REGISTERED CHARITY NO. 286142

THE ENGINEERING COUNCIL

TRUSTEES' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

THE ENGINEERING COUNCIL

TRUSTEES' ANNUAL REPORT – SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2014

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 competence of engineers and is responsible for the national register of almost 232,000 Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians.

3. Trustees of the Engineering Council during the year are listed on page 4.

4. A statement of the Trustees' responsibilities relating to accounting matters is given on page 21. The members of the Board are deemed to be the Trustees.

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

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

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

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

9. Details of the Council's aims, objectives and activities are dealt with on pages 6-19.

10. 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 2014

			Last mtg	First mtg
1	BCS, 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 Jonathan Seville CEng FREng FIChemE		
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	Jun/2014	
	Institution of Engineering & Technology	Ms Sam Hubbard IEng MIET		Sep/2014
7	Institute of Marine Engineering, Science & Technology	RA Nigel Guild (Chairman) CB CEng FREng FIET FIMarEST		
8	Institute of Materials, Minerals and Mining	Dr David Gooch CEng FIMMM		
9	Institution of Mechanical Engineers	Mr Rob Smith CEng FIMechE		
10	Royal Aeronautical Society	AVM David Couzens CEng FIMechE FRAeS		
11	Society of Operations Engineers	Mr Roger O'Loughlin IEng FSOE	Jun/2014	
	Society of Operations Engineers	Mr Alan Fitzpatrick CEng CEnv FSOE		Sep/2014
12	Institution of Structural Engineers	Prof Roger Plank CEng FIStructE MICE		
13	Group B Institutions	Mr Nigel Hendley CEng C.WEM Hon FCIWEM MICE		
14	Group B Institutions	EUR ING Prof Simon Vaitkevicius CEng MIED		
15	Group C Institutions	Dr Ray Clark OBE CEng CEnv Hon FSEE		
16	EngineeringUK	Ms Yvonne Baker CEng MIChemE		
17	EngineeringUK	Prof John Uff CBE QC CEng FREng FICE	Jun 2014	
	EngineeringUK	Miss Carolyn Griffiths CEng FIMechE FREng		Sep/2014
18	EngineeringUK	Mr Paul Jackson CEng FIET		
19	EngineeringUK	Ms Dawn Ohlson CEng FIET	Jun 2014	
	EngineeringUK	Col Martin Court CEng FIMechE		Sep/2014
21	EngineeringUK	Mr Paul Excell CEng FBCS FIET		
22	EngineeringUK	Col Rod Williams CEng FIMechE	Jun 2014	
	EngineeringUK	Mrs Jane Cannon CEng FIET		Sep/2014

SENIOR STAFF

Chief Executive Officer
Jon Prichard CEng FICE FInstRE

Operations Director
Deputy Chief Executive Officer
David Hogan CEng FIET (left April 2014)
Paul Bailey (from July 2014)

Head of Policy & Standards
Deborah Seddon BSc (Hons) MA

Head of Administration & Support
Gillian Paterson FCIPD

Head of Marketing & Communications
Sue Brough MCIM

Head of International
Katy Turff CMgr MCMI

Head of Technicians & Apprenticeships
Caroline Sudworth PhD

PROFESSIONAL ADVISERS

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Investment Managers
Baring Asset Management Limited
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Solicitors
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Pension & Life Assurance
Jelf Group
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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, for the deliverance of public benefit.

STRATEGIC PLAN 2012–2014. The Engineering Council continued to implement its strategic plan for the period 2014–2014.

- **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 Incorporated Engineer (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 the UK Standard for Professional Engineering Competence (UK-SPEC).

- **Employers**. To develop partnerships between employers and professional engineering institutions (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.

- **Technicians**: Ensure that the engineering community is encouraged and supported when seeking Engineering Council approval for vocational qualifications and apprenticeships; ensure consistency and transparency of Engineering Council Standards and regulations.

- **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 2014 the core business followed an internal improvement theme of 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 professional engineering institutions; three by the smaller institutions and the remaining seven by EngineeringUK.

Professional 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 & Remuneration Panel). All committee and panel Chairs are selected from among the Board members.

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 PEIs, Professional Affiliates (PAs) 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 19 to the Financial Statements.

ENGINEERING COUNCIL ANNUAL REVIEW 2014

During 2014 the Engineering Council had achievements in the following key areas:

STRATEGIC PLAN 2012–2014

CPD

- Effective support provided to licensed members in their implementation of the CPD Policy and CPD Code for Registrants
- Successful event 'the Value of CPD' held in September, attended by fifty-two representatives from professional engineering institutions and employers.
- Two CPD Steering Group meetings were held which initiated work on a new guidance note about CPD and planned the 'Value of CPD' event.

IEng Promotion

- Two student focus groups took place in June, one for BEng/BSc and the other for MEng students
- A new guide to professional registrations for university students was printed.
- A marketing workshop, entitled 'marketing to students' took place in July.
- Five IEng sample job profiles collated for website.
- The second IEng winner of Baroness Platt of Writtle Award announced (18 entries from six institutions).
- 8.14% of new IEng registrations were as a result of progression from EngTech.

Eng Tech Promotion / Technicians

- Effective support provided to professional engineering institutions in their approval and promotion of qualifications and Apprenticeships leading to technician registration through the Engineering Apprenticeship and Technician Qualifications (EATQ) Forum and the development of marketing logos.
- With support from the profession, work commenced to establish appropriate Technician Learning Outcomes and guidance materials on the "Approval of Qualifications and Apprenticeships" which ensure alignment with the revised standards and the Registration Code of Practice.
- Successful engagement with Government, Awarding Organisations and the newly created Industrial Partnerships, to ensure vocational qualifications and Apprenticeship standards are linked to professional registration.

International

- Renewal of EUR-ACE® authorised agency status with extension to IEng programmes. Doubled the number of universities participating and labels sold.
- Signed a Memorandum of Understanding with the Dutch association, Koninklijk Instituut Van Ingenieurs (KIVI) to develop a Dutch register of professional engineers aligned to UK-SPEC.
- Held exