REGISTERED CHARITY NO. 286142

THE ENGINEERING COUNCIL

TRUSTEES' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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A note on terminology

In 2013 the Privy Council approved an amendment to the corporation's Charter that formalised its name change to the Engineering Council from the Engineering Council UK. The Engineering and Technology Board business name remains EngineeringUK. .

THE ENGINEERING COUNCIL

TRUSTEES' ANNUAL REPORT – SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2013

1. The Engineering Council was incorporated by Royal Charter on 27 November 1981 and is a registered charity (charity registration number 286142). The address of the principal and registered office is 246 High Holborn, London, WC1V 7EX. Whilst the name was formally changed back to the Engineering Council in 2013, its objects remain the same:

   'The objects of the Engineering Council shall continue to be to advance education in, and to promote the science and practice of, engineering (including relevant technology) for the public benefit and thereby to promote industry and commerce in Our United Kingdom and elsewhere.'

2. The Engineering Council is responsible for the setting and maintenance of the generic standards for professional development of engineers and is responsible for the national register of over 233,000 Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians.

2. Trustees of the Engineering Council during the year are listed on page 2.

3. A statement of the Trustees' responsibilities relating to accounting matters is given on page 19. The members of the Board are deemed to be the Trustees.

4. The method of selection of Board members is as laid down in the Council's Bye-Laws approved by the Privy Council.

5. The principal professional advisers to the Council are listed on page 3.

6. The Council is obliged to act only within the purposes set out in its Royal Charter.

7. The investment of surplus monies is governed by Bye-law 54.

8. Details of the Council's aims, objectives and activities are dealt with on pages 6-15.

9. As required under the Charity Commission's revised Statement of Recommended Practice (SORP 2005) for the preparation of the Annual Trustees' Report and Accounts, an exercise has been undertaken to identify the major risks facing the Council, and steps taken to mitigate them.

MEMBERS OF THE BOARD AND TRUSTEES OF ENGINEERING COUNCIL
CHANGES IN 2013

			Last meeting	First meeting
1	British Computer Society - The Chartered Institute for IT	Prof Andrew McGettrick CEng FBCS FIEE		
2	Chartered Institution of Building Services Engineers	Mr David Hughes CEng FIMechE FCIBSE		
3	Institution of Chemical Engineers	Prof David Bogle CEng FREng FIChemE	Mar/13	
	Institution of Chemical Engineers	Prof Jonathan Seville CEng FREng FIChemE		Sep/13
4	Institution of Civil Engineers	Mr William Kemp MBE CEng FICE FIHT		
5	Institution of Engineering & Technology	Mr Tom Ridgman CEng FIET		
6	Institution of Engineering & Technology	Ms Michelle Richmond CEng FIET		
7	Institution of Marine Engineering, Science & Technology	RAdm Nigel Guild CB (Chairman) CEng FREng FIET FIMarEST		
8	Institute of Materials, Minerals and Mining	Dr David Gooch CEng FIMMM		
9	Institution of Mechanical Engineers	Prof Tony Unsworth CEng FREng FIMechE	Jun/13	
	Institution of Mechanical Engineers	Mr Rob Smith CEng FIMechE		Sep/13
10	Royal Aeronautical Society	AVM David Couzens CEng FIMechE FRAeS		
11	Society of Operations Engineers	Mr Roger O'Loughlin IEng FSOE		
12	Institution of Structural Engineers	Prof David Cleland CEng FIStructE	Mar/13	
	Institution of Structural Engineers	Prof Roger Plank CEng FIStructE MICE		Dec/13
13	Group B	Mr Nigel Hendley CEng MICE MCIWEM		
14	Group B	Mr Chris Boocock CEng FEI FIMechE	Nov/12	
	Group B	EUR ING Prof Simon Vaitkevicius CEng MIED		Sep/13
15	Group C	Dr Ray Clark OBE CEng CEnv HonFSEE		
16	Engineering UK	Ms Yvonne Baker CEng MIChemE		
17	Engineering UK	Prof John Uff CBE QC CEng FREng FICE		
18	Engineering UK	Mr Paul Jackson CEng FIET		
19	Engineering UK	Ms Dawn Ohlson CEng FIET		
20	Engineering UK	Ms Isobel Pollock CEng FIMechE	Out Jun/13	
21	Engineering UK	Mr Paul Excell CEng FBCS MIET		
22	Engineering UK	Col Rod Williams CEng FIMechE		

SENIOR STAFF

Chief Executive Officer
Jon Prichard CEng FICE FInstRE

Operations Director
Deputy Chief Executive Officer
David Hogan CEng FIET

Head of Policy & Standards
Deborah Seddon

Head of Administration & Support
Gillian Paterson FCIPD

Head of Marketing & Communications
Sue Brough MCIM Chartered Marketer

Head of International
Katy Turff CMgr MCMI

Head of Technicians & Apprenticeships
(From 1 October 2013)
Caroline Sudworth PhD

PROFESSIONAL ADVISERS

Pension Administrators
Cartwright Benefit Consultants Ltd.
Boundary House
4 Country Place
Chelmsford
Essex
CM2 0RP

Actuaries
Cartwright Benefit Consultants Ltd.
175 Kings Road
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Auditors
Saffery Champness
Lion House
Red Lion Street
London
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Financial Accountants
Reeves & Co LLP
37 St Margaret's Street
Canterbury
CT1 2TU

Bankers
HSBC Bank plc
165 Fleet Street
London
EC4A 2DY

Investment Managers
Baring Asset Management Limited
155 Bishopsgate
London
EC2M 3XY

Solicitors
Wedlake Bell
52 Bedford Row
London
WC1R 9HF

Pension & Life Assurance
Jelf Group
Endeavour House
Crow Arch Lane
Ringwood
Hampshire
BH24 1HP

Insurance Brokers
Aon Consulting Limited
Briarcliff House
Kingsmead
Farnborough
GU14 7TE

CORPORATE MISSION

The mission of the Engineering Council is:

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

STRATEGIC PLAN 2012 – 2015. The Engineering Council continued to implement its strategic plan for the period 2012 – 2015. The Plan was reviewed by the Trustees in September and it was confirmed the following strands of development should continue to be pursued:

- **CPD**. To review the profession's approach to Continuing Professional Development (CPD) so that professional engineers and technicians, with the support of their employers, are equipped to routinely maintain and improve their competence and therefore enhance the value that they deliver.
- **IEng Promotion**. To develop the IEng brand and deliver a campaign that raises awareness of and promotes the value of IEng registration.
- **Eng Tech Promotion**. To develop the Technician brand and deliver a campaign that raises awareness of and promotes the value of Technician registration.
- **International**. To extend the influence and global reach of UK engineering through the promotion of the benefits of competency based assessment aligned to UK-SPEC.
- **Employers**. To develop partnerships between employers and PEIs that deliver value to both parties through their commitment to the professional qualification process.

CORE BUSINESS

Additionally the Engineering Council continued to deliver its core business which is summarised as:

- **Policy and Standards**: Ensure that UK-SPEC is globally recognised and that standards are maintained and appropriately developed, and supported by PEIs and other stakeholders.
- **International:** Ensure that Engineering Council standards are globally recognised and that the international mobility of engineering professionals is facilitated.
- **Licensing and Quality Assurance**: Ensure that Licensed Members efficiently maintain consistent standards of individual competence in accordance with UK-SPEC.
- **Registration**: Manage the registration process and associated information systems, ensuring the integrity of the registration database.
- **Governance**: Ensure that the professional engineering community continues to provide public benefit through appropriate structures and professional behaviours.
- **Marketing and Communications**: Promote the value and public benefit of professional registration to clients, employers, learning providers, institutions, registrants and potential registrants, in order to improve take up of registration and provide greater assurance to the public.
- **Finance, Administration and Support**: Ensure that the operation of the organisation is delivered in an efficient and effective manner.

In 2013 the core business followed an internal improvement theme of Delivering Excellence - developing the Engineering Council as a centre of excellence for regulatory activity with benchmarked processes and published performance criteria.

The improvement theme for 2014 is Sharing Excellence - extending and sharing best practice amongst the professional engineering community in order to be recognised as a leading profession within the UK.

GOVERNANCE

The Engineering Council is governed by a 22 member Board of Trustees, which is appointed in accordance with the Engineering Council's Bye-Laws. Twelve of the members are appointed by the major engineering institutions; three by the smaller institutions and the remaining seven by EngineeringUK.

