u> | <u>(290,764)</u> |
| Cash flows from investing activities | | |
| Dividends and interest from investments | 44,933 | 37,709 |
| Maturity of investments realised/(Investments made) | | 1,000,000 |
| Proceeds from sale of fixed assets | - | 3,400 |
| Purchase of fixed assets | <u>(35,114)</u> | <u>(67,004)</u> |
| Net cash used in investing activities | <u>9,819</u> | <u>974,105</u> |
| | | 0 |
| Change in cash and cash equivalents in the reporting period | <u>(448,993)</u> | <u>683,341</u> |
| Cash and cash equivalents at the beginning of the reporting period | 6,000,921 | 5,317,580 |
| Cash and cash equivalents at the end of the reporting period | <u>5,551,928</u> | <u>6,000,921</u> |

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET

| | 2020/21 Total Funds £ | 2019/20 Total Funds £ |
|----------------------------------------------|--------------------------------|--------------------------------|
| Cash and cash equivalents comprise: - | | |
| Investments | 2,608 | 1,390 |
| Cash at bank and in hand | <u>5,549,320</u> | <u>5,999,531</u> |
| | <u>5,551,928</u> | <u>6,000,921</u> |

RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2020/21 Total Funds £ | 2019/20 Total Funds £ |
|------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Net deficit for the reporting period (as per the Statement of Financial Activities) | (409,520) | (1,315,676) |
| Adjustments for: | | |
| Depreciation charges | 28,538 | 24,786 |
| Dividends and interest from investments | (44,933) | (37,709) |
| Profit on sale of tangible fixed assets | - | (1,716) |
| Decrease/(Increase) in debtors | 313,506 | 1,050,253 |
| Reduction in creditors | <u>(346,403)</u> | <u>(10,703)</u> |
| Net cash used in operating activities | <u>(458,812)</u> | <u>(290,764)</u> |

1. Charitable status

NEA is registered as a Charity under the Charities Act 2011 and is a company limited by guarantee, incorporated in England. The address of its registered office is 6th Floor, West One, Forth Banks, Newcastle upon Tyne, NE1 3PA.

2. Constitution and liability of members

NEA is a company limited by guarantee and has no share capital. Clause 3 of the Articles of Association provides that every member, as defined by clause 3(b) of the Articles of Association, is liable to contribute a sum not exceeding £1 in the event of the Charity being wound up while a member, or within one year of ceasing to be a member. At the year-end there were 133 full members and 76 associate members (2019: 90 and 69 respectively).

3. Statement of Compliance and Accounting Policies

Statement of Compliance

These financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the inclusion of investments at market value, in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2019) preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019 and the Charities Act 2011 and the Companies Act 2006.

In accordance with the SORP 2019, restricted and unrestricted income and expenditure are separately identified in the financial statements. The net change in the two types of funds is added to the balances brought forward from the previous year, so that the balance of restricted and unrestricted funds at the end of the year is identified on the balance sheet.

The charity constitutes a public benefit entity as defined by FRS 102.

The company's functional and presentation currency is the pound sterling.

The trustees assess whether the use of going concern is appropriate i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. The Board and senior management have considered both the level of reserves and the ongoing impact of the COVID - 19 pandemic on the charity. Following a review of cash forecasts, planned operations and financial implications; a high percentage of income has been secured for the next 12 months and there is sufficient anticipated income to cover the costs of the charity well into 2022/23. The charity has adapted well to the pandemic and is able to offer virtual access to its training courses and case work. Taking into account all potential limitations on the delivery of outcomes or the finalising of income streams, over the next 12 months, the trustees are satisfied that the charity remains in a strong financial position as a going concern and have concluded that it has adequate resources to continue in operational existence for the foreseeable future and thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical Accounting Judgements

Income recognition is a critical judgement in establishing NEA's annual income and expenditure and year-end financial position. Accounting Policies 3.1.d and 3.1.e and the procedures that support them are consistently applied in determining the extent to which income is recognised and deferred in NEA's financial statements.

At 31 March 2020 the recoverable WZ debt of £677,820 was included within NEA's trade debtors figure. This balance was expected to be received during the course of 2020/21 but the amount which was received from the liquidators of WZ during 2020/21 was £260,904. The remaining recoverable balance of £312,916 is included within NEA's trade debtor figure at 31 March 2021 (see note 15) and it is expected that the outstanding sum will be received in full. The original WZ net debt was £1,739,001 and due to the uncertainty which surrounded the level of the charity's financial exposure to the WZ liability it was considered prudent to make a provision in the 2019/20 Statement of Financial Activities for the remaining net unrecoverable balance of £1,165,181 which is owed by WZ. It is still the charity's intention to seek recourse for the unrecoverable element of the WZ debt with WZ's former insurers. A claim would be made against WZ's professional indemnity insurance cover and legal advice will be sought in this regard but at this stage it is uncertain whether a claim would be successful.

3. Statement of Compliance and Accounting Policies (continued)

Also at 31 March 2021 the trade debtors figure includes a provision for the potential unrecoverable balance of the Green Network Energy (GNE) debtor of £413,867. During 2020/21, work was carried out on behalf of GNE in relation to the Warm Homes Discount scheme but in January 2021 GNE entered administration. It is considered prudent to make a provision through the 2020/21 Statement of Financial Activities for the potential net unrecoverable balance of £307,000 which is owed by GNE.

Accounting Policies

The following principal accounting policies have been consistently applied:

3.1 Income

Income receivable by NEA is included in the financial statements at its gross value. All costs associated with generating, earning or collecting income are shown separately as expenditure. Where income included VAT, the VAT element was receivable by HMRC, not NEA. That VAT is, therefore, excluded from NEA's financial statements.

- a. **Income from donations** is recognised in the year in which it is secured. When donations have been promised but not received, they are recognised if receipt is probable.
- b. **Investment income** - dividends arising on listed investments and interest arising on bank deposits, are recognised on a receivable basis.
- c. **Miscellaneous income** – relates to reimbursement of long-term ill-health costs via insurance arrangements, recharge of the costs of a seconded employee and third-party reimbursement of employees travel and subsistence costs.
- d. **Income from charitable activities** is derived from carrying out work that contributes to NEA's aims and objectives to the extent that:
 - Conditions relating to entitlement to the income have been met;
 - The monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably; and
 - It has been received or its receipt is probable.

Assessments are made regularly during the year to identify:

- Income that should rightly be included in the financial statements; and
- Any receipts, entitlement to which is dependent on successful delivery of agreed outputs or other conditions that have not yet been met.

This continuous process, supplemented by additional assessment after the year end, informs the extent to which income is recognised in the financial statements.

Charitable activities income includes:

- Grants from Government departments, devolved administrations and other public bodies;
- Sponsorships;
- Subscriptions of members and Business Supporters Group (BSG); and
- Sales of training courses, examinations, materials and publications, event fees and consultancy.

- e. **Deferred income** - Income from Charitable Activities, both restricted and unrestricted, to which entitlement does not exist until earned in future accounting years is treated as deferred income (See notes 17 and 18).

3.2 Expenditure

Expenditure is included in the statement of financial activities on an accruals basis, inclusive of any VAT that cannot be recovered.

- a. **Expenditure on raising funds**
Costs incurred in raising funds are separately accounted for. These include the costs of raising donations and managing investments. NEA does not undertake any trading for the

3. Statement of Compliance and Accounting Policies (continued)**a. Expenditure on raising funds (continued)**

specific purpose of raising funds. The Charity's principle trading activity is training, which is a charitable activity, under NEA's charitable objectives.

b. Expenditure on charitable activities

Expenditure on charitable activities relates to work that contributes to NEA's charitable objectives. It includes the costs of delivering the services and products that are required by funders, listed above under the policy relating to income from charitable activities. Also included are costs of any core activities that contribute to charitable objectives but are not funded by specific income sources.

Charitable expenditure includes all expenditure relating to NEA's charitable objectives, including the direct cost of supporting charitable activities and projects, depreciation and profits/losses on disposal of fixed assets used wholly or mainly for charitable activities and, where applicable, the writing off of assets as part of project expenditure. In attributing costs to expenditure headings, expenditure involving more than one heading has been apportioned based on staff time.

Governance costs include work to comply with statutory and constitutional requirements, audit, legal advice for Trustees and an element of apportioned support costs. These costs form part of expenditure on charitable activities.

c. Support costs

Support costs include all costs that cannot be analysed directly to expenditure on charitable activities or expenditure on raising funds. They are apportioned to activities on the basis of the staff time directly recorded against those activities.

d. Operating leases

Rentals payable under operating leases are accounted for on a straight-line basis over the term of the lease.

e. Pensions

NEA operates a defined contribution scheme for its salaried employees. Pension costs are charged as expenditure in the year to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

f. Grants payable

Grants paid to beneficiaries under any hardship fund arrangement are referred to NEA by various care and voluntary organisations which work directly with vulnerable families and individuals. Other grants are paid subject to the criteria of the funder. Grants are funded via sponsors of individual programmes (see note 9).

g. Transfers between funds

Transfers between funds primarily reflect transfers of resources from unrestricted funds to meet the additional costs of restricted fund activities not covered by restricted income, surpluses on restricted fund activities that funders allow NEA to retain and transfers to or from designated funds for specific, otherwise unrestricted, purposes.

3.3 Identifying costs with activities

A large proportion of NEA's expenditure relates to employee costs. Time recording and project accounting systems are used to identify those costs with each activity.

Support costs, which are not directly identifiable with specific activities, are apportioned in proportion to time directly recorded against each activity. They include finance, human resource management, ICT, administration, premises and general office supplies and equipment.

Other costs relating directly to individual projects are identified with each activity, using the project accounting system.

3. Statement of Compliance and Accounting Policies (continued)**3.4 Fixed assets**

Tangible fixed assets are stated at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided to write off, by annual instalments, the cost of tangible fixed assets over their estimated economic lives as follows:

| | |
|-----------------------------------|------------------------------------------------------|
| Leasehold properties | - Straight-line over the primary period of the lease |
| Furniture, fittings and equipment | - Straight-line generally over 5 years |

If purchased before 1 October a full year's depreciation is charged in the year of purchase. If purchased after 30 September no depreciation is charged in the year of purchase. Tangible fixed assets costing less than £1,000 are not capitalised. Finance costs are not capitalised. Impairment reviews of tangible fixed assets are carried out on a regular basis. Impairment losses, when they arise, are treated as additional depreciation in the year that they are identified.

Intangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Website development costs are recognised as an intangible asset when all of the following criteria are demonstrated:-

- The technical feasibility of designing the website so that it will be available for use;
- The intention to complete the website and use it;
- The ability to use the website;
- How the website will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use the website; and
- The ability to measure reliably the expenditure attributable to the website design during its development.

