

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 2022

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

Report of the Board of Trustees and Financial Statements

for the Year ended 31 March 2022

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The Trustees present their Annual Report, including the Strategic Report and the audited financial statements of the Charity for the year ended 31 March 2022.

Reference and administrative details

Company No:	01853927
Charity Reg. No:	290511
Business Address:	6 th 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 Derek Lickorish MBE David Porter OBE 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:	Claire Durkin
Trustees:	Syed Ahmed David Blakemore (from 14 March 2022) Judith Damerell Claire Durkin Jacqueline Gardner David Hall Robert Howard Noel Rice Fraser Scott Professor Philip Taylor Professor Christopher Underwood (Until 22 July 2021) Helen Walker Maria Wardrobe

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 2021/22.

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 2022 there were 221 full members and 115 associate members (2021: 133 and 76, 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 Sumbly
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 – 30 November 2021 - temporary position covering maternity leave)	Lorraine Donaldson
Head of Major Projects (from 1 December 2021)	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. One new Trustee was appointed during the year and one 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 NEA's 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 2021 and the AGM took place during the Conference proceedings. The 2022 Conference will take place in Birmingham in September 2022 and AGM will continue to be held online in order to attract the maximum number of participants.

Trustees are also provided with specific training opportunities, as they arise, in areas such as Charity governance and financial matters. Three trustees attended charity finance training and one has undertaken additional training in safeguarding. Four have also undertaken a refresher course in charity governance and the proposed revisions to the Charity Act. Trustees will continue to complete regular refresher courses in charity governance, finance and safeguarding during the coming year.

NEA reviewed 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. Work is ongoing to produce an action plan to embed equality, diversity and inclusion across all areas of NEA's work which will involve consultation with staff, members and other stakeholders as well as with Trustees.

A People and Cultures 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 provides guidance and support for staff welfare and organisational cultural matters. The Committee met three times in 2021/22. The Committee will be involved in any transition to hybrid working contracts which result from the review of the organisation's terms and conditions in order to make NEA an exemplary employer and assist staff to achieve a good work/life balance, while ensuring the charity is able to serve its beneficiaries in the best ways possible.

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 a minimum of four times each year. The Board has a number of sub-committees including a Committee for Audit, Risk and Finance which meets four times a year and a People and Culture Committee which meets three times a 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 four times in 2021/22.

In a review of risks following the administration and subsequent liquidation of NEA's subsidiary, Warm Zones, the Trustees have recognised the three 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. The plan is being reviewed in the light of the lessons learned during the pandemic and recommendations from the reviews will be included in the Plan.
- (2) Changes to Warm Home Discount Scheme – during 2021/22, the charity worked with the relevant regulatory body and government department and succeeded in securing agreement to extend the scheme to 2026. Work is currently ongoing to ensure any future schemes are informed by evidence from NEA's policy into practice work so that assistance is targeted to those most in need. Although the scheme for 2022-23 has been confirmed, work is still ongoing as the Regulations have yet to be laid in Parliament which will confirm this as a continuing income stream.
- (3) Economic Downturn – The cost of living increases and in particular the increase in the energy price cap has impacted greatly on fuel poverty levels, which rose from 4.3m before Winter 2021 to 6.5m in April 2022. This resulted in increased demand for NEA services. To mitigate this, the charity grew its delivery capacity and diversified its services by introducing free helplines and an online chat facility. Through effective engagement with funders and regulatory bodies, the charity was able to continue to assist beneficiaries through alternative, COVID-19 safe means, but is now transitioning back to its community-based work. It is recognised, however

that the new ways of working enable NEA's beneficiaries to access assistance in a variety of ways and inclusion of these as 'business as usual' is ongoing.

During 2020/21 the Board set up a number of working groups to provide assistance on formulating NEA's long-term funding strategy. Work of the groups concluded in mid-summer, and a consultant appointed to provide specific analysis in a number of areas identified by the working groups. From this, an action plan has been formulated and longer-term plans will be put in place during 2022-23 and beyond to help the charity expand and enhance the charity's ability to take advantage of a range of opportunities. In a 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, having worked with NEA's policy and advocacy team on the charity's key asks during the energy crisis also continue to provide strategic guidance actions to mitigate the worst impacts of high energy bills and poorly insulated homes in the run-up to the Winter of 2022. Work of the Group will also concentrate on extrapolating and disseminating the lessons learned from our operational and advocacy 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 for future policies and schemes and to provide lessons learned for other practitioners in the field.

Strategic Review

2021/22 was another extraordinary year. Lower incomes for the poorest households, increasing energy bills and inefficient housing conspired to make millions more homes places of misery and despair rather than comfort and happiness.

By the end of the year over 6.5 million households across the UK were estimated to be in fuel poverty, 2.5 million more than at the end of 2020/21. The cost of heating a home with gas had doubled in 18 months.

National Energy Action's mission is that 'everyone should be able to afford to keep their homes warm and safe'. In that context, the demand for our services and interventions has grown rapidly and significantly. It has never been greater and has required a greater degree of responsiveness and agility in consequence.

With challenges at this scale, our advice and support, advocacy and influence, awareness raising, and partnership activities have delivered significant outcomes for fuel poor households and has also accelerated plans to make NEA more flexible, robust, and impactful over the coming years. The charity believes that in 2022/23 the war in Ukraine will drive global energy prices higher and could leave millions more households in fuel poverty across the UK.

Objectives, strategies and activities

Key objectives for the year and principal activities undertaken

NEA's mission is that everyone should be able to afford to keep their home warm and safe. The activities undertaken by the charity to carry out its charitable purposes are for the public benefit and the charity has complied with its duty to have due regard to the Charity Commission's public benefit guidance when exercising any powers or duties. Our advocacy and influence, our advice and support services, our awareness-raising and partnership development all work toward this mission. In doing so we work with households, the broader support and advocacy community, commercial organisations, regulators, local, regional, and national government in England, Wales, and Northern Ireland.