Engineering institutions are licensed by the Engineering Council to assess candidates for registration with the Engineering Council. These licences are periodically reviewed through a quality assurance process. The composition of the Board provides stakeholder representation through institution-nominated members, and the involvement of the wider profession through EngineeringUK nominees.

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

The Board operates through two principal committees (Registration Standards Committee and Quality Assurance Committee) and three panels (International Advisory Panel, Privy Council & Governance Panel, and Finance, Audit and Remuneration Panel). The Chairs of all are selected from among the Board members. In January 2014 a further panel was formed of the smaller PEIs with 5,000 or fewer registrants, known as the Group B and C Panel.

The constitution and membership of the Board is published on the Engineering Council website (www.engc.org.uk). An extranet is maintained, which is available to stakeholders, primarily the Professional Engineering Institutions (PEIs), Engineering Council Trustees, and volunteer members of the Engineering Council's Committee and Panels, as well as Engineering Council staff. The Terms of Reference of the Board Committees and Panels are published on the Extranet. Amongst other information published on the Extranet are Board Agendas, Minutes and Papers; and proceedings of the Board Committees and Panels.

Before taking office, all Trustees are formally inducted by the Chief Executive Officer and the Senior Management Team. The induction process is based on the Institute of Chartered Secretaries & Administrators Best Practice Guide to the Appointment and Induction of Charity Trustees.

RELATED PARTIES

EngineeringUK is a related party to the Engineering Council. Details of this relationship are given in note ~~18~~ 10 to the Financial Statements.

ENGINEERING COUNCIL ANNUAL REVIEW 2013

During 2013 the Engineering Council had achievements in the following key areas:

STRATEGIC PLAN 2012 – 2015

CPD

- Continuing Professional Development Policy Statement (CPD) and Code for Registrants approved (September) and launched (November)
- mycareerpath, the online tool for recording CPD, achieved significant growth with three new professional engineering institution participants and 44% increase in users, to over 9000.

IEng Promotion

- First IEng winner of Baroness Platt of Writtle Award announced (30 entries received, from 15 PEIs)
- Issued good practice guidance for PEIs
- The IEng Steering Group met twice to discuss the IEng/CEng differences and definitions, in order to inform the UK-SPEC review
- Investigation into unsuccessful CEng PRIs was undertaken, resulting in recommendations to QAC and RSC and sample letters drafted for use by PEIs
- New IEng registrations increased by 29.64%.

Eng Tech Promotion / Technicians

- Establishment of the Engineering Apprenticeship and Technician Qualifications (EATQ) Forum, chaired by Dr Jean Venables CBE and supported by 27 PEIs, to take a profession-wide strategic approach to EATQ issues
- Two EATQ Forum working groups comprising members and staff from PEIs established to work on consistency and database matters
- Worked with 'Big 3 PEI' project team to create EngTech Now branding and website
- Through the Technician Registration and Membership (TRaM) Project, reported research findings to further support the development of a number of joint value propositions for the capture and retention of technician registrants.

International

- Understanding of developments in the International Engineering Education Accords has matured leading to Board agreement on policy changes required to ensure UK registration standards are maintained
- Developed the UK position on the FEANI proposal to work with the European Commission to pilot the European Professional Card
- Developed the international value proposition statement and initiated evidence gathering through case studies.

Employers

- Employer 'Value Propositions for Professional Registration' generated following PEI and business consultation.
- 'Business Reference Group' established for engagement and consultation.

CORE BUSINESS

Policy and Standards

- Three key documents (UK-SPEC, ICT*Tech* Standard and the Regulations for Registration[1]) were reviewed and revised documents were approved by Trustees in December
- The review of 'Accreditation of HE Programmes' (AHEP) began, a second consultation was launched and alignment with the QAA's review of its engineering subject benchmark review secured
- The occasional use of a language other than English in the professional review interview PRI was confirmed
- Guidance was published about the assessment of applicants without the exemplifying academic qualifications, incorporating and updating guidance on separate pathways
- A professional engineering institution Heads of Membership Reference Group was established to meet up to twice a year
- Research was undertaken and discussions held with PEIs to confirm our position with regard to the Washington Accord

[1] Regulations for Registration renamed as Registration Code of Practice as part of the review.

- Engineering Gateways: the first individual secured IEng registration via a BEng Engineering Gateways programme, as well as a further five CEng registrants, and strong support for the model was confirmed at a workshop attended by over 40 participants from range of sectors
- Secretariat provided for eight Engineering Accreditation Board (EAB) visits (Plymouth, Reading, Nottingham, Glyndwr, Manchester NTEC, Imperial, Bath and Durham) looking at 85 programmes (2 Fd, 12 BSc (Hons), 20 BEng (Hons), 25 MEng, 26 MSc)
- Innovative accredited provision case studies were published on Engineering Council's website
- The number of EUR-ACE® Framework Labels purchased by UK universities increased from 30 to 118
- Participated in a review leading to BIS agreement that a new 'kite-marking' system for engineering degrees is un-necessary.

International

- Significant engagement with developments in the European Directive on Recognition of Professional Qualifications and proposals for a European Professional Card.
- Monitoring developments in European Free Trade Agreements that may impact recognition of professional qualifications
- Comments submitted to HMG Review of the Balance of Competences in the European Single Market
- Represented UK Engineering in the European Federation of National Engineering Associations (FEANI), European Network for Accreditation of Engineering Education (ENAEE) and in the International Engineering Alliance (IEA)
- Reviewed value proposition for registration in the global context
- Evaluated the impact of internationalisation of the register on the Engineering Council business model
- Risk and opportunity registers created for international activities
- International information on website overhauled, extensive 'Frequently Asked Questions' added and new Institution Guidance issued
- Early stage discussions with three national bodies on multi-party recognition agreements.
- Board Washington Accord Review Group launched

Licensing and Quality Assurance

- Four 5 year reviews for IPEM, CIBSE, RAeS and IOM3 have been held
- Eight Interim Reviews have been held for, IDGTE, ICME, BCS, IHE, IOP, IMarEST, CIHT and TWI.
- Three Professional Affiliate Reviews for, ITP, IExpE and CICES have been held. It is anticipated that the Permanent Way Institution will be making an application, in 2014
- ISO 9001 recertification achieved in January with a successful surveillance visit in October
- Five workshops for licensed members and professional affiliates have been successfully held, one cancelled due to insufficient attendees to make it viable
- The updated Licensing Manual was approved at the January 2013 QAC and the revised Volunteer handbook was reviewed at the October 2013 QAC meeting
- We continue to hold joint reviews where appropriate with the Science Council (SciC) and the Society of the Environment (SocEnv), to date four such reviews were completed in 2013. We are also represented at both the SciC and SocEnv Regulation Authority meetings
- The Quality Management System (QMS) is now embedded within the EngC Operational Framework and a robust internal audit schedule is in place.
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Registration

- Overall the number of registrants was maintained at around 233k during the course of the year. This is a significant improvement in comparison to the gradual decline over the last 10 years
- EngTech final stage registrants increased by 2.91% and final stage ICT Technician (ICT*Tech*) registrants increased by 19.91%; however retention still remains an issue
- The number of new final stage registrants has increased for the sixth year running (up 17.26% from 2012 and up 92.90% since 2007). There has been an increase in the number of new final stage Engineering Technicians (EngTechs) (4.46%), Incorporated Engineers (IEngs) (29.64%) and Chartered Engineers (CEngs) (21.46%)
- For the first time since 2001 there have been more new final stage registrants joining the register than leaving it
- As in 2012 females represent 4.36% of those on the register. However, the total number of final stage female registrants increased by 565 to 9676 (6.20%)
- The numbers of final stage female EngTechs have increased by 10.74%, IEngs by 11.80%, CEngs by 5.68% and ICT*Techs* by 33.33%

- There has also been a 27.97% increase in the number of new final stage female
- Overseas registrants make up 18.40% of Registrants which is similar to the 2012 figure.
- Significant improvements have been made to the reconciliation process

Governance

- Review completed of the Charter, Bye-laws and Regulations, signed off at the Board meeting 5 Dec 2013 and implemented from 1 Jan 2014.
- Nine PEI Charter and Bye-laws amendments reviewed as one of the advisors to the Privy Council

Marketing and Communications

- Registrant survey conducted for first time by EngC (previously carried out by EngineeringUK on behalf of EngC)
- Marketing workshops held on membership retention, customer service, EngTech and IEng registration, and social media. In addition, a general workshop for new PEI staff has been run, in conjunction with the Registration and Licensing departments
- Project MERCATOR has moved into a new phase of data collection, building on previous learning plus information and statistics already collected. Valuable statistics on the potential registrant population collected.
- Supported the NECR in November with eleven PEIs in attendance on a Professional Development Hub.
- A library of over 100 PowerPoint slides in 15 presentations (presentation toolkit), including relevant notes, uploaded to the Extranet for use by EngC staff, volunteers, representatives PEI staff, etc.
- Registrant certificates have been redesigned, after consultation, with a more traditional look.
- Student/graduate research report into PEI student and graduate membership packages issued.
- New accreditation leaflet developed and issued to PEIs licensed to accredit degree programmes (100 each initially), as well as all relevant stakeholders.
- Website review continued. FAQs updated. International section redesigned and updated. Navigation and search facility improvements under way.
- Annual registration statistics report recreated, using reporting function related to new register. This allowed for additional reports to be created and the report itself restructured and improved.
- 'What we do' rolling presentation created.
- Further developed social media activity with increasing followers.