Depreciation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives: -

- Website development costs 3 years

If there is an indication that there has been a significant change in depreciation rate or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Intangible assets costing more than £1,000 are capitalised if their expected economic life is greater than one year. Depreciation is provided to write off, by equal annual instalments, the cost over their estimated economic lives, normally not more than 3 years. If purchased before 1 October a full year's depreciation is charged in the year of purchase. If purchased after 30 September no depreciation is charged in the year of purchase.

3.5 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.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash 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. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation

3. Statement of Compliance and Accounting Policies (continued)**3.5 Financial Instruments (continued)**

can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

3.6 Debtors

Income due from debtors at 31 March is prudently assessed in accordance with the policy relating to income from charitable activities, described above.

Provision is made in the financial statements for any specific debts which are expected to be irrecoverable. Provision is also made for debts whose recovery is assessed as being doubtful. Doubtful debts are assessed with regard to their age, the debtor, the reason for the debt, the size of the debt and viability, including any likely cost, of taking further recovery action.

The great majority of NEA's income is from public sector and large private sector organisations that are regarded as being unlikely to fail financially. A prudent approach is also taken to the inclusion of income in the financial statements.

3.7 Investments

Investments are made only in basic financial instruments. Investments in listed shares are revalued at mid-market value at the balance sheet date and the gain or loss taken to the statement of financial activities. Reserves and short-term surplus funds are placed in cash deposits with major UK banks.

3.8 Liabilities

Liabilities include trade and other creditors, taxes and social security costs, including obligations to make future payments. They are recognised in the financial statements as resources expended as soon as legal and/or constructive obligations arise.

3.9 Holiday Entitlement

Provision is made for the cost of untaken holiday entitlement as at 31 March each year. A provision of £55,244 is made in 2020/21 (2019/20: £33,873) financial statements, in addition to a provision of £14,000 (2019/20: £14,000) for permanent health insurance (PHI) costs relating to accrued holiday entitlement.

3.10 Short term deposits and cash

Reserves, which are maintained to help ensure that NEA can continue to deliver its charitable objectives, and receipts that are held in the short-term before being used to meet expenditure, are deposited with COIF Charities Deposit Account. The principal aims are to ensure that such funds are secure and are available at the time they are needed. Short-term deposits also achieve a rate of return that contributes to NEA's charitable activities. A managed level of cash is held available for immediate use and very short-term cash-flow. Short-term deposits that mature in less than three months are shown as cash-equivalents in the cash flow statement.

3.11 Fund Accounting

Funds held by the Charity are either:

- Restricted – which can only be used for specific purposes within the objects of the Charity. Restrictions arise when specified by the funder or when funds are raised for particular specified purposes; or
- Unrestricted – which can be used for any of the charitable objects at the discretion of the Trustees.

Within the unrestricted funds, amounts may be set aside by the Trustees to be used for particular purposes. The aims and use of designated funds are set out in notes to the financial statements.

Transfers between funds are made:

- Between unrestricted and restricted funds to meet expenditure on restricted activities that is not fully funded, and surpluses made on restricted funds projects, which funders allow NEA to retain; and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 CONTINUED

- To and from designated funds, usage of which is at Trustees' discretion, designated funds remain unrestricted.

3.12 Post Balance Sheet events

Any events that have occurred after the end of the financial year that have, or are likely to have, a material effect on the value of assets or liabilities must be noted and explained in the financial statements. Although the financial statements are prepared on a historic basis for the year up to 31 March, it is important that the users of the financial statements are also made aware of any subsequent events that may materially affect the Charity. Covid-19 has not materially affected the charity's financial standing and there are no further events to be reported in the 2020/21 financial statements.

4. Investment Income

| | 2020/21 | 2019/20 |
|--------------------|---------------|---------------|
| | £ | £ |
| Listed Investments | 1 | 14 |
| Bank Interest | 44,932 | 37,695 |
| Total | 44,933 | 37,709 |

5. Grants Received

NEA receives grants from a range of funders. The grants are usually for specific projects with requirements to deliver specified outputs, making them performance related. Funders also generally require grants to be expended solely on projects with geographic or charitable aim limitations, making them restricted funds under charity accounting rules. As projects have discrete start and end dates, there is not necessarily continuity of funding from individual sources across financial years. The major programme, which commenced in mid 2015/16 and continued through subsequent years and ended in 2020/21 is grant funded.

Income from Charitable Activities includes grants from the following sources: –

| | 2020/21 Total All Restricted £ | 2019/20 Total All Restricted £ |
|----------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Companies in the energy sector - Health & Innovation Programme | 31,615 | 25,173 |
| Companies in the energy sector - other | 3,343,893 | 3,385,766 |
| UK central, devolved and local government and the EU | 313,291 | 119,601 |
| Trusts and foundations | 371,478 | 122,711 |
| Housing Associations | 6,501 | - |
| | 4,066,778 | 3,653,251 |