In line with good practice, over the summer of 2021, NEA reviewed its Articles of Association to ensure they remained appropriate and relevant to the charity. Changes were made to enable NEA to engage with the widest range of relevant stakeholders in order to pursue the ambitions outlined in its new Strategic Plan. The opportunity was also taken to revise terminology, to update processes in respect of governance matters and to clarify the ex-officio position of the Chief Executive Officer of Energy Action Scotland who serves on NEA's Board as part of a reciprocal agreement between the two organisations.

Over the year we prioritised activities which represent the most effective ways of increasing our impact for fuel poor households during the COVID-19 pandemic and Cost of Living crisis. We have sought to be agile and responsive to circumstances, to demand and to the opportunities to bring about a strategic response. We have sought to strengthen our core activities, to develop our teams and to convert more diverse income streams to support that response.

We continued to deliver projects which provide essential advice and support to households. We grew our range of partnerships and expanded our membership base. We adapted our training, research and evaluation, advocacy and awareness raising activities to match the in-year challenges. Those activities included our projects working across energy and water sectors to ensure the greatest impact for fuel poor households.

In the extraordinary circumstances of the COVID-19 pandemic and its impact on fuel poor households, NEA extended the strategic aims of our 2019/21 Strategy into 2021/22, while we developed a new five-year strategy.

These Strategic Aims framed our principal activities in 2021/22. Those aims are to:

- (a) increase strategic action against fuel poverty;
- (b) develop and progress solutions to improve access to energy efficiency products, advice, and fuel poverty related services in UK households: and
- (c) enhance energy efficiency and fuel poverty education and skills.

AIM 1: To increase strategic action against fuel poverty

The pandemic and the energy price crisis meant millions of people living in fuel poverty needed an urgent response from governments, regulators, and energy firms. NEA responded to these unprecedented challenges by being a more powerful voice for the poorest households, where possible conveying their direct experiences of the energy crisis to policy makers. We addressed the urgent financial hardship, health implications and additional challenges and opportunities to support low incomes households on the low carbon transition.

The demands of this year have required a high level of responsiveness to a fluid policy environment and a greater number of influencing targets. Over the year we increased our engagement with industry, policy makers and the media to understand the need for, and the shape of, a proportionate response to the crisis.

Our primary areas of focus have been:

- Understanding the barriers and opportunities experienced by low-income households in the transition to a low carbon future
- Combating the impact of the pandemic and energy crisis for the poorest households
- Highlighting the risk of increased debt and self-disconnection for households using prepayment meters
- Extending and expanding the Energy Company Obligation (ECO) and Warm Home Discount (WHD)
- Prompting the UK Government and other nations across the UK to develop and invest in their own domestic energy efficiency schemes
- Ensured more support for vulnerable customers within network price controls
- Prompted an affordability review and the development of a social tariff in the water sector
- Prompted a commitment to update the fuel poverty strategy for Northern Ireland
- Prompted and directly inputted into the Welsh Government's Cold Weather Resilience Plan and wider national public health guidance on the links between COVID-19, cold homes, and health

During 2021/22 NEA:

- Published its annual Fuel Poverty Monitor
- Delivered its online Annual Conference with 2,545 registrations, 17 sessions and 23 hours of live content
- Brought key stakeholders together in a January 2022 policy conference
- Appeared in almost 10,000 media articles over print, broadcast and online
- Reached 1.5m people over social media channels
- Convened the Westminster All Party Parliamentary Group, the Senedd Cross Party Group and continued to play a major role in the Northern Ireland Fuel Poverty Coalition

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

NEA continued to strengthen our direct advice and support activities to respond to the enormous demand for our services. We focused on working with funding partners to support more households with energy advice, income maximisation, hardship support and access to energy efficiency measures or appliance replacement.

In 2020/21 the COVID-19 pandemic fundamentally altered how NEA delivered services to households, community groups and others. In 2021/22 those new structures and processes for delivering advice and support had become more established, and more essential. We continued to develop our Fishwick project and deepened our partnerships to support vulnerable households with condemned appliances.

Our primary areas of focus have been:

- Supporting clients with benefit entitlement and income maximisation
- Taking thousands of calls into our phone lines
- Distributing crisis, hardship, or debt relief payments
- Installing heating and insulation measures to help people stay warm
- Providing 1-2-1 advice delivering a variety of support interventions

During 2021/22 NEA:

- Received over 13,500 contacts from people seeking advice and support
- Provided advice to 5,660 people in individual sessions, 906 people in group sessions and delivered a further 87 client-facing events
- Directly supported 982 clients through benefit entitlement checks securing £3.15m confirmed benefits and £579,000 in unconfirmed benefits
- Distributed £350,000 in crisis and hardship grants
- Delivered over £2m worth of heating and insulation measures

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

Raising awareness of the causes of and solutions for fuel poverty and developing the energy efficiency skills of those able to support low-income households remains central to our mission. During the year we responded to the challenge of delivering against the backdrop of the pandemic, the net zero agenda and the emerging cost of living crisis. That involved working with communities, innovators, and frontline professionals.

National Energy Action continue to deliver quality assured accredited training to frontline professionals and volunteers to equip them with the knowledge and skills to delivery good quality, accurate advice, and support on domestic energy-related issues; and build capacity across the sector.