Finance, Administration and Support

- Document management system now firmly established within MS SharePoint and legacy document system now 'read only'. As part of the QMS, a new document management policy and procedure has been developed and briefed to staff
- Staff appraisal system in place, with 100% completion of year end reviews. Staff objectives have been agreed for the coming year based on the EngC Strategic Plan.
- Successful annual performance review of Shared IT support/managed service provider, System Professional, contract to run for a further two years.
- Disaster Recovery site now established at Park Royal which meets the requirements of the EngC and EngineeringUK Business Continuity Plans, particularly the recovery objectives. The facility functionality was successfully tested on in both August and September.
- Complete update of the Registrant database rolled out in April 2013, together with an overhaul of registration extranet tools, revised data submission formats and registration documentation. A further update in September 2013 - Phase 2 of the Digitisation project, addressed emergent issues from Phase 1 and has resulted in an improved service to the institutions and increased reliability.
- The new Register and improved reconciliation and reporting functions have allowed greater cleansing of the registrant data we hold and the production of more comprehensive statistical reports.
- New Risk and Opportunity Management Policy and Risk Register developed and aligned with SORP requirements
- The shared (EngC and EngineeringUK) end user support contract, outsourced to System Professional (Sys Pro) in September 2012, underwent its 12 month review in August 2013 in accordance with the Service Level Agreement with the recommendation to the MIS Board was that the contract should continue.
- The majority of the end of year reconciliations were achieved via on-line submission which has facilitated a thorough data cleanse of the Register, which has allowed substantial progress in reconciling the Register to the databases of individual institutions to ensure that the correct fees are remitted by the institutions and that registrant data is up to date. A further update to the Register (Phase 3) is planned for 2014 as part of our continual improvement strategy.

REPORT OF THE BOARD OF THE ENGINEERING COUNCIL

The Board met on four occasions in 2013, including a two-day Retreat held at Wokefield Park near Reading in September and an AGM in June. Many Board Members also served on the Board Committees, whose work is reported separately.

Volunteer Effort

Volunteer effort, through its Board, committees, panels and working groups, continues to be crucial to the work of the Engineering Council as noted at the IOSO9001 recertification visit by LRQA in January 2013. A conservative estimate gives the total resource given to the Engineering Council throughout the year as approximately 1,200 days. Given the standing of those involved, the financial equivalent would be in the order of £620,000 per annum. These figures have not significantly changed in the last year.

Two series of volunteer seminars were held during the year. These were well attended with more than 50 volunteers involved is each session. The seminars provide volunteers with the opportunities for networking identification of current issues, updates on future plans and the exchange of good practice.

Marketing Registration

The Marketing and Communications department has three members, a Head of Marketing and Communications, a Senior Marketing Executive and a Marcomms and Web Assistant. It reports to the Board via FARP, a member of which acts as the 'marketing link'.

The triennial registrant survey was carried out during 2013, managed by the marketing department. This is the first time this has been managed by the Engineering Council, having previously been run by EngineeringUK research staff.

The marketing workshop programme has continued, with five taking place during 2013, attended by representatives of Professional Engineering Institutions (PEIs) and Professional Affiliates (PAs). The attendees were mainly marketing or membership/professional registration staff. Topics are chosen based on feedback from PEIs or previous workshops, and aligned to Engineering Council (EngC) Strategic Plan activities. Individual marketing meetings have also continued with the larger institutions, enabling discussions regarding key messages and promotional campaigns, as well as sharing of resources, materials, experiences and good practice. Strong relationships have now been built between the marketing department and many institution employees. In addition, it is clear that the PEI staff are now realising the benefits of working together and sharing experiences and good practice.

Evidence of this is provided by the success of team working on the 'Professional Development Hub' at the National Engineering and Construction Recruitment exhibition (NECR), in November 2013, where 11 PEIs exhibited on the stand, run by the Engineering Council. 'Business cards' containing QR codes linking to the Engineering Technician (EngTech), Incorporated Engineer (IEng) and Chartered Engineer (CEng) eBooks were created and used at the NECR.

The MERCATOR project has progressed well during 2013, with a change of emphasis – from looking at statistics on the profession as a whole to identifying those who are eligible for registration and working in the profession, resulting in the collection of data that will be extremely useful, both for the Engineering Council and the PEIs. Initially this will be used to inform those working on IEng promotion and the various projects promoting EngTech. Information collected under the MERCATOR banner has also been used to inform the Malpas Report review into the 'Universe of Engineering', a project led by the Royal Academy of Engineering.

The marketing team has been involved in the creation of materials to be used for the EngTechNow campaign, to promote Engineering Technician registration. Although this work has been instigated by the big three institutions under a '3 PEI Project', branding, wording and messaging is being overseen by the Engineering Council to ensure consistency across activities.

The website review has continued, albeit slowly due to lack of resource. During 2013 the FAQ section was improved to assist in saving staff time responding to questions, and the international section was overhauled and improved. A new search facility is under development and plans for improving navigation are in process.

The Engineering Council has continued to build on its presence in the world of social media, using Twitter in particular to develop links to universities, employers and individuals. Several groups have been set up on LinkedIn, including one for PEI staff to exchange experience and information, and an official Engineering Council group which has attracted many registrants. Facebook is used to share news, again with registrants

or the engineering community in general. Social media provides an effective and useful channel for communicating with a younger audience and for conveying messages to contacts quickly and easily.

Following a brief consultation registrant certificates have been redesigned, returning to a more traditional look. The 'pocket guide to professional registration' was well received and is now being updated. A new leaflet on accreditation was created during 2013, for use by students and their advisers, universities, employers, regulators and funders, and the profession as a whole.

Marketing activities have contributed to a continued increase in numbers of new registrants during 2012 and a decrease in the number of registrants leaving the register.

Technician Registration

Following the initiation of the Technician Registration and Membership (TRaM) project in 2012, greater focus on the promotion of engineering technician registration was achieved. Through the TRaM project, the professional engineering institutions have come together and identified key joint ventures that will support the promotion of, and increase in, the registration of engineering technicians.

In line with the increasing attention on technicians and apprenticeships by the profession and a wide range of stakeholders, including government, the Engineering Council took the opportunity to establish the Engineering Apprenticeship and Technician Qualifications Forum (EATQ Forum), which has replaced the previous Technician Forum. The EATQ Forum met for the first time in July 2013 under the chairmanship of Dr Jean Venables CBE and with strong support from professional engineering institutions. The EATQ Forum saw the need to determine and support a consistent and transparent approach to the approval of qualifications and programmes, and through a working group will develop guidance for the profession, and deliver greater understanding of this with a range of stakeholders.

As identified in the Perkins Review of Engineering Skills[2], the linking of vocational qualification and apprenticeship schemes with the *"professional registration of engineering technicians will help to address the severe shortages that face this cohort – a strong technician register is likely to raise awareness and increase the status of technician occupations, thus encouraging more young people to pursue careers in technician roles. In addition, registration has a strong focus on transferable skills and professional development, thereby helping individuals to adapt easily to technological developments in the workplace, helping to prevent further skills gaps from occurring. Technician registration provides a clear route into and through the engineering profession..... Benefits to the individuals include improved recognition, earnings potential and career prospects."*

It has been realised that the Professional Standards (UK-SPEC in particular) have an important role to play in assuring the quality of vocational qualifications and Trailblazer apprenticeships, and in enhancing the status of these routes into engineering.

The work of the Engineering Council, through the EATQ Forum, will be paramount in delivering these activities; As such, the role of Head of Technicians and Apprenticeships was established to demonstrate the commitment of the profession to this agenda. In October 2013, Dr Caroline Sudworth was appointed to this role, with the responsibility of driving forward the technician registration strategic plan.

REPORT OF THE REGISTRATION STANDARDS COMMITTEE

RSC met four times during 2014, once more than has been its recent practice due to the high volume of business. RSC is chaired by David Hughes, Engineering Council Trustee and CIBSE nominee. During the year, there were several membership changes which are summarised as follows:

Dr Rob Best (IChemE) was nominated to serve a second term on RSC, as was Professor Barry Clarke who had been nominated to serve a second term as Chair of EAB, which is an ex-officio RSC position;
John Williams (SOE), Mike Marshall (ICE), David Arthur (IOM3) and John Wills (IMarEST) stepped down and were replaced by Jim Fuller, Paul Venn, Ian Bowbrick and Professor John Chudley, respectively;
Jennifer Bousfield (CIBSE) was appointed to the committee to fill a vacancy; Brigadier Steven Boyd MBE was appointed as InstRE's nominee. InstRE is a new institution member of RSC.

In line with its core business directed towards maintaining standards and keeping these under review, RSC's main focus has been the five year review of several of the Engineering Council's key documents: the UK

[2] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/254885/bis-13-1269-professor-john-perkins-review-of-engineering-skills.pdf

Standard for Professional Engineering Competence (UK-SPEC), the Information and Communications Technician (ICT*Tech*) Standard, the Regulations for Registration and the Accreditation of HE Programmes (AHEP). The review process included several consultations across the profession and with other key stakeholders. RSC received reports about these and recommendations from the four steering groups that were established to undertake the work. Broadly, the responses were positive and supportive of the existing documentation, as well as providing helpful suggestions of revisions for consideration.

The Board of Trustees approved the revised versions of UK-SPEC and the ICT*Tech* Standard in December 2013. The revised Standards document make the 'commitment' element of securing registration clearer and include greater emphasis on topics that have come to the fore since the previous review such as ethics, risk and health and safety. They are due for publication by early 2014, with the work on AHEP due to be completed in Spring 2014.

The Regulations for Registration have been re-named the Registration Code of Practice (short name Registration Code) to remove confusion with the Engineering Council's Regulations. This was issued to professional engineering institutions in December 2013. Most of the revisions amounted to a tidying of language, clarification or minor additions. The UK regulatory requirement for institutions to have procedures in place to identify applicants with a professional qualification awarded in another EU state who are admitted under the European Directive has now been incorporated in to the Registration Code.

RSC has been responsible for two strands of work in the current strategic plan: Continuing Professional Development (CPD), and Incorporated Engineers and Technicians. RSC has received reports and recommendations from those steering groups. Of note, was the publication in November of a CPD Policy Statement and a Code for Registrants, which had the strong support of the profession. These were developed through a thorough process of consultation and discussion with professional engineering institutions and are intended to move the profession forward while not imposing unreasonable demands. The work on Incorporated Engineers has focused on contributing to the review of UK-SPEC, with less time available to focus on marketing than had been hoped. Work has also been undertaken on how assessors communicate the possibility of seeking IEng registration to unsuccessful CEng candidates.

Other standards-related work has included: consideration of the situation whereby a relatively small number of individuals retain registration in more than one section of the register, and what the exceptional circumstances for that may be; agreement to co-terminate the Specially Authorised Process with the date of institution licence renewals; contribution to on-going discussions about the Engineering Council's position within the Washington Accord; completion of a review into the use of other languages during the professional review interview, and an agreed position statement; a review and subsequent publication of updated guidance about the assessment of Individual Route applicants.

In line with the increasing attention by a range of stakeholders, including government, on technicians and apprenticeships, RSC endorsed the proposal to establish an Engineering Apprenticeship and Technician Qualifications Forum (EATQ Forum) to replace the Technician Forum.

REPORT OF THE QUALITY ASSURANCE COMMITTEE

QAC met four times in 2013 under the Chairmanship of, Tom Ridgman, Director External Education; University of Cambridge, Engineering Council Trustee and IET nominee. The primary role of the Quality Assurance Committee (QAC) remains to award appropriate licences to PEIs which are considered competent to assess candidates for registration in accordance with the Registration Code and evaluate academic courses and professional development schemes for accreditation, against UK-SPEC.

QAC also continues to encourage and support co-operation with, and between, Institutions in order to improve efficiency and effectiveness of the Registration and Accreditation processes.

Attendance at the meetings remained high and averaged over 80%. Two members retired having completed their two 3-year terms, a further member resigned due to pressure of work and two new members joined the committee. At present there are 16 members on the Committee compared with 17 at the end of 2012. Current membership is drawn from 15 institutions, including ten Group A institutions (i.e. those with greater than 5,000 registrants), two from Group B (1000 to 5000 registrants) and three from Group C (less than 1000 registrants).

The Science Council and the Society for the Environment continue to have representatives (staff) as observers on QAC and three joint more licensing reviews have been conducted. This is part of the process of developing joint licensing with these two organisations. Planning meetings between staff continue to be held quarterly to progress this project.

There were four 5 year licence reviews conducted, for Institute of Physics and Engineering in Medicine (IPEM), Chartered Institute of Building Services Engineers (CIBSE), Royal Aeronautical Society (RAeS) and Institute of Materials, Minerals and Mining (IOM3). Eight Interim Reviews were held for, Institute of Diesel and Gas Turbine Engineers (IDGTE), Institute of Cast Metal Engineers (ICME), The Chartered Institute for IT (BCS), Institute of Highways Engineers (IHE), Institute of Physics (IOP), Institute of Marine Engineering, Science and Technology (IMarEST), Chartered Institute of Highways and Transportation (CIHT) and The Welding Institute (TWI). Three Professional Affiliate Reviews for the Institute of Telecommunications Professionals (ITP), the Institute of Explosive Engineers (IExpE) and the Chartered Institution of Civil Engineering Surveyors (CICES) have been held. It is anticipated that the Permanent Way Institution (PWI) will be making an application for professional affiliate status in 2014.

The Quality Management System (QMS) is now firmly embedded within the Operational Framework and the organisation and resulted in the achievement of ISO9001 recertification by LRQA in January 2013. The follow up October 2013 surveillance visit was highly successful, resulting in the closure of seven outstanding minor non-conformances.

Five new liaison officers were nominated by the PEIs in 2013. The pool of liaison officers supporting QAC now stands at a total of 50. The liaison officers continue to meet at volunteer seminars, held twice a year and they make a significant contribution to the development of a consistent approach to registration and accreditation activities and to the exchange of good practice.

In addition to licence review visits staff have continued with regular visits to PEIs observing interviews, accreditation visits, training sessions, committee meetings, as well as informal meetings to discuss progress on specific issues particularly related to Continuous Performance Improvement (CPI). In January 2013, the Licensing Manual was updated and approved by the QAC and reissued.

The workshop programme has continued with five workshops for licensed members and professional affiliates successfully held and covering Group C collaboration, an introduction for new institution staff, mentoring, moderation and consistency and individual route applications. These workshops are now part of the QMS to ensure competence of PEI staff and volunteers and are a key activity in meeting the requirements of ISO 9001 as well as continuing to contribute to the effective exchange of good practice between PEIs on a range of licence related issues.

The Engineering Council licensing department normally consists of three full time staff with some administrative assistance although a vacancy exists at this time, following the departure of a Senior Licensing Executive.

REPORT OF THE PRIVY COUNCIL AND GOVERNANCE PANEL

The Privy Council and Governance Panel (PCGP) was chaired by David Couzens, Engineering Council Trustees and RAeS nominee, continues to discharge its principal role of providing advice to the Board on responses to requests for advice from the Privy Council Office on matters concerning the governance of PEIs. It also remains active in terms of the internal governance of the Engineering Council.

The Panel met five times in 2013 and continues to comprise of three Board members plus two appointees (Keith Lawrey - FST and Philip Corp – ex-Board member and previous Chair of QAC).

During 2013 the Privy Council requested the Engineering Council's comments on nine proposed amendments submitted by licensed members and PAs. As in 2012, there were no major issues arising, although there was an ongoing issue regarding the use of post nominals and the establishment of new registers, which remains under review.

Liaison with the Privy Council Office has been maintained and the relationship continues to be good.

The emphasis on disciplinary matters remains and, as in 2012, the number of instances was small and remained at less than five per annum, although there was one significant complaint that remains under review.