6. Analysis of charitable expenditure

| 2020/21 | | Direct Staff Costs | Grant Funded | Direct Costs | Support Costs | Total 2020/21 |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------|------------------|------------------|------------------|
| Aim | | £ | £ | £ | £ | £ |
| 1 | Increase Strategic Action Against Fuel Poverty | 259,982 | 8,822 | 36,868 | 130,183 | 435,855 |
| 2 | Develop and Progress Solutions to Improve Access to Energy Efficiency Products, Advice and Fuel Poverty Related Services in UK Households | 924,056 | 1,800,149 | 509,663 | 732,381 | 3,966,249 |
| 3 | Enhance Energy Efficiency and Fuel Poverty Education and Skills | 1,239,481 | 119,913 | 335,066 | 359,245 | 2,053,705 |
| | | 2,423,518 | 1,928,884 | 881,597 | 1,221,809 | 6,455,808 |
| 2019/20 | | Direct Staff Costs | Grant Funded | Direct Costs | Support Costs | Total 2019/20 |
| Aim | | £ | £ | £ | £ | £ |
| 1 | Increase Strategic Action Against Fuel Poverty | 557,384 | 390,002 | 191,932 | 277,406 | 1,416,724 |
| 2 | Develop and Progress Solutions to Improve Access to Energy Efficiency Products, Advice and Fuel Poverty Related Services in UK Households | 1,132,907 | 43,356 | 1,186,698 | 545,821 | 2,908,782 |
| 3 | Enhance Energy Efficiency and Fuel Poverty Education and Skills | 797,944 | 988,201 | 377,941 | 433,573 | 2,597,659 |
| | | 2,488,235 | 1,421,559 | 1,756,571 | 1,256,800 | 6,923,165 |

Other direct costs include irrecoverable VAT input tax amounting to £108,880 (2019/20: £48,030). 2020/21 Aim 2 and 3 direct costs include in total a £307,000 provision, £134,179 and £172,821 respectively, for the GNE irrecoverable debt. 2019/20 Aim 2 direct costs include the £1,165,181 provision for the WZ irrecoverable debt. Both provisions are detailed on pages 9 and 10.

7. Cost of Raising Funds

| | Staff Costs | Support Costs | Direct Costs | Total |
|---------|----------------|------------------|-----------------|-------|
| | £ | £ | £ | £ |
| 2020/21 | 2,283 | 745 | 214 | 3,242 |
| 2019/20 | 1,470 | 515 | 6,317 | 8,302 |

8. Allocation of support

The Charity allocates support costs as shown in the table below then further apportions those costs between the charitable activities undertaken (see note 8). Support costs are allocated on the basis of staff time.

**Note 8 - Allocation of Support Costs
(continued)****Charitable Activities**

| 2020/21 | Aim 1 | Aim 2 | Aim 3 | Charitable Activities Total | Cost of Raising Funds | 2020/21 Total |
|----------------------------------------|----------------|----------------|----------------|-----------------------------------|-----------------------------|------------------|
| | £ | £ | £ | £ | £ | £ |
| Support staff | 68,735 | 386,688 | 189,676 | 645,099 | 417 | 645,516 |
| Staff training | 965 | 5,428 | 2,663 | 9,056 | 6 | 9,062 |
| Travel & Subsistence | 155 | 873 | 428 | 1,456 | 1 | 1,457 |
| Accommodation and insurances | 28,674 | 161,312 | 79,126 | 269,112 | 174 | 269,286 |
| IT support | 8,267 | 46,510 | 22,814 | 77,591 | 50 | 77,641 |
| Communication costs | 7,299 | 41,064 | 20,143 | 68,506 | 44 | 68,550 |
| Other general costs | 5,499 | 30,934 | 15,174 | 51,607 | 33 | 51,640 |
| Legal and professional costs | 5,169 | 29,080 | 14,264 | 48,513 | 31 | 48,544 |
| Capital grants/depreciation adjustment | 3,039 | 17,095 | 8,386 | 28,520 | 18 | 28,538 |
| General Capital Expenditure | 2,381 | 13,397 | 6,571 | 22,349 | 14 | 22,363 |
| | 130,183 | 732,381 | 359,245 | 1,221,809 | 788 | 1,222,597 |

| 2019/20 | Aim 1 | Aim 2 | Aim 3 | Charitable Activities Total | Cost of Raising Funds | 2019/20 Total |
|----------------------------------------|----------------|----------------|----------------|-----------------------------------|-----------------------------|------------------|
| | £ | £ | £ | £ | £ | £ |
| Support staff | 139,013 | 268,178 | 217,271 | 624,462 | 258 | 624,720 |
| Staff training | 3,162 | 6,100 | 4,942 | 14,204 | 6 | 14,210 |
| Travel & Subsistence | 14,976 | 28,891 | 23,407 | 67,274 | 28 | 67,302 |
| Accommodation and insurances | 54,845 | 105,804 | 85,719 | 246,368 | 102 | 246,470 |
| IT support | 17,420 | 33,606 | 27,227 | 78,253 | 32 | 78,285 |
| Communication costs | 12,416 | 23,953 | 19,406 | 55,775 | 23 | 55,798 |
| Other general costs | 15,786 | 41,116 | 24,673 | 81,575 | 29 | 81,604 |
| Legal and professional costs | 9,783 | 18,873 | 15,291 | 43,947 | 18 | 43,965 |
| Capital grants/depreciation adjustment | 5,134 | 9,903 | 8,024 | 23,061 | 10 | 23,071 |
| General Capital Expenditure | 4,871 | 9,397 | 7,613 | 21,881 | 9 | 21,890 |
| | 277,406 | 545,821 | 433,573 | 1,256,800 | 515 | 1,257,315 |

9. Grants Payable

| | 2020/21 | 2019/20 |
|---------------------------------------------------------------|------------------|------------------|
| | £ | £ |
| Total grants paid to organisations and to individuals were: - | | |
| Grants paid to organisations | 1,919,884 | 1,410,401 |
| Grants paid to individuals | 9,000 | 11,158 |
| | 1,928,884 | 1,421,559 |

Health and Innovation Programme (HIP)2020/21
£

During 2020/21 there were no grants awarded under this major programme of work. The programme was funded by grants received from Coryton Energy Company Limited, Drax Power Limited, Rocksavage Power Company Limited and Spalding Energy Company Limited. Grants will be payable under this programme during 2021/22.

Health and Innovation Programme (HIP)2019/20
£

During 2020/21 there were no grants awarded under this major programme of work. The programme was funded by grants received from Coryton Energy Company Limited, Drax Power Limited, Rocksavage Power Company Limited and Spalding Energy Company Limited. Grants will be payable under this programme during 2019/20.

9. Grants Payable (continued)

During the year, grants were paid out under the following programmes and schemes:

| | 2020/21 £ |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Community Action Projects | |
| The SSE Crisis fund awarded 166 grants to individuals in Northern Ireland for a range of measures which included fuel payments, provision of oil filled radiators, boiler repairs and the funding of technical reports to complete heating system replacements | £20,525 |
| The SSE/EDF Assistance fund awarded 59 grants to individuals for a range of measures which included fuel payments, boiler installations, new radiators, repairs to central heating systems and purchases of various household items which included white goods | £20,304 |
| The Energy Saving Trust Covid-19 Crisis Relief fund awarded 1,723 grants to individuals to fund fuel payments | £237,546 |
| The Great Places Crisis fund awarded 62 grants to individuals to fund fuel payments | £2,950 |
| The Melin Homes Prepayment Meter Crisis fund awarded 54 grants to individuals to fund fuel payments | £3,579 |
| The SGN Hardship fund awarded 124 grants to individuals to fund fuel payments | £15,675 |
| The UK Power Networks Refugee and Asylum Seekers fund issued various small energy efficiency measures such as light bulbs, radiator reflectors, thermometer cards and slow cookers to local groups for onward distribution to refugee and asylum seekers | £987 |
| The Energy Saving Trust Warm Welcome fund awarded 3 grants to individuals to fund fuel payments | £252 |
| Coventry Hardship Fund and Keeping Coventry Warm Fund - funded by Donations, Coventry City Council and Coventry Primary Care Trust | |
| The funds awarded 8 grants to individuals in Coventry to fund fuel payments and assist with heating system repairs | £527 |
| Forces for Warmth | |
| 81 grants were awarded to currently serving and ex-service personnel and their families to fund fuel payments and the purchase of other essential items | £9,513 |
| Smart Energy GB | |
| Grants between £4,643 and £25,000 were paid to 30 organisations across the UK to fund activity to promote Smart Meters at a community level and particularly help to address individuals whom are on low income as well as members of the community whom have no access to the internet | £454,799 |
| Student Bursaries - funded by National Grid Affordable Warmth Solutions through the Malcolm | |
| 6 grants of £1,500 were paid as bursaries to 3 students from low-income families who will undertake work experience with the charity or one of NEA's partners. | £9,000 |
| Warm Home Discount (WHD) | |
| 971 grants were awarded to individuals to fund fuel payments. The recipients of the grants were eligible for their energy suppliers' WHD payment but they did not receive it during 2020/21 | £148,721 |
| A grant of £492,404 was awarded to Boiler Plan Limited to install new heating systems in 180 homes to people who meet WHD priority and broader group criteria | £492,404 |
| 58 grants were awarded to individuals to fund fuel payments which were paid direct to a number of energy suppliers | £40,693 |
| Warm Minds Hardship Fund | |
| The fund awarded 2 grants to individuals to fund fuel payments and also issued various small energy efficiency measures such as light bulbs, radiator reflectors, thermometer cards and slow cookers | £355 |
| Cadent Reactive Repair | |
| Agility Eco Services Limited was funded to provide measures in 605 homes of vulnerable, low income householders in the Cadent network area. The essential work carried out included both repairing and replacing condemned gas appliances | £471,054 |

Total grants paid 2020/21: **1,928,884**

2019/20: 1,421,559

National Energy Action (Operating as NEA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 CONTINUED

During the year, grants were paid out under the following programmes and schemes:

| | 2019/20 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| | £ |
| Better at Home | |
| 15 grants of £500, 1 grant of £320, 1 grant of £150 were paid to organisations to enable them to hold events during NEA's Warm and Safe Homes Campaign. As a result almost 2,000 people received advice and support on how to manage their energy. | 7,970 |
| Community Action Projects | |
| In Northern Ireland 20 grants between £49 and £283 were paid to individuals struggling to keep warm. The interventions included fuel payments and both heating systems repairs and improvements. Total £2,158. | |
| 17 grants of between £49 and £98 were paid to individuals (total £749) and 1 grant of £10,048 to Baby Lifeline whom provided energy advice and support to expectant mothers and families with young children, made emergency fuel payments and also delivered training in fuel poverty and health to frontline workers working in the maternity/early years | |
| 17 grants between £30 to £643 (total £3,313) were paid to assist individuals after new gas connections were installed. | 16,268 |
| Coventry Hardship Fund and Keeping Coventry Warm Fund - funded by Donations, Coventry City Council and Coventry Primary Care Trust | |
| Grants of between £31 and £348 were paid to individuals in Coventry to fund fuel payments and assist with energy efficiency and heating system improvements. | 783 |
| Forces for Warmth | |
| Grants were paid to 105 currently serving and ex-service personnel and their families to ensure they are able to stay warm in their homes and alleviate the impact of fuel poverty. Grants ranged from £39 to £4,048. | 31,693 |
| Smart Energy GB in Communities - funded by Smart Energy GB | |
| Grants between £12,594 and £24,857 were paid to 17 organisations across the UK to fund activity to promote Smart Meters at a community level and particularly help to address concerns amongst individuals whom are aged over 65. | 348,815 |
| Student Bursaries - funded by National Grid Affordable Warmth Solutions through the Malcolm Wicks Memorial Fund | |
| 1 grant of £1,000, 2 grants of £2,000, 1 grant of £3,059 and 1 grant of £3,099, were paid as bursaries to 5 students from low-income families who will undertake work experience with the charity or one of NEA's partners. | 11,158 |
| Warm Home Discount | |
| 53 individuals in the North East, Yorkshire and Humber areas were helped to clear their fuel debts via the payment of grants of between £53 and £3,809 to 16 different energy suppliers. Total paid £46,320. | |
| 1 grant of £477,317 was awarded to Boiler Plan Limited to install first-time heating systems in 146 homes to people who meet WHD priority and broader group criteria in the North East and Yorkshire and Humber areas. | |
| 1 grant of £428,975 was awarded to Yorkshire Energy Services Limited to install gas central heating systems in 85 properties with occupants whom had health issues and had 30 people received grants of £144 for emergency fuel payments. | |
| 140 fuel poor and vulnerable households on prepayment meters received grants of between £47 and £94 (total £7,893) for emergency fuel payments. | 964,828 |
| Warm Minds Hardship Fund | |
| 8 Grants of £56 each were awarded to fund fuel payments to people whom suffered with mental health issues and were considered at risk of fuel poverty. | |
| 39 grants of between £39 and £450 were paid to individuals to fund energy efficiency and other related interventions in England and Wales. Total £1,890. | 2,336 |
| WASH Reactive Repair | |
| 1 organisation was funded to provide measures to individuals who had boilers condemned by gas engineers. | 37,708 |
| Total grants paid 2019/20: | 1,421,559 |
| 2018/19: | 2,404,774 |

10. Board of Trustees and other key management personnel

In accordance with the Charity's Articles of Association, the members of the Board of Trustees received no remuneration during the year. Travel and subsistence costs were paid for 5 trustees in 2020/21 (2019/20: 14), amounting to £803 (2019/20: £5,184).

In 2020/21 employee benefits, including employers pension contribution, totalling £448,624 were paid to 5 key management personnel (2019/20: £568,038 to 7 key management personnel).

11. Employees

| Staff costs: | 2020/21 £ | 2019/20 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,464,717 | 2,417,512 |
| Social Security Costs | 232,622 | 234,806 |
| Other pension costs | 279,428 | 274,864 |
| Redundancy payments | - | 129,498 |
| Other payments | 9,717 | 5,652 |
| | 2,986,484 | 3,062,332 |

It should be noted that during 2020/21 the charity received funds of £19,081 under the Coronavirus Job Retention Scheme. These funds have been credited to staff costs and reduced the 2020/21 wages and salaries figure detailed above. No redundancy payments were made in 2020/21. During 2019/20 redundancy payments were made of £129,498 in respect of five employees.

The average number of employees during the year was: -

| | 2020/21 Number | 2019/20 Number |
|-----------------------------------------------------|-------------------|-------------------|
| Chief Executive & Deputy | 2 | 2 |
| Northern Ireland | 5 | 5 |
| Wales | 2 | 3 |
| Support Services | 12 | 12 |
| Operations - Community Engagement and Demonstration | 16 | 13 |
| Operations - Skills, Standards and Delivery | 13 | 16 |
| Policy and Research | 7 | 6 |
| Communications and External Relations | 9 | 10 |
| Special Projects | 2 | 2 |
| Income Maximisation | 7 | 6 |
| Total | 75 | 75 |

Staff receiving emoluments (including taxable benefits in kind but excluding employer's pension and insurance contributions) exceeding £60,000 were as follows:

| | 2020/21 Number | 2019/20 Number |
|-------------------|-------------------|-------------------|
| £60,000 - £69,999 | 3 | 2 |
| £70,000 - £79,999 | 1 | 1 |
| £80,000 - £89,999 | - | 1 |
| £90,000 - £99,999 | 1 | 1 |

Total pension contributions for staff members receiving emoluments of more than £60,000 during the year amounted to £41,412 (2019/20: £37,381).

12. Pension costs

The Charity operates a non-contributory, defined contribution, Group Personal Pension Scheme for its employees, administered by Aegon Scottish Equitable. Employer contributions during the year were £279,428

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 CONTINUED

(2019/20: £274,864). At 31 March 2021, outstanding contributions to be paid over to the Scheme Administrator were £510 (31 March 2020: £24,586).

13. Net expenditure before transfers

| | 2020/21 £ | 2019/20 £ |
|----------------------------------------------------------------|--------------|--------------|
| Net expenditure before transfers is arrived at after charging: | | |
| Amounts payable to the auditor for: | | |
| - Audit Fee | 19,600 | 19,600 |
| - Tax advisory services | - | 2,000 |
| Other professional and legal fees | 35,477 | 55,107 |
| Depreciation | 28,538 | 24,786 |
| Operating Leases – Land and buildings | 213,895 | 185,884 |

14a. Tangible Assets

| Tangible Assets | Leasehold properties - short £ | Furniture, fixtures & equipment £ | Total £ |
|----------------------------------------|-----------------------------------------|--------------------------------------------|----------------|
| Cost | | | |
| 1 April 2020 | 82,598 | 381,698 | 464,296 |
| Additions | 35,114 | - | 35,114 |
| 31 March 2021 | 117,711 | 381,698 | 499,410 |
| Depreciation | | | |
| 1 April 2020 | 28,388 | 371,599 | 399,987 |
| Charge for the year | 14,475 | 8,455 | 22,930 |
| 31 March 2021 | 42,863 | 380,054 | 422,917 |
| Net book value at 31 March 2021 | 74,848 | 1,644 | 76,493 |
| Net book value at 31 March 2020 | 54,210 | 10,099 | 64,309 |