Our primary areas of focus have been:

- Training thousands of learners with essential skills and knowledge and return excellent satisfaction outcomes
- Producing resources for education providers such as schools
- Supporting young carers who are often in the most exposed household demographics, with the most complex needs. The charity regards them as a core group for support
- Delivering the Smart Energy GB in Communities to inform people about smart meters and the benefits they can bring
- Partnering firms with innovation and technical evaluation to enhance outcomes for low income and vulnerable consumers.

During 2021/22 NEA:

- Supported 4,788 learners with a reported reach of 2.3m clients
- Achieved 91% of learners saying they would recommend NEA training courses
- Partnered on 9 Technology Evaluation and Innovation projects
- Distributed 35 grants worth £576,000 as part of the Smart Energy GB in Communities programme, with another 39 grants worth £675,000 in 2022

Supporting members

By the end of March 2022 NEA had 336 ordinary members of which 221 were full members who carry voting rights within the charity's constitution. 231 were Supporting Members (free membership) and 105 Enhanced Members (fee-paying). NEA also has 31 members of its Business Supporters Group (BSG). NEA held 4 online BSG member meetings in 2021/22 sharing insight and helping to shape NEA policy developments and campaigns.

Key performance indicators

KPIs for 2021/22 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 2021/22:

Financial Management

NEA had budgeted for a surplus of £178,107 but has produced an operating surplus on activities of £544,412 or 6% of turnover for the year. The main reason for the increased surplus is unbudgeted donations.

In accordance with the Reserves Policy, during 2021/22 the Board approved the release back to the General Reserve of the designated fund of £404,692 as it was deemed to be no longer required for its intended purpose.

Delivery

94% of the work programme was successfully delivered on time with 6% of the programme carried forward into 2022/23 due to agreed changes to delivery schedules. (2020/21: 92% of the work programme delivered with 8% of work programme carried forward).

Management

During 2021/22, NEA has adapted to delivery during the constraints of the pandemic and the demands of the cost of living crisis. At the same time, with the introduction of a new strategy, we began the process of transforming many of our core systems and processes to make NEA more flexible, robust, and impactful. This transformation agenda will also enable NEA to adapt to the post-pandemic work environment.

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.

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. No further payments have been received from the liquidators during 2021/22 and the remaining recoverable balance of £312,916 is included within NEA's trade debtor figure at 31 March 2022 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 2022 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.

Green Network Energy

During 2020/21, work was carried out on behalf of Green Network Energy (GNE) in relation to the Warm Homes Discount scheme but in January 2021 GNE entered administration. At the time of the administration GNE owed NEA £413,867. Provision was included in NEA's accounts for the year ended 31 March 2021 for £307,000 of that debt, which was considered irrecoverable. The balance of £106,867, which was believed to be recoverable, was included within NEA's trade debtors figure as 31 March 2021. During 2021/22, based on an update from the administrators of GNE, a further bad debt provision of £37,729 has been processed through the charity's 2021/22 Statement of Financial Activities for the unrecoverable element of the GNE debtor. The total bad debt provision which has been processed through the charity's Statement of Financial Activities for the GNE net unrecoverable balance is £344,729. The remaining recoverable balance of £69,138 is included within NEA's trade debtor figure at 31 March 2022 which is disclosed in note 15 and it is expected that the outstanding sum will be received in full.

Financial Review

Statement of Financial Activities (SOFA) - 2021/22

The Statement of Financial Activities (SOFA) shows a net income on unrestricted activities of £304,275 (2020/21: £63,321). The transfers into the Charity's General Reserve are detailed below and the balance on it has increased by £956,597 from £1,566,216 at 31 March 2021 to £2,522,813 (2020/21 £393,740 decrease). The main reasons for the positive movement include the transfer of £247,177 from the Restricted Reserve to the General Reserve as a result of a surplus being earned on the 2021/22 restricted activities of the Charity together with the release of the designated reserve of £404,692 as it was deemed to be no longer required for its stated purpose by the Charity:

	£
SOFA Net Income - Unrestricted Funds	304,275
Transfer of Designated Reserve to General Reserve	404,692
Transfer from Restricted Funds	247,177
Unrealised Loss on Listed investments	453
Increase in General Reserve	956,597

Principal Income Sources and Fundraising

NEA's income is derived principally from delivery of services for a wide range of organisations. In 2021/22 the Statement of Financial Activities shows that total income increased by £2,371,915 from a total of £6,045,283 in 2020/21 to £8,417,198 in 2021/22, a 39% increase. The increase is principally a result of growth in both grant and sponsorship income during 2021/22. Grant income has increased by £1,796,168 from £4,066,778 in 2020/21 to £5,862,947 in 2021/22, details of which are shown in Note 5 to the accounts. A significant portion of this growth is as a result of our increased involvement in delivering the Reactive Response programme on behalf of Cadent Gas Limited and the Charities Trust. The remaining portion of the growth in grant income can be attributable to the impact of the Fishwick - Preston project, as the detailed planning phase was completed and the appointment of contractors took place during 2021/22. This activity earned income of £379,328 which represents an increase of £215,616 when compared to 2020/21. Sponsorship income also increased by £279,516 during 2021/22 from £1,549,931 in 2020/21 to £1,829,448 in 2021/22 and the main reason for this growth can be attributable to our management of Smart Energy GB's delivery of its targeted dissemination of information about smart meters at a community level.

During 2021/22, £315,563 of income was received from donations which is significantly more than the £26,658 which was received in 2020/21. The donations received during the year have been from both organisations and individuals. In previous years only a small amount of donations were received from individuals as fundraising activity with the public by NEA or anyone acting on its behalf was limited. During 2021/22, predominantly due to the COVID-19 pandemic and the cost of living crisis, NEA's public profile has been raised significantly which has resulted in a corresponding increase in donations from both organisations and individuals.