As previously reported, the PCGP instigated a review of the Engineering Council's Charter, at the request of the Board, Bye-laws and Regulations. This was successfully completed and signed off by the Board on 5 December 2013. The updated Charter, Bye-laws and Regulations were adopted on 1 January 2014;

INTERNATIONAL ADVISORY PANEL

The International Advisory Panel (IAP) was chaired by Nigel Hendley, Engineering Council Trustee and Group B nominee provides advice to the Board on international issues affecting registrants and Licensed Members. Individuals representing the Engineering Council on external committees that are of international relevance report through the IAP.

During 2013 the IAP has continued to oversee progress of the international plan. It conducted a review of the impact of globalisation of the registers on the Engineering Council business plan and established a register of risks and opportunities.

The IAP identified the need to open up a debate with international partners on interpretation of 'competence-based routes' and the recognition of registrants who do not hold exemplifying academic qualifications. The discussion will be taken forward during the course of 2014.

Significant effort has been devoted to tracking development of the European Commission's proposals for revision of Directive 2005/36: recognition of professional qualifications. In particular it has been necessary to clarify the relationship between the proposal for a European Professional Card and the Engineering Card launched by FEANI in 2012. This work will continue following adoption of the amending Directive 2013/55 on 28 December 2013.

There were 163 new UK EUR ING registrations over the course of 2013. FEANI approved changes to the criteria to remove age requirements and bring the experience requirements for graduates of recognised engineering programmes from outside the FEANI area into alignment. This benefits EUR ING applicants holding Washington Accord degrees. The rules were tightened in respect of graduates with non-accredited engineering degrees awarded within the FEANI area and the Engineering Council is continuing to work with the FEANI European Monitoring Committee to determine the most appropriate criteria for this group of applicants.

By the end of 2013, nine agencies had been approved by European Network for Accreditation of Engineering Education (ENAEE) for the award of the EUR-ACE® Label. Three candidate agencies are in progress. The UK review was deferred to 2014. In the meantime, four new UK universities expressed interest in the Label with additional sales bringing the UK total to 63 with a further 28 pending. There are no territorial boundaries on award of the Label providing a programme is accredited by an authorised agency and there are signs that some universities in Accord country partners are interested in seeking a label through UK accreditation.

International Engineering Alliance signatories met in Seoul in June 2013. The China Association of Science and Technology (CAST), sponsored by the Engineering Council, was admitted as a Provisional Signatory. The Philippines Technological Council also became a Provisional Signatory. Dublin Accord membership doubled to eight, with bodies representing Australia, Korea, New Zealand and USA completing the admission review process. The Engineering Council hosted observers from the Association for Engineering Education Russia (AEER) which is interested in joining the Dublin Accord.

The International Activity web pages were revised and updated and a set of frequently asked questions has been added. Amendments have been made to allow international recognition flags to be added to programmes in the Academic Course Search database (ACAD).

REPORT OF THE FINANCE AUDIT AND REMUNERATION PANEL

The Finance, Audit and Remuneration Panel (FARP) was chaired by William Kemp, Engineering Council Trustee and ICE nominee and met on four occasions during 2013. The Panel also discussed other matters by correspondence and telephone as they arose, ratifying decisions formally where necessary.

The Engineering Council budget for 2013, requiring a grant from EngineeringUK of £2,503,109 (including the annual contribution to the pension scheme of £316,000 (2012 - £316,000), was determined by the Finance, Audit and Remuneration Panel (FARP) and approved at the May 2013 meeting of the Trustee Board. It was subsequently approved by the EngineeringUK Board. The budget was developed and applied to the four areas of activity described in the reports above, it was also applied to the operational and governance costs of the organisation. A detailed breakdown of expenditure appears in notes 5-10 to the Financial Statements. Regular scrutiny of expenditure was undertaken to ensure that the work of the Engineering Council was as cost-effective as possible and this will be further implemented in 2014.

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

During 2013 the Engineering Council administered an in-house payroll function, whilst all other accounting functions continued to be outsourced, and were carried out by Reeves & Co LLP who were appointed in December 2009. The pension scheme administration was carried out by Cartwright Benefit Consulting Ltd. (formerly Gallagher Employee Benefits).

The inclusion of the Engineering Council Pension Scheme under FRS17 has reduced staff costs by £759,000 (2012 - £305,000), increased direct costs by £100,000 (2012 - £111,000) and resulted in an actuarial loss on the scheme of £796,000 (2012 - loss of £633,000). The overall effect of applying FRS17 is thus to increase Net Incoming Resources by £659,000 (2012: £218,000) and to decrease the Net movement in funds by £137,000 (2012 - £415,000). No significant comment is made with respect to the Net Incoming Resources as the grant mechanism ensures that the required funding is provided.

Investments. The Engineering Council's investments continued to be managed by Baring Asset Management Limited. FARP monitored the performance of its investments throughout the year.

Engineering Council Pension Scheme. The Trustees of the Engineering Council Pension Scheme met three times during 2013. Under the agreed recovery plan, it was expected that the funding shortfall that was identified in the 2009 triennial valuation would be eliminated by 2018. A new triennial valuation, as at 31 December 2012, was produced during the course of 2013 which showed an increase to the scheme deficit. A revised recovery plan was agreed at the December Board.

The Engineering Council, as the Principal Employer, continued to make payments in accordance with the schedule of contributions which was agreed in March 2011. Following the triennial valuation discussions took place to agree a new schedule of contributions, resulting in an increase to the payments from 2014 onwards. As part of the discussions the Employer agreed that, in addition to the annual recovery plan payment of £316,000, it would make a further payment to the scheme of £500,000. This payment was made in November 2013.

Risk assessment. The Trustees assessed the major risks to which the Engineering Council was exposed in accordance with SORP 2005, in particular those related to operations and finances, and were satisfied that systems were in place to mitigate the Engineering Council's exposure to major risks.

Reserves policy. Following review in November 2013, the reserves held were critically examined to ensure they adequately matched the Engineering Council's current and future needs. The major issues raised during this examination are summarised below:

> **General fund** - The general fund is a reserve used for the long term development of the Engineering Council and also for unexpected events such as a possible significant drop in funding. The majority of the fund is held in investments in accordance with the Investment Policy. To ensure the financial viability of the fund and its ability to meet its on-going commitments the Engineering Council intends to maintain, on average, sufficient reserves to cover six months' expenditure. The general fund as shown in the financial statements includes a deficit of £1,068,000 (2012 – deficit £931,000) reflecting a deficit on the Engineering Council Pension Scheme calculated under FRS17 in respect of the Council's share of this defined benefit scheme. Trustees believe that this notional funding calculation, which can vary considerably according to the assumptions made at each year end, has no material effect on the Council's cash flows in the short term, and that in the long term its effects are sustainable out of future income. Disregarding this deficit and tangible fixed assets for reserves policy purposes, the charity's general fund was £1,953,169 (2012 - £2,042,795), a figure not materially different from nine months' expenditure.
>
> **Designated fund - Legal Actions reserve** - The Legal Actions fund is a reserve set aside to cover potential legal costs resulting from either proceedings concerning a registrant's conduct, or failure of the FEANI register, or proceedings concerning an examination candidate. In November 2013 the Panel examined the likelihood of each of these three factors, which they deemed to be low risk and therefore agreed that there was no longer the need to retain a separate Legal Actions reserve going forward and that the amount shall revert to the general fund.

Investment Policy and Returns. The Trustees considered the most appropriate policy for investing funds and have found a mix of equity based trusts, gilts and cash holdings best met the Engineering Council's requirements for both income and capital growth. The Engineering Council's investment policy is based on securing low-risk investment with easily liquidated assets.

In order to achieve this objective, the Trustees confirmed they were happy to continue with the appointment of Baring Asset Management Limited as fund managers. The Barings fund allows the Engineering Council access to the assets invested in the event that such access is required. The fund is a Charity Commission approved Common Investment Fund that aims to achieve an absolute return based on CPI+ 5% rather than being compared against other funds. Investment manager's fees are absorbed in the value of the fund and are therefore not separately identifiable.

With CPI at 2.7 % (source BBC) in January, the fund has met its stated objectives (CPI + 5%) in the last 12 months, with a gain of 9.5% against a target of 7.7 %. FARP was content with this performance which was in line with investment gains across other funds.

It is confirmed that the investments held were acquired in accordance with powers available to the Trustees.