14b. Intangible Assets

| | Website design £ |
|----------------------------------------|------------------------|
| Cost | |
| 1 April 2020 | 16,825 |
| 31 March 2021 | 16,825 |
| Depreciation | |
| 1 April 2020 | - |
| Charge for the year | 5,609 |
| 31 March 2021 | 5,609 |
| Net book value at 31 March 2021 | 11,216 |
| Net book value at 31 March 2020 | 16,825 |

15. Debtors

| | 2021 £ | 2020 £ |
|--------------------------------|----------------|------------------|
| Trade debtors | 570,143 | 852,945 |
| Other debtors | 4,785 | 16,141 |
| Prepayments and accrued income | 166,801 | 186,149 |
| Total Debtors | 741,729 | 1,055,235 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 CONTINUED

At 31 March 2021 NEA's wholly-owned subsidiary Warm Zones CIC (WZ) which entered liquidation in November 2018 is shown in the trade debtors figure as owing £312,916. This sum has been confirmed by the liquidators of WZ and it is expected to be received during the course of 2021/22. The amount which was expected to be recoverable from the liquidation of WZ at 31 March 2020 was £677,820 and during 2020/21 £260,904 was received from the liquidators of WZ and the remaining actual amount which will be recoverable at 31 March 2021 is £312,916. The total bad debt provision which has been processed through the charity's Statement of Financial Activities for the WZ net unrecoverable balance is £1,165,181.

Also at 31 March 2021 the trade debtors figure includes a provision for the potential unrecoverable balance of the Green Network Energy (GNE) debtor of £413,867. During 2020/21, work was carried out on behalf of GNE in relation to the Warm Homes Discount scheme but in January 2021 GNE entered administration. It is considered prudent to make a provision through the 2020/21 Statement of Financial Activities for the potential net unrecoverable balance of £307,000 which is owed by GNE.

16. Investments

| | 2021 £ | 2020 £ |
|-------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Listed investments at market value | 2,608 | 1,390 |
| Historical cost of listed investments | (130) | (130) |
| Revaluation Reserve | <u>2,478</u> | <u>1,260</u> |
| Investments have been revalued at the 31 March 2021 closing price quoted on the London Stock Exchange | | |
| Fixed-term bond deposits | | |
| Maturing August 2020 | - | 1,000,000 |
| Maturing February 2022 | 1,000,000 | - |
| Total Fixed-term bond deposits | <u>1,000,000</u> | <u>1,000,000</u> |

17. Creditors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|-------------------------|-------------------------|
| Trade creditors | 307,329 | 504,457 |
| Taxation and social security costs | 8,238 | 85,278 |
| Other creditors | 2,057,221 | 2,054,445 |
| Holiday pay provision | 69,244 | 47,873 |
| Accruals | 729,347 | 59,469 |
| Deferred income (see note 18) | 2,215,154 | 2,981,414 |
| Total Creditors | <u>5,386,533</u> | <u>5,732,936</u> |

18. Deferred Income

Income is recognised when legal entitlement is secured by meeting conditions agreed with funders regarding delivery of projects and other conditions have been met. Income received prior to entitlement is deferred until the income has been earned.

| | 2021 £ | 2020 £ |
|---------------------------------------|-------------------------|-------------------------|
| Balance at 1 April | 2,981,414 | 3,143,459 |
| Amount released to income during year | (1,144,319) | (1,036,533) |
| Amount deferred in the year | 378,059 | 874,488 |
| Balance at 31 March | <u>2,215,154</u> | <u>2,981,414</u> |

National Energy Action (Operating as NEA)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 CONTINUED

19. Unrestricted Income Funds

| 2021 | Balance at 1 April 2020 | Income | Expenditure | Transfers Between Funds | Net Investment Gains | Balance at 31 March 2021 |
|----------------------------------------------|----------------------------|----------------|-----------------|-------------------------------|----------------------------|--------------------------------|
| | £ | £ | £ | £ | £ | £ |
| General Reserve | 1,959,956 | 113,296 | (51,195) | (455,842) | - | 1,566,216 |
| Unrealised Gain on Investments | 1,260 | - | - | - | 1,219 | 2,478 |
| Designated Reserve - Post- HIP Transition | 404,692 | - | - | - | - | 404,692 |
| | 2,365,908 | 113,296 | (51,195) | (455,842) | 1,219 | 1,973,386 |

In May 2021 the Board of Trustees re-affirmed designation of the remaining £404,692 of the Post-HIP Transition Designated Reserve to help manage expected future reductions in funding when current major funding streams end.

| 2020 | Balance at 1 April 2019 | Income | Expenditure | Transfers Between Funds | Net Investment Losses | Balance at 31 March 2020 |
|----------------------------------------------|----------------------------|----------------|-----------------|-------------------------------|-----------------------------|--------------------------------|
| | £ | £ | £ | £ | £ | £ |
| General Reserve | 3,174,833 | 243,483 | (91,375) | (1,366,985) | - | 1,959,956 |
| Unrealised Gain on Investments | 2,187 | - | - | - | (927) | 1,260 |
| Designated Reserve - Post- HIP Transition | 500,000 | - | - | (95,308) | - | 404,692 |
| | 3,677,020 | 243,483 | (91,375) | (1,462,293) | (927) | 2,365,908 |