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 2021, 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 2021/22 is £3.1 million to £3.5 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 2022 was £2,522,813 (2020/21: £1,566,216).

During 2021/22, the Board approved the release of the remaining balance of £404,692 of the Post-HIP Transition Designated Reserve back to the General Reserve as it was deemed to be no longer required for its stated purpose by the Charity.

Taking into account the level of reserves at 31 March 2022 and the projected level of reserves to 31 March 2025, it is forecast that the reserve levels will be within the proposed preferred lower range. The plan to restore NEA reserves to within the preferred range has been approved by the Board in May 2022.

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 satisfactory 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 2023/24. 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 satisfactory financial position as a going concern and it will endeavour to improve its reserves position.

Plans for the future and new opportunities

Our Five-Year Strategy – Every Home Should Be a Warm and Safe Place

NEA has agreed a new five-year strategy that enable the Charity to drive toward its mission that everyone should be able to afford to keep their home warm and safe. The strategy has a strong focus on our beneficiaries, the alignment of fuel poverty with the net zero agenda and a transformation of our core enabling systems and processes.

The Strategy identified three key priorities for fuel poor households:

- **Tackling the Worst First** and bring targeted investment to those whose conditions are gravest, whose need is greatest and who have the least ability to act themselves;
- **Support Guaranteed** so good levels of support are available and based on need, not by a series of lotteries; and
- **A Decade of Delivery** not only in energy and net zero policy, but in welfare provision, public health, housing standards and community advice and support.

The Strategy identifies how NEA's core strengths of service delivery, advocacy and partnership development can deliver those priorities. It requires NEA to work over successive years to build a broader and stronger movement to eradicate fuel poverty across the UK.

Our Three-Year Business Plan

The 2022/25 business plan identifies five core challenges and eight key transformation workstreams. The core challenges will inform our annual planning. They are:

1. COVID-19 and the Energy Crisis will continue to challenge NEA as an advocate and advice provider. We do not aim to be a large-scale advice provider so we need to be clear what we provide, how we provide it, what the limits and boundaries of that support are and what powerful insight we can generate.
2. Political considerations could threaten progress in some of our key advocacy areas or it could create opportunities for radical changes in the approach to fuel poverty and warm homes. We may need to surf political opportunity, not work within a stable policy regime.
3. Energy Efficiency in fuel poor homes is at the heart of our Strategy. However, action to deliver Warm Homes within the decarbonisation of heat agenda may remain at too small a scale to have a significant impact. Longer term solutions to fuel poverty need to be promoted alongside (or to compensate for inadequate) mitigation action.
4. The composition and regulatory framework for the retail energy market will be subject to significant change. Consolidation of suppliers, reduction of cost base and measures to stabilise the retail market present an

opportunity to put in place deeper price protection for low-income households alongside likely changes to the price cap mechanism.

5. How NEA comes out the other end of the COVID restrictions could change the character of the charity as a place to work, our delivery models, our recruitment, accommodation strategies, systems, and procedures. The charity, our people, partners, and clients have a range of preferences and needs.

A number of transitional workstreams are outlined in our business plan to help NEA respond positively to a number of challenges. Delivery on the workstreams is staggered over the three year life of the business plan, but work on all of them began in earnest in April 2022. Each workstream is summarised below:

1. Advice Service Strategy

NEA advises and supports thousands of households each year. We do not plan to grow into a large-scale advice provider, but we will continue to provide advice to help households, understand their issues, understand the strength and weaknesses of support programmes and give NEA authority as an advocate. This delivery also generates important income to fund the charity's campaigning activity. From April 2022 we will be a multi-channel advice provider.

Aim: To structure our advice services to deliver an effective, impactful experience for our clients, allow our teams to work efficiently and with adequate support and to provide the charity with the authority to speak on behalf of fuel poor and vulnerable households.

2. Integrating Policy and Practice

We are the leading policy and advocacy organisation for those in or at risk of fuel poverty and a significant service deliverer. We aim to make an ever clearer and stronger connection between the insight from our engagement with clients and the design and delivery of policy and programme interventions.

Aim: NEAs operational delivery embeds best practice as set out by our policy and advocacy work which is in turn informed by evidence-based insights. Our teams have a better understanding of the work we do in other areas of the organisation, the role they play in delivering our wider strategic agenda, and in turn, the impacts we make for fuel poor households.

3. Flexibility and Efficiency

Adapting to Covid-19 has changed assumptions about how organisations work as a team and how they deliver against their priorities. To exploit positive opportunities for the charity and our people, we will:

Aim: To create employment conditions that offer flexibility to colleagues, attract and retain high calibre applicants and that enables the charity to deliver effectively and efficiently for the benefit of our beneficiaries.

4. Diverse and Sustainable Funding

For the continuing sustainability of NEA, we must and are keen to diversify our sources of funding to permit an increase in unrestricted resource for our advocacy functions and to reduce dependence on the restrictive nature of industry and defined funding. To do this requires a strong review of skills and competencies, ambitions and focus, brand projection.

Aim: We become more active in the energy space and across other areas of focus, prosecuting our case to become more impactful both in reach and in outcomes.

5. A Louder Voice

With numbers in fuel poverty likely to spiral, opportunities to drive more radical solutions are available but within a very crowded environment around energy prices, low carbon priorities, health priorities and others. We need to articulate the experience of households in fuel poverty ever more loudly. Our ambition with media, effectiveness in using case studies, clarity of voice and persistence of approach will all need to be up to the job.

Aim: We will grow our advocacy and campaigning capability and impact, to deliver the greatest positive impact for those living in fuel poverty.