Public Benefit

The Board continues to monitor the Charity Commission's guidance on public benefit and is a standing agenda item for the PCGP. In March 2012, they reviewed and approved the detailed assessments that were prepared by the Privy Council & Governance Panel. These assessments (Tables 1 and 2) are shown below.

Table 1

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

Mission: "To maintain internationally recognised standards of competence and commitment for the engineering profession, and to license competent institutions to champion the standards."

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

This Table lists the principles of public benefit and their key factors as set out in the Charity Commission guidance published in January 2008 and assesses whether each factor is satisfied by the Engineering Council. Reference is made to the specific activities and benefits in Table 2.

Serial	Principle or factor	Assessment
1	***There must be an identifiable benefit or benefits***	Engineering underpins provision and/or distribution of the basic necessities of civilised life: buildings, energy, water and sanitation, food, transport, healthcare, communications, defence. The major public benefit is the professional regulation that the Engineering Council and its licensed member institutions exercise over their registrants and members when serving the general public.
1a	*It must be clear what the benefits are*	See specific public benefits in Table 2, serials 1-11.
1b	*The benefits must be related to the aims (i.e. objects)*	The object is pursued in conjunction with the Engineering Council's licensed member institutions through the core functions of registration and accreditation to consistent standards. The end result public benefits (1 above) are generated by qualified registrants and institution members working in private and public sector industries and services.
1c	*Benefits must be balanced against any detriment or harm*	While some engineering products or activities are potentially harmful, the professional code of conduct and professional education and training all emphasize safety, sustainability and concern for the environment. Benefits vastly outweigh detriment. Downside would be greater without professional ethical commitment. See Table 2 serial 2
2	***Benefit must be to the public, or to a section of the public***	Benefits of sound engineering are to the public generally, and, in varying degrees, to all mankind.
2a	*The beneficiaries must be appropriate to the aims*	Yes
2b	*Where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by:* • *Geographical or other restrictions;* • *Ability to pay any fees charged*	Individual registrants, totalling nearly 233,000, receive particular benefits in addition to the general public benefits at 2 above. Discussed at 2d below Registration is conditional on meeting academic and other standards of competence – an integral part of achieving the overall public benefit. Moreover, registration is voluntary, not a statutory 'licence to practise' Annual registration fees range from £14 for Engineering Technician to £28 for Chartered Engineer, reducible to £8 and £12 respectively for individual cases of hardship. See also Table 2, serial 11 In conclusion, members of the public wishing to become registrants are not unreasonably restricted on either count.
2c	*People in poverty must not be excluded from the opportunity to benefit*	Covered in 2 and 2b above
2d	*Any private benefits must be incidental*	The private benefits of registration directly contribute towards achieving the Engineering Council's aims and are a necessary result of carrying out those aims. The CC's legal analysis underpinning its guidance quotes at para 3.84 a case – IRC v Forrest – relating to membership of one of the Engineering Council's licensed member institutions, which applies equally to registration.

Table 2

PUBLIC BENEFIT OF ENGINEERING COUNCIL, IN CONJUNCTION WITH ITS LICENSED MEMBER INSTITUTIONS

	Engineering Council activity	Institution activity	Effect	Public benefit
1	Set and maintain standards of professional competence in 4 categories: Engineering Technician, ICT Technician, Incorporated Engineer, Chartered Engineer	Contribute to defining standards, in conjunction with industry and academia; promote standards	Coherent, relevant national standards, adopted by Quality Assurance Agency (QAA)	Defined learning progression for existing and prospective engineers, technicians and craftspersons; benefit to industry & commerce and thus to national economy
2	Define generic standards of professional conduct and ethics	Tailor standards to own field; require all members to observe standards in institution code of conduct. May provide advice facility to members	Members observe standards	Positive contribution to safety, sustainability, the environment, industrial effectiveness and public confidence
3	Require institutions to have complaints and disciplinary procedures; appellate body in defined circumstances	Produce and operate complaints and disciplinary procedures in support of (2)	Reported breaches of standards by members dealt with fairly and transparently	Public confidence in profession; a degree of redress for complainants
4	License institutions to register qualified individuals through defined procedures	Promote registration and institution membership; assess and register qualified individuals	Evidence of the professional competence and commitment of individual engineers and technicians	Assists employers and clients in recruiting or engaging individuals; public confidence
5	License institutions to accredit academic courses and approve professional development courses for engineers	Accredit and approve courses (often jointly)	Identifies courses leading to exemplifying qualifications for individual registration	Raises and maintains the quality of engineering education; helps to inform curriculum design and promote innovative methods of teaching; assists students in selecting courses and career options; encourages education in economically important fields; attracts foreign students to UK universities, enhancing the universities' reputation and financial position; supports industry in developing high quality programmes that support professional registration
6	License institutions to approve vocational qualifications and programmes for technicians; host a technician working group to develop initiatives and share good practice	Approve Vocational Qualifications (VQs)and Apprenticeship programmes	Links existing VQs and Apprenticeship programmes to Engineering Technician standard	Informs awarding organisations and apprenticeship developers of suitability of VQs and apprenticeship programmes for registration; allows individuals with approved VQs and apprenticeships to register as Engineering Technicians via a streamlined route
7	State requirement for individual CPD (part of (2))	Facilitate and monitor members' CPD	Members maintain competence	Contributes to (2), (4) and (5)
8	Conduct periodic review of licensed institutions	Operate internal quality assurance procedures	Licence requirements and standards maintained and applied consistently	Underpins (2-6)
9	Represent UK in negotiating international agreements for mutual recognition of qualifications; advise government departments	Advise and support members; admit and register qualified individuals educated overseas; form alliances with overseas institutions	Increased employment and working mobility of engineers & technicians	UK firms can compete and operate more effectively overseas, to the benefit of UK economy; overseas recognition of and demand for UK professional recognition enhances reputation of UK; increased recognition of UK engineering qualifications provides greater encouragement for individuals to seek the knowledge and competence to achieve them
10	Train institution volunteers in registration and accreditation procedures (e.g. interviewing, mentoring, assessment)	Identify volunteers from among members; cascade training to further volunteers	Contributes to (4, 5, 8)	Contributes to (4, 5, 8)
11	Charge individual registration fees	Charge individual membership fees	Financial viability of bodies	All bodies charge reduced fees for some of: student members, young members, technician members, non-corporate (unqualified) members, members temporarily not working, retired members

ENGINEERING COUNCIL ANNUAL REVIEW 2013

STATISTICS AT YEAR END

Total number of Registrants

	2013	2012
Final Stage Registrants	222,603	222,600
Interim Registrants	10,039	10,920
Total	**232,642**	**233,520**

Breakdown of Final Stage Registrants

CEng	176,430	176,479
IEng	31,028	31,443
EngTech	14,868	14,447
ICTTech	277	231
Total	**222,603**	**222,600**

New Final Stage Registrants

CEng	5,988	4,930
IEng	1,356	1,046
EngTech	2,036	1,949
ICTTech	99	159
Total	**9479**	**8,084**

Losses from the Register at Final Stage

Deaths	846	1,162
Other losses	8871	9,710

Female Registrants

The number of female registrants rose to 10,260 from 9716 in 2012; the largest growth for final stage registrants was in Chartered Engineers which increased to 8,832 from 8,357 in 2012.

Overseas Final Stage Registrations

CEng	36,028	33,091
IEng	3,378	2,966
EngTech	1,423	1,247
ICTTech	12	6
Total	**40,841**	**37,310**

Overseas Final Stage registrants amounted to 17.5% (16.6% in 2012) of the Register. The largest numbers of overseas Final Stage registrants were based in Hong Kong (11,323), Australia (6,206) and USA (3236).