20. Restricted Income Funds

| 2021 | Balance at 1 April £ | Income £ | Expenditure £ | Transfers Between Funds £ | Balance at 31 March 2021 £ |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------|--------------------|------------------------------------|-------------------------------------|
| Increase Strategic Action Against Fuel Poverty | 30,000 | 417,246 | (384,874) | (48,839) | 13,533 |
| Develop and Progress Solutions to Improve Access to Energy Efficiency Products, Advice and Fuel Poverty Related Services in UK Households | 8,445 | 4,153,234 | (3,966,248) | (187,517) | 7,914 |
| Enhance Energy Efficiency and Fuel Poverty Education and Skills | - | 1,361,507 | (2,053,705) | 692,198 | - |
| | 38,445 | 5,931,987 | (6,404,827) | 455,842 | 21,447 |
| 2020 | Balance at 1 April 2019 £ | Income £ | Expenditure £ | Transfers Between Funds £ | Balance at 31 March 2020 £ |
| Increase Strategic Action Against Fuel Poverty | 30,500 | 1,316,769 | (1,332,441) | 15,172 | 30,000 |
| Develop and Progress Solutions to Improve Access to Energy Efficiency Products, Advice and Fuel Poverty Related Services in UK Households | 12,509 | 1,521,616 | (2,908,756) | 1,383,076 | 8,445 |
| Enhance Energy Efficiency and Fuel Poverty Education and Skills | - | 2,532,865 | (2,596,910) | 64,045 | - |
| | 43,009 | 5,371,250 | (6,838,107) | 1,462,293 | 38,445 |

Income and expenditure have been allocated to specific aims, within each of the Charity's main areas of activity, designed to enable the Charity to achieve the objectives contained in its Strategic Plan 2016/21.

Transfers between funds primarily reflect transfers from unrestricted funds to meet the additional cost of restricted fund activities not covered by restricted income and transfers to unrestricted funds of surpluses on restricted fund activities, which funders allow NEA to retain. However, in 2020/21 there was the requirement to transfer £455,842 from the General Reserve to the Restricted Reserve to cover the financial impact of the GNE bad debt provision of £307,000 as well as the additional WZ bad debt provision of £104,000.

There were no investment gains or losses on restricted funds in the year ended 31 March 2021 (2019/20: nil).

Restricted Funds held at 31 March are: -

| | 2021 £ | 2020 £ |
|--------------------------------|---------------|---------------|
| Coventry Hardship Fund | 3,757 | 3,860 |
| Keeping Coventry Warm Fund | 4,158 | 4,585 |
| Northern Ireland Donation Fund | 13,533 | 30,000 |
| | 21,447 | 38,445 |

21. Analysis of Net Assets between Funds

| | 2021 | | | 2020 | | |
|-----------------------------------|-------------------|-----------------|------------------|-------------------|-----------------|------------------|
| | Unrestricted £ | Restricted £ | Total £ | Unrestricted £ | Restricted £ | Total £ |
| Fixed Assets | 87,709 | | 87,709 | 81,134 | - | 81,134 |
| Net Current Assets | 1,885,677 | 21,447 | 1,907,124 | 2,284,774 | 38,445 | 2,323,219 |
| Net Assets at the end of the year | 1,973,386 | 21,447 | 1,994,833 | 2,365,908 | 38,445 | 2,404,353 |

22. Purposes of Funds

NEA has an annual programme of activities to help meet its strategic aims and these are funded through different sources of income. All of the Charity's activities are aligned to its strategic aims and objectives which are designed to make a positive impact on the alleviation of fuel poverty.

Coventry Hardship Fund and the Keeping Coventry Warm Fund are grant-making funds, the balances of which are Restricted Funds. The balances on these funds at 31 March are shown in note 20 above.

Donations are made on the understanding that they contribute to the overall work of NEA within its charitable aims and are generally treated as Unrestricted Funds. In August 2019 a donation of £75,000 was received from SSE, which is restricted to be used in Northern Ireland. At 31 March 2021 £13,533 remained to be spent in 2020/21.

Key information about activities and public benefit is given in the Strategic Report of the Trustees for the year ended 31 March 2021, on pages 4 to 12 of this document.

23. Commitments – Operating Leases

The amounts payable in the next year and over the remaining term in respect of operating leases are shown below analysed according to the expiry date of the leases.

| | 2021 | | 2020 | |
|----------------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | Payable in the Next Year | Payable in Total | Payable in the Next Year | Payable in Total |
| Expiry Date: | £ | £ | £ | £ |
| Less than one year | 3,361 | 3,361 | 59,324 | 59,324 |
| Between one and five years | 209,548 | 821,045 | 20,376 | 66,083 |
| Over five years | - | - | 119,736 | 877,496 |
| | 212,909 | 824,406 | 199,436 | 1,002,903 |

The total payable analysed between Land and Buildings and other is: -

| | 2021 | 2020 |
|--------------------|----------------|------------------|
| | £ | £ |
| Land and buildings | 751,288 | 898,964 |
| Other | 73,118 | 103,939 |
| | 824,406 | 1,002,903 |

The total value of lease payments recognised as an expense in 2020/21 was £213,895 (2019/20: £185,884).

24. Related Party Disclosures

FRS 102 requires NEA to include in its financial statements the disclosures necessary to draw attention to the possibility that its financial position and profit or loss have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

NEA does not have any related party transactions with Trustees or their connected persons, other than the expenses disclosed in note 10.

25. Capital Commitments

At 31 March 2021 capital commitments were £0 (31 March 2020: £28,315).