6. A Bigger Movement

NEA is part of a bigger fuel poverty movement and the bigger that movement the more effective NEA will be as a campaigner, facilitator of action and delivery partner. The movement is broader than our membership, but that membership is vital to help others see how their priorities fit with fuel poverty alleviation and how small actions for more organisations add weight and power to NEA's mission. We have made good steps but will use the Energy Crisis and the Net Zero imperative to grow the movement

Aim: We will not achieve our vision alone, we will grow the network of organisations committed to our vision, to amplify our voice, and raise fuel poverty up the agenda.

7. Business Intelligence

Effective business intelligence relies on equally effective systems and processes. Changes to the design and delivery of projects, partners, funding types, reporting requirements and client information has evolved. As a result, there are too many moving parts to our procedures and we need to make sure that we rationalise, simplify and make fit for the foreseeable future.

Aim: To ensure information flow is accurate, with minimum opportunity for error, to allow reliable analysis, prediction, monitoring and feedback to all stakeholders. To be an agile partner and delivery agent.

8. Evaluating Progress

This business plan amounts to a significant transformation programme across NEA. We have identified areas which are essential for NEA to move forward effectively and with greater impact. We have also identified inevitable dependencies, contingencies and pinch points. Moreover our annual Delivery Plans during this business plan period will have more specific, functional targets to drive forward our strategic agenda. We will build a culture of open evaluation of success and setbacks to keep our strategy and business plan alive and relevant for staff, SMT and trustees.

Aim: We understand how effective we are in progressing our strategic aims during the strategic period, allowing us the opportunity to share successes, review and re-assess our delivery plan, and take corrective actions where required.

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 2021/22 households adversely affected by the COVID-19 pandemic and at risk during the cost of living crisis 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.

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 2022.

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 2021/22 at the Annual General Meeting in September 2021.

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: 21 July 2022

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 2022 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 charitable company; or
- the 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 2022~~

9 August 2022

National Energy Action (Operating as NEA)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

**STATEMENT OF FINANCIAL ACTIVITIES INCLUDING THE INCOME AND EXPENDITURE
ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
		2021/22	2021/22	2021/22	2020/21	2020/21	2020/21
		£	£	£	£	£	£
Income from:							
Generated funds:							
Donations		315,563	-	315,563	26,658	-	26,658
Investment income	4	9,040	6,504	15,544	11,376	33,557	44,933
Charitable activities:							
Increase Strategic Action Against Fuel Poverty		8,161	673,464	681,624	15,612	417,246	432,858
Develop and Progress Solutions to Improve Access to Energy Efficiency Products, Advice and Fuel Poverty Related Services in UK Households		-	5,925,790	5,925,790	-	4,119,676	4,119,676
Enhance Energy Efficiency and Fuel Poverty Education and Skills		-	1,410,464	1,410,464	-	1,361,507	1,361,507
Miscellaneous Income		68,214	-	68,214	59,651	-	59,651
Total Income		400,977	8,016,221	8,417,198	113,297	5,931,986	6,045,283
Expenditure on:							
Raising funds:							
Costs of generating donations	7	4,496	-	4,496	214	-	214
Charitable activities:							
Increase Strategic Action Against Fuel Poverty	6, 8, 9	91,753	597,638	689,391	50,981	384,874	435,855
Develop and Progress Solutions to Improve Access to Energy Efficiency Products, Advice and Fuel Poverty Related Services in UK Households	6, 8, 9	-	5,946,481	5,946,481	-	3,966,248	3,966,248
Enhance Energy Efficiency and Fuel Poverty Education and Skills	6, 8, 9	-	1,231,965	1,231,965	-	2,053,705	2,053,705
Total Expenditure		96,249	7,776,084	7,872,333	51,195	6,404,827	6,456,022
Recognised (loss)/gain on Investment assets	19	(453)	-	(453)	1,219	-	1,219
Net Income/(Expenditure) Before Transfers and Taxation		304,275	240,137	544,412	63,321	(472,841)	(409,520)
Transfers between funds	19,20	247,177	(247,177)	-	(286,877)	286,877	-
Taxation		-	-	-	-	-	-
Net Movement in Funds		551,452	(7,040)	544,412	(392,522)	(16,998)	(409,520)
Fund balances brought forward at 1 April		1,973,386	21,447	1,994,833	2,365,908	38,445	2,404,353
Fund balances carried forward at 31 March	19, 20 21, 22	2,524,838	14,407	2,539,245	1,973,386	21,447	1,994,833

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 2022

BALANCE SHEET AS AT 31 MARCH 2022

	Note	2022	2021
		£	£
Fixed Assets			
Tangible assets	14a	54,371	76,493
Intangible assets	14b	5,609	11,216
Total Fixed Assets		<u>59,979</u>	<u>87,709</u>
Current Assets			
Debtors	15	2,256,672	741,729
Investments	16	2,156	1,002,608
Cash at bank and in hand		5,351,445	5,549,320
Total Current Assets		<u>7,610,273</u>	<u>7,293,657</u>
Creditors: Amounts falling due within one year	17	<u>(5,131,006)</u>	<u>(5,386,533)</u>
Net Current Assets		<u>2,479,266</u>	<u>1,907,124</u>
Net Assets - Total Assets less Current Liabilities		<u>2,539,245</u>	<u>1,994,833</u>
The Funds of the Charity			
Unrestricted income funds	19	2,524,838	1,973,386
Restricted income funds	20	14,407	21,447
Total Charity Funds		<u>2,539,245</u>	<u>1,994,833</u>

The financial statements on pages 18 to 36 were approved by the Board of Trustees on 21 July 2022 and signed on its behalf by:


Claire Durkin
Chair

Company Number: 01853927

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 Total Funds £	2020/21 Total Funds £
Cash flows from operating activities		
Net cash used in operating activities	(1,213,872)	(458,812)
Cash flows from investing activities		
Dividends and interest from investments	15,544	44,933
Maturity of investments realised/(Investments made)	1,000,000	
Proceeds from sale of fixed assets	-	-
Purchase of fixed assets	-	(35,114)
Net cash used in investing activities	1,015,544	9,819
Change in cash and cash equivalents in the reporting period	(198,329)	(448,993)
Cash and cash equivalents at the beginning of the reporting period	5,551,928	6,000,921
Cash and cash equivalents at the end of the reporting period	5,353,600	5,551,928

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET

	2021/22 Total Funds £	2020/21 Total Funds £
Cash and cash equivalents comprise: -		
Investments	2,156	2,608
Cash at bank and in hand	5,351,445	5,549,320
	5,353,600	5,551,928

RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021/22 Total Funds £	2020/21 Total Funds £
Net surplus/(deficit) for the reporting period (as per the Statement of Financial Activities)	544,412	(409,520)
Adjustments for:		
Depreciation charges	27,730	28,538
Dividends and interest from investments	(15,544)	(44,933)
	-	-
(Increase)/decrease in debtors	(1,514,943)	313,506
Reduction in creditors	(255,527)	(346,403)
Net cash used in operating activities	(1,213,872)	(458,812)

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

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 221 full members and 115 associate members (2020/21: 133 and 76 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 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 satisfactory 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 satisfactory 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 Estimates & 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 the time of the liquidation of NEA's wholly owned subsidiary Warm Zones (WZ), it owed NEA £1,739,001. Provision has been made in NEA's accounts up to 31 March 2022 for £1,165,181 of that debt, which is considered to be irrecoverable. The recoverable balance of £573,820 was included within NEA's trade debtors figure at 31 March 2020 and an interim sum of £260,904 was received from the liquidators during 2020/21. No further payments have been received from the liquidators during 2021/22 and the remaining recoverable balance of £312,916 is included within NEA's trade debtor figure at 31 March 2022 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.

3. Statement of Compliance and Accounting Policies (continued)

During 2020/21, work was carried out on behalf of Green Network Energy (GNE) in relation to the Warm Homes Discount scheme but in January 2021 GNE entered administration. At the time of the administration GNE owed NEA £413,867. Provision was included in NEA's accounts for the year ended 31 March 2021 for £307,000 of that debt, which was considered irrecoverable. The balance of £106,867, which was believed to be recoverable, was included within NEA's trade debtors figure as 31 March 2021. During 2021/22, based on an update from the administrators of GNE, a further bad debt provision of £37,729 has been processed through the charity's 2021/22 Statement of Financial Activities for the unrecoverable element of the GNE debtor. The total bad debt provision which has been processed through the charity's Statement of Financial Activities for the GNE net unrecoverable balance is £344,729. The remaining recoverable balance of £69,138 is included within NEA's trade debtor figure at 31 March 2022 and it is expected that the outstanding sum will be received in full.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed below.

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 principally derived from carrying out work that helps regulated private sector organisations meet statutory obligations to alleviate fuel poverty which contributes to NEA's aims and objectives. Income is recognised 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 also 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.

3. Statement of Compliance and Accounting Policies (continued)

- 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 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. Statement of Compliance and Accounting Policies (continued)**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.

3.4 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. Statement of Compliance and Accounting Policies (continued)**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 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 at a lower of risk of failing 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 £48,467 is made in 2021/22 (2020/21: £55,244) financial statements, in addition to a provision of £14,000 (2020/21: £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. Statement of Compliance and Accounting Policies (continued)**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
- 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.

4. Investment Income

	2021/22	2020/21	2019/20
	£	£	£
Listed Investments	7	1	14
Bank Interest	15,537	44,932	37,695
Total	15,544	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 2021/22 is grant funded.

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

	2021/22	2020/21
	Total	Total
	All	All
	Restricted	Restricted
	£	£
Companies in the energy sector - Health & Innovation Programme	28,666	31,615
Companies in the energy sector - other	4,878,495	3,343,893
UK central, devolved and local government and the EU	632,721	313,291
Trusts and foundations	300,123	371,478
Housing Associations	22,941	6,501
	5,862,947	4,066,778
Other restricted income	2,153,274	1,865,208
Total restricted income	8,016,221	5,931,986

6. Analysis of charitable expenditure

	2021/22	Direct Staff Costs	Grant Funded	Direct Costs	Support Costs	Total 2021/22
Aim		£	£	£	£	£
1 Increase Strategic Action Against Fuel Poverty		448,035	-	45,488	195,868	689,391
2 Develop and Progress Solutions to Improve Access to Energy Efficiency Products, Advice and Fuel Poverty Related Services in UK Households		1,762,043	2,761,777	634,709	787,952	5,946,481
3 Enhance Energy Efficiency and Fuel Poverty Education and Skills		583,598	122,344	243,452	282,571	1,231,965
		2,793,676	2,884,121	923,649	1,266,391	7,867,837

	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

Other direct costs include irrecoverable VAT input tax amounting to £299,140 (2020/21: £108,880). 2021/22 Aim 2 and 3 direct costs include in total a £37,729 provision, £16,490 and £21,239, respectively, for the GNE irrecoverable debt. 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. Both provisions are detailed in note 15.

7. Cost of Raising Funds

	Staff Costs	Support Costs	Direct Costs	Total
	£	£	£	£
2021/22	2,263	719	4,496	7,479
2020/21	2,283	788	214	3,286

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. Support costs are allocated on the basis of staff time.