The above Trustees' Report on pages 1-19 was approved by the Trustees on
17 June 2014 and signed on their behalf by the Chairman of the Board:

Rear Admiral Nigel Guild
Chairman of the Board

Statement of Trustees' responsibilities

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

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

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements on pages 22 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2013 and of its outgoing resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Saffery Champness

Saffery Champness

Chartered Accountants
Statutory Auditors

Lion House
Red Lion Street
London
WC1R 4GB

Date: 14 July 2014

The Engineering Council

Statement of financial activities
for the year ended 31 December 2013

	Note	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Incoming resources					
Incoming resources from generated funds:					
Activities for generating funds	2	-	**17,631**	**17,631**	15,643
Investment income	3	-	**43,570**	**43,570**	43,496
Incoming resources from charitable activities	4	**432,556**	**2,382,086**	**2,814,642**	2,838,911
Total incoming resources		**432,556**	**2,443,287**	**2,875,843**	2,898,050
Resources expended					
Costs of generating funds:					
Trading expenses	2	-	**3,166**	**3,166**	4,215
Charitable activities	6,7	**421,189**	**2,069,289**	**2,490,478**	2,560,306
Governance costs	8	-	**17,379**	**17,379**	16,881
Total resources expended		**421,189**	**2,089,834**	**2,511,023**	2,581,402
Net incoming resources before transfers		**11,367**	**353,453**	**364,820**	316,648
Transfers between Funds	16	**(13,912)**	**13,912**	-	-
Net incoming resources before revaluations		**(2,545)**	**367,365**	**364,820**	316,648
Gains and losses on revaluations of investment assets		-	**87,810**	**87,810**	48,931
Actuarial gains and losses on defined benefit pension schemes	18	-	**(796,000)**	**(796,000)**	(633,000)
Net movement in funds for the year		**(2,545)**	**(340,825)**	**(343,370)**	(267,421)
Total funds at 1 January 2013		23,653	1,291,719	1,315,372	1,582,793
Total funds at 31 December 2013		**21,108**	**950,894**	**972,002**	1,315,372

All activities relate to continuing operations.

The notes on pages 24 to 36 form part of these financial statements.

Balance sheet
as at 31 December 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	12		**65,725**		79,924
Investments	13		**1,508,803**		1,377,934
			1,574,528		1,457,858
Current assets					
Debtors	14	**220,725**		242,231	
Cash at bank and in hand		**368,448**		649,722	
		589,173		891,953	
Creditors: amounts falling due within one year	15	**(123,699)**		(103,439)	
Net current assets			**465,474**		788,514
Total assets less current liabilities			**2,040,002**		2,246,372
Defined benefit pension scheme liability	18		**(1,068,000)**		(931,000)
Net assets including pension scheme liabilities			**972,002**		1,315,372
Charity Funds					
Restricted funds	16		**21,108**		23,653
Unrestricted funds:	16				
Unrestricted funds excluding pension liability		**2,018,894**		2,222,719	
Pension reserve		**(1,068,000)**		(931,000)	
Total unrestricted funds			**950,894**		1,291,719
Total funds	16		**972,002**		1,315,372

The financial statements were approved by the Trustees on 17 June 2014 and signed on their behalf, by:

Mr William Kemp
Chairman of the Finance,
Audit and Remuneration Panel

Rear Admiral Nigel Guild
Chairman of the Board

The notes on pages 24 to 36 form part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005 and applicable accounting standards.

1.2 Fund accounting

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the charity has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

1.4 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

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

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies (continued)

1.6 Investments

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

1.7 Operating leases

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

1.8 Foreign currencies

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

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

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

1.9 Pensions

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

The Council fully adopts Financial Reporting Standard 17 (FRS17) and the impact of this standard has been reflected throughout the financial statements.

In accordance with FRS17, the Statement of Financial Activities includes: the cost of benefits accruing during the year in respect of current service costs (charged against staff costs within charitable activities); the interest cost and the expected return on assets (shown as direct costs); and actuarial gains and losses (disclosed within other recognised gains and losses).

In accordance with FRS17, the balance sheet includes the surplus or deficit in the scheme. Pension scheme assets are measured at fair value and pension scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond, rated as AA or equivalent, of the same term and currency as the scheme liabilities (iBoxx Corporate AA 15+ years Index). The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

Further details regarding the scheme are disclosed in note 18.

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

1.10 Taxation

The charity is exempt from tax on its charitable activities.

Notes to the financial statements
for the year ended 31 December 2013

1. Accounting policies (continued)

1.11 Value Added Tax

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

2. Activities for generating funds

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Trading income	-	**17,631**	**17,631**	15,643
Fundraising trading expenses				
Stamp purchases	-	**3,166**	**3,166**	4,215
Net income from activities for generating funds	-	**14,465**	**14,465**	11,428

Trading income comprises professional stamps, replacement registration certificates and sale of ties and lapel pins.

3. Investment income

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Interest from fixed asset investments	-	**43,059**	**43,059**	42,910
Bank interest receivable	-	**511**	**511**	586
	-	**43,570**	**43,570**	43,496

Notes to the financial statements
for the year ended 31 December 2013

4. Incoming resources from charitable activities

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Charity incoming resources	**432,556**	**2,382,086**	**2,814,642**	2,838,911

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Grants	**316,000**	**2,187,000**	**2,503,000**	2,503,109
FEANI income	**-**	**68,696**	**68,696**	90,795
Gatsby TRaM grant	**116,556**	**-**	**116,556**	69,312
Miscellaneous income	**-**	**4,637**	**4,637**	10,121
Admin fee to EngineeringUK	**-**	**86,350**	**86,350**	87,710
Professional services	**-**	**14,820**	**14,820**	14,600
Project income	**-**	**-**	**-**	48,347
PDS license fee	**-**	**20,583**	**20,583**	14,917
Total	**432,556**	**2,382,086**	**2,814,642**	2,838,911

5. Analysis of resources expended by activities

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £	Total 2012 £
Direct costs	**2,263,630**	**226,848**	**2,490,478**	2,560,306

6. Direct costs

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Pension expense (note 11)	**-**	**100,000**	**100,000**	111,000
Project spend	**104,340**	**25,078**	**129,418**	63,038
Recruitment and temporary staff	**-**	**32,842**	**32,842**	88,746
Training	**-**	**17,190**	**17,190**	7,005
Conference fees	**-**	**425**	**425**	2,306
Computer and information systems costs	**-**	**187,133**	**187,133**	264,327
Advertising	**-**	**32,089**	**32,089**	38,888
Travel and subsistence	**348**	**85,930**	**86,278**	81,367
Subscriptions and meetings	**501**	**83,922**	**84,423**	101,256
Accommodation costs	**-**	**197,952**	**197,952**	190,471
Wages and salaries (note 10)	**316,000**	**1,079,880**	**1,395,880**	1,311,043
Total	**421,189**	**1,842,441**	**2,263,630**	2,259,447

Notes to the financial statements
for the year ended 31 December 2013

7. Support costs

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Telephone	-	**18,821**	**18,821**	21,059
Printing, stationery and office supplies	-	**45,115**	**45,115**	28,737
Maintenance of equipment	-	**5,984**	**5,984**	8,502
Sundries	-	**5,344**	**5,344**	4,313
Rental of office equipment	-	**18,909**	**18,909**	24,022
Bank charges	-	**3,077**	**3,077**	2,917
Accountancy	-	**19,923**	**19,923**	20,296
Legal and professional fees	-	**6,322**	**6,322**	102,611
Insurance	-	**48,589**	**48,589**	40,335
Application fees	-	**20,103**	**20,103**	-
Depreciation	-	**34,661**	**34,661**	48,067
Total	-	**226,848**	**226,848**	300,859

8. Governance costs

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Auditors' remuneration	-	**13,479**	**13,479**	13,056
Accountancy	-	**3,900**	**3,900**	3,825
Total	-	**17,379**	**17,379**	16,881

9. Net incoming resources

This is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the charity	**34,661**	48,066
Auditor's remuneration	**13,479**	13,056

During the year, no Trustees received any remuneration (2012 - £NIL).
During the year, no Trustees received any benefits in kind (2012 - £NIL).
16 Trustees received reimbursement of travel expenses amounting to £23,577 in the current year, (2012 - 15 Trustees - £13,029).

Notes to the financial statements
for the year ended 31 December 2013

10. Staff costs

Staff costs were as follows:

	2013 £	2012 £
Wages and salaries	**1,058,414**	996,898
Social security costs	**120,611**	108,886
Other pension costs (Note 18)	**216,855**	205,259
	1,395,880	1,311,043

The average monthly number of employees during the year was as follows:

	2013 No.	2012 No.
	23	21

The number of higher paid employees was:

	2013 No.	2012 No.
In the band £60,001 - £70,000	**1**	1
In the band £80,001 - £90,000	**0**	1
In the band £90,001 - £100,000	**1**	0
In the band £130,001 - £140,000	**1**	1
	3	3

11. Pension expense

	2013 £	2012 £
Expected return on pension scheme assets	**302,000**	308,000
Interest on pension scheme liabilities	**(402,000)**	(419,000)
	(100,000)	(111,000)

Notes to the financial statements
for the year ended 31 December 2013

12. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2013	**215,563**	**71,858**	**139,622**	**427,043**
Additions	**-**	**3,242**	**17,220**	**20,462**
At 31 December 2013	**215,563**	**75,100**	**156,842**	**447,505**
Depreciation				
At 1 January 2013	**176,023**	**67,271**	**103,825**	**347,119**
Charge for the year	**14,873**	**1,846**	**17,942**	**34,661**
At 31 December 2013	**190,896**	**69,117**	**121,767**	**381,780**
Net book value				
At 31 December 2013	**24,667**	**5,983**	**35,075**	**65,725**
At 31 December 2012	39,540	4,587	35,797	79,924

13. Fixed asset investments

	Listed securities £
Market value	
At 1 January 2013	**1,377,934**
Additions	**43,059**
Revaluations	**87,810**
At 31 December 2013	**1,508,803**
Historical cost	**1,399,976**

Investments at market value comprise:

	2013 £	2012 £
Listed investments	**1,508,803**	1,377,934

All the fixed asset investments are held in the UK.