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

Charitable Activities

2021/22	Aim 1	Aim 2	Aim 3	Charitable Activities Total	Cost of Raising Funds	2021/22 Total
	£	£	£	£	£	£
Support staff	94,294	379,332	136,034	609,660	346	610,006
Staff training	1,240	4,986	1,788	8,014	5	8,019
Travel & Subsistence	2,400	9,656	3,463	15,519	9	15,528
Accommodation and insurances	41,040	165,099	59,207	265,346	150	265,496
IT support	10,194	41,009	14,706	65,909	37	65,946
Communication costs	11,464	46,117	16,538	74,119	42	74,161
Other general costs	16,653	66,994	24,025	107,672	61	107,733
Legal and professional costs	10,804	43,463	15,587	69,854	40	69,894
Capital grants/depreciation adjustment	4,286	17,244	6,184	27,714	16	27,730
General Capital Expenditure	3,493	14,052	5,039	22,584	13	22,597
	195,868	787,952	282,571	1,266,391	719	1,267,110

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

9. Grants Payable

	2021/22	2020/21
	£	£
Total grants paid to organisations and to individuals were: -		
Grants paid to organisations	2,881,402	1,919,884
Grants paid to individuals	10,530	9,000
	2,891,932	1,928,884

9. Grants Payable (continued)

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

	2021/22 £
Warm Homes Discount	
342 grants were awarded to individuals to fund fuel payments with an average award of £138.71. This was administered via NEA's WASH energy advice service.	£49,973
A grant of £453,259 was awarded to Boiler Plan Limited to install new heating systems in 164 homes to people who meet WHD priority and broader group criteria.	£453,259
1,402 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 2021/22.	£200,152
Smart Energy GB	
74 grant awards ranging in value from £7,425 to £25,000 were paid to a number of organisations across the UK to fund activity to promote Smart Meters at a community level. The grant awards were targeted to help certain groups of individuals which included those on low income, over 65, carers as well as members of the community whom have no access to the internet.	£540,335
Cadent Reactive Repair	
Both Agility Eco Services Limited and Preferred Management Solutions Limited were funded to provide measures in 1,115 homes of vulnerable, low income householders in the Cadent network area. The essential work carried out included servicing of "at risk" gas appliances as well as both repairing and replacing condemned gas appliances.	£1,481,338
Student Bursaries	
2 grants of £3,000 and one of £4,530 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.	£10,530
Community Action Projects	
The SSE Crisis & the PHA - Belfast Crisis funds awarded 229 grants and the funds aim is to help individuals in Northern Ireland who are finding it difficult to keep their homes warm, by offering energy advice and practical support to stay warm and well, and where appropriate, the provision of heating measures and discretionary financial assistance to alleviate the negative impacts on personal health and wellbeing arising from living in cold and damp homes.	£18,826
The Great Places Crisis fund awarded 155 grants to individuals to fund fuel payments.	£6,106
Phase 2 of the Energy Saving Trust Covid-19 Crisis Relief fund awarded grants to 288 low income households to fund fuel payments.	£51,638
The SSE/EDF Assistance fund awarded 4 grants to low income individuals for measures which included a contribution to a boiler installation, a replacement mobile thermostat & cooker.	£1,929
The Melin Homes Prepayment Meter Crisis fund awarded 380 grants to individuals to fund fuel payments.	£17,065
The SGN Hardship fund awarded 13 grants to individuals to fund fuel payments.	£1,807
The Energy Saving Trust Warm Welcome fund awarded 10 grants to individuals to fund fuel payments & the purchase of energy efficient cooking appliances.	£497
The SGN Warm and Safe Homes fund awarded grants to 74 SGN customers to fund emergency fuel payments.	£9,957
The WWU fund awarded grants to 41 low income households to fund the repair or replacement of gas central heating systems, associated pipework and gas cookers.	£33,604
The EST Winter Hardship Fund awarded 150 grants to low income households who use pre-payment meters to fund fuel payments.	£14,916
Total grants paid 2021/22:	2,891,932
2020/21:	1,928,884

In the prior 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 Wicks Memorial Fund	
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:	<u>1,928,884</u>

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 7 trustees in 2021/22 (2020/21: 5), amounting to £1,973 (2020/21: £803)

In 2021/22 employee benefits, including employers pension contribution, totalling £502,763 were paid to 6 key management personnel (2020/21: £448,624 to 5 key management personnel).

11. Employees

The average number of employees during the year was: -

	2021/22 Number	2020/21 Number
Chief Executive & Deputy	2	2
Northern Ireland	5	5
Wales	0	2
Support Services	13	12
Operations - Community Engagement and Demonstration	20	16
Operations - Skills, Standards and Delivery	15	13
Policy and Research	9	7
Communications and External Relations	10	9
Special Projects	3	2
Income Maximisation	6	7
Total	83	75

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

	2021/22 Number	2020/21 Number
£60,000 - £69,999	2	3
£70,000 - £79,999	1	1
£80,000 - £89,999	-	-
£90,000 - £99,999	1	1

Total pension contributions for staff members receiving emoluments of more than £60,000 during the year amounted to £35,015 (2020/21: £41,412).

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 £314,246 (2020/21: £279,428). At 31 March 2022, outstanding contributions to be paid over to the Scheme Administrator were £31,249 (31 March 2021: £510).

13. Net expenditure before transfers

	2021/22 £	2020/21 £
Net expenditure before transfers is arrived at after charging:		
Amounts payable to the auditor for:		
- Audit Fee	20,500	19,600
Other professional and legal fees	70,322	35,477
Depreciation	27,730	28,538
Operating Leases – Land and buildings	206,180	213,895

14a. Tangible Assets

	Leasehold properties - short £	Furniture, fixtures & equipment £	Total £
Cost			
1 April 2021	117,711	381,698	499,410
Additions	-	-	-
31 March 2022	117,711	381,698	499,410
Depreciation			
1 April 2021	42,863	380,053	422,916
Charge for the year	20,477	1,645	22,122
31 March 2022	63,340	381,698	445,038
Net book value at 31 March 2022	54,370	0	54,371
Net book value at 31 March 2021	74,848	1,645	76,493

14b. Intangible Assets

	Website design £
Cost	
1 April 2021	16,825
31 March 2022	16,825
Depreciation	
1 April 2021	5,608
Charge for the year	5,608
31 March 2022	11,216
Net book value at 31 March 2022	5,609
Net book value at 31 March 2021	11,216

15. Debtors

	2022 £	2021 £
Trade debtors	1,294,510	570,143
Other debtors	4,582	4,785
Prepayments and accrued income	957,580	166,801
Total Debtors	2,256,672	741,729

At 31 March 2022 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 2022/23. This is the same amount as was expected to be recoverable from the liquidation of WZ as at 31 March 2021. The total bad debt provision which has been processed through the charity's Statement of Financial Activities in previous financial years for the WZ net unrecoverable balance is £1,165,181.

Also at 31 March 2022 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. During 2021/22, based on an update from the administrators of GNE, a further bad debt provision of £37,729 has been processed through the charity's Statement of Financial Activities for the GNE debt and this is in addition to the £307,000 bad debt provision which was processed through the 2020/21 Statement of Financial Activities. The total bad debt provision which has been processed through the charity's Statement of Financial Activities for the GNE net unrecoverable balance is £344,729.

National Energy Action (Operating as NEA)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 CONTINUED

16. Investments

	2022 £	2021 £
Listed investments at market value	2,156	2,608
Historical cost of listed investments	(130)	(130)
Revaluation Reserve	2,026	2,478
Investments have been revalued at the 31 March 2022 closing price quoted on the London Stock Exchange		
Fixed-term bond deposits		
Matured March 2022	-	1,000,000
		-
Total Fixed-term bond deposits	-	1,000,000

17. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	472,032	307,329
Taxation and social security costs	31,249	8,238
Other creditors	2,057,221	2,057,221
Holiday pay provision	62,467	69,244
Accruals	566,274	729,347
Deferred income (see note 18)	1,941,763	2,215,154
Total Creditors	5,131,006	5,386,533

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.

	2022 £	2021 £
Balance at 1 April	2,215,154	2,981,414
Amount released to income during year	(750,850)	(1,144,319)
Amount deferred in the year	477,459	378,059
Balance at 31 March	1,941,763	2,215,154

19. Unrestricted Income Funds

2022	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers Between Funds £	Net Investment Losses £	Balance at 31 March 2022 £
General Reserve	1,566,216	400,977	(96,249)	651,869	-	2,522,813
Unrealised Gain on Investments	2,478	-	-	-	(453)	2,025
Designated Reserve - Post-HIP Transition	404,692	-	-	(404,692)	-	-
	1,973,386	400,977	(96,249)	247,177	(453)	2,524,838

During 2021//22 the Board of Trustees approved the release of the remaining balance of £404,692 of the Post-HIP Transition Designated Reserve back to the General Reserve as it was deemed to be no longer required for its stated purpose by the Charity.

National Energy Action (Operating as NEA)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 CONTINUED

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

20. **Restricted Income Funds**

2022	Balance at 1 April 2021	Income	Expenditure	Transfers Between Funds	Balance at 31 March 2022
	£	£	£	£	£
Increase Strategic Action Against Fuel Poverty	13,533	673,464	(597,638)	(82,867)	6,492
Develop and Progress Solutions to Improve Access to Energy Efficiency Products, Advice and Fuel Poverty Related Services in UK Households	7,914	5,932,293	(5,946,481)	14,189	7,915
Enhance Energy Efficiency and Fuel Poverty Education and Skills	-	1,410,464	(1,231,965)	(178,499)	-
	21,447	8,016,221	(7,776,084)	(247,177)	14,407

2021	Balance at 1 April 2020	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

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 2016/22.

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 and transfer to the general fund. In 2021/22, £247,177 was transferred from the restricted funds to the unrestricted funds as the Charity made a surplus on its restricted activities. In 2020/21, there was the requirement to transfer £455,842 from the unrestricted funds to the restricted funds 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 2022 (2020/21: £Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 CONTINUED

Restricted Funds held at 31 March are: -

	2022	2021
	£	£
Coventry Hardship Fund	3,757	3,757
Keeping Coventry Warm Fund	4,158	4,158
Northern Ireland Donation Fund	6,492	13,533
	14,407	21,447

21. Analysis of Net Assets between Funds

	2022			2021		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Fixed Assets	59,979		59,979	87,709	-	87,709
Net Current Assets	2,464,859	14,407	2,479,265	1,885,677	21,447	1,907,124
Net Assets at the end of the year	2,524,838	14,407	2,539,245	1,973,386	21,447	1,994,833

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 2022 £6,492 remained to be spent in 2021/22.

Key information about activities and public benefit is given in the Strategic Report of the Trustees for the year ended 31 March 2022, on pages 3 to 14 of this document.

23. Financial Commitments – Operating Lease Commitments

The total future minimum lease payments under non-cancellable operating leases.

	2022		2021	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
Payable within one year	183,952	18,181	196,509	16,400
Payable between one and five years	383,576	35,252	554,779	56,718
Payable after five years	-	-	-	-
	567,528	53,433	751,288	73,118

The total value of lease payments recognised as an expense in 2021/22 was £206,180 (2020/21: £213,895).

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 2022 capital commitments were £Nil (31 March 2021: £Nil).