Material investments

	2013 £	2012 £
Baring Targeted Return Fund	**1,508,429**	1,377,558

14. Debtors

	2013 £	2012 £
Trade debtors	**44,750**	57,274
EngineeringUK	**37,489**	13,456
Other debtors	**62,700**	105,981
Prepayments and accrued income	**75,786**	65,520
	220,725	242,231

15. Creditors: Amounts falling due within one year

	2013 £	2012 £
Trade creditors	**34,123**	28,527
Other taxation and social security	**60,402**	55,075
Accruals and deferred income	**29,174**	19,837
	123,699	103,439

Notes to the financial statements
for the year ended 31 December 2013

16. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/(out) £	Gains £	Carried Forward £
Unrestricted funds						
General fund	2,122,719	2,443,287	(2,089,834)	(545,088)	87,810	2,018,894
Legal fund	100,000	-	-	(100,000)	-	-
Pension reserve	(931,000)	-	-	659,000	(796,000)	(1,068,000)
	1,291,719	2,443,287	(2,089,834)	13,912	(708,190)	950,894
Restricted funds						
Engineering Gateway project	23,653	-	(4,384)	-	-	19,269
Pension fund grant	-	316,000	(316,000)	-	-	-
Gatsby TRaM Fund	-	116,556	(100,805)	(13,912)	-	1,839
	23,653	432,556	(421,189)	(13,912)	-	21,108
Total of funds	1,315,372	2,875,843	(2,511,023)	-	(708,190)	972,002

Legal fund
This is a designated fund set aside to cover potential legal costs resulting from either proceedings concerning a registrant's conduct, failure of the FEANI register, or proceedings concerning an examination candidate. It was agreed by the Finance Panel to roll this fund into general reserves this year.

Engineering Gateway project
In 2012 the Engineering Council was awarded a 'practice transfer partnership' by the HE STEM Programme as part of the HE STEM's workforce development programme. This allowed successful practice from the work-based 'engineering gateways' framework, developed by the Engineering Council, to be shared with the aim of enabling more universities to offer this type of degree. Although the project finished in Autumn 2012 there remains an on-going brief to update and develop the website and tool kit that were developed during the project and to continue to share successful practice through regular workshops.

Pension fund grant
This is a grant from EngineeringUK that must be used to pay towards the pension deficit.

Gatsby TRaM Fund
The Engineering Council has been awarded a sum of money by the Gatsby Charitable Foundation to undertake research in order to understand why Engineering Technician membership and registration has not been taken up by the vast majority of technicians who operate in the relevant sectors of industry and to explore with employers, education and training interests, professional institutions and those operating in technician roles how membership and registration could be developed so that it is recognised for the significant contribution that it makes to the development of skills and to organisational and economic success. A transfer of £13,912 was made to the general fund for costs incurred in the general fund in 2012 which were recovered in the Gatsby TRaM Fund this year.

Notes to the financial statements
for the year ended 31 December 2013

17. Analysis of net assets between funds

	Restricted funds 2013 £	Unrestricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	**65,725**	**65,725**	79,924
Fixed asset investments	-	**1,508,803**	**1,508,803**	1,377,934
Current assets	**21,108**	**568,065**	**589,173**	891,953
Creditors due within one year	-	**(123,699)**	**(123,699)**	(103,439)
Provisions for liabilities and charges	-	**(1,068,000)**	**(1,068,000)**	(931,000)
	21,108	**950,894**	**972,002**	1,315,372

18. Pension commitments

The charity operates a Defined benefit pension scheme.

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

The full actuarial valuation as at 31 December 2009 was updated to the Scheme's accounting date by an independent qualified actuary in accordance with FRS17. As required by FRS17, the actuarial method adopted to calculate the present value of members' expected benefits is the projected unit method.

Contributions to the Scheme, as a percentage of pensionable salary, are 23% for employer contributions and 7% for employee contributions. Following consultation with the actuaries, The Engineering Council made a lump-sum contribution of £316,000 to the scheme in March 2013 and £500,000 in November 2013.

The present value of the liability to meet future pension obligations of members is arrived at by applying a discount rate equivalent to the return expected to be derived from a class AA corporate bond. At 31 December 2013 this was 4.40% (2012 - 4.00%).

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

The Engineering Council is the principal employer and EngineeringUK is a participating employer under this scheme. The proportion of the total Scheme fund attributable to Engineering Council staff or ex-Engineering Council staff is estimated to be approximately 93% (2012 - 93%). On withdrawal from the Scheme by the Engineering Council or closure, assets would be segregated in a similar proportion.

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

The amounts recognised in the Balance sheet are as follows:

	2013 £	2012 £
Present value of funded obligations	**(11,574,000)**	(10,280,000)
Fair value of scheme assets	**10,506,000**	9,349,000
Net liability	**(1,068,000)**	(931,000)

18. Pension commitments (continued)

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

	2013 £	2012 £
Current service cost	-	(12,000)
Interest on obligation	(402,000)	(419,000)
Expected return on scheme assets	302,000	308,000
Losses on curtailments and settlements	-	36,000
Total	(100,000)	(87,000)
Total actuarial (loss)	(796,000)	(633,000)

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

	2013 £	2012 £
Opening defined benefit obligation	10,280,000	9,373,000
Current service cost	-	12,000
Interest cost	402,000	419,000
Contributions by scheme participants	-	4,000
Actuarial Losses	1,440,000	1,027,000
Gains on curtailments	-	(36,000)
Benefits paid	(548,000)	(519,000)
Closing defined benefit obligation	11,574,000	10,280,000

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

	2013 £	2012 £
Opening fair value of scheme assets	9,349,000	8,857,000
Expected return on assets	302,000	308,000
Actuarial gains and (losses)	644,000	394,000
Contributions by employer	759,000	305,000
Contributions by scheme participants	-	4,000
Benefits paid	(548,000)	(519,000)
	10,506,000	9,349,000

The charity expects to contribute £399,000 to its Defined benefit pension scheme in 2014.

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

	2013	2012
Equities	46.00 %	46.76 %
Bonds	50.00 %	50.67 %
Cash	4.00 %	2.57 %

18. Pension commitments (continued)

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

	2013	2012
Discount rate at 31 December	**4.00 %**	4.00 %
Retail price inflation	**3.50 %**	2.80 %
Future pension increases	**3.40 %**	2.80 %
Deferred pension revaluation rate	**3.50 %**	2.80 %

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2013	2012	2011	2010	2009
	£	£	£	£	£
Defined benefit obligation	**(11,574,000)**	(10,280,000)	(9,373,000)	(9,340,000)	(9,316,000)
Scheme assets	**10,506,000**	9,349,000	8,857,000	8,527,000	7,880,000
Deficit	**(1,068,000)**	(931,000)	(516,000)	(813,000)	(1,436,000)
Experience adjustments on scheme liabilities	**(1,440,000)**	(1,027,000)	56,000	56,000	(2,159,000)
Experience adjustments on scheme assets	**644,000**	394,000	(107,000)	399,000	448,000

Stakeholder and other pension schemes

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

The Engineering Council employer contributions during 2013 were £159,843 (2012 - £118,259).

Notes to the financial statements
for the year ended 31 December 2013

19. Related party transactions

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

During the year ended 31 December 2013, the following transactions took place between the parties arising from the above:

EngineeringUK provided a grant to the Engineering Council of £2,503,000 (2012 - £2,503,109) to fund its operations.

To cover administration costs, the Engineering Council charged EngineeringUK £72,000 (2012 - £86,774) in the year.

On 31 December 2013, EngineeringUK owed the Engineering Council the sum of £37,489 (2012 - £13,456). This amount is disclosed within debtors falling due within one year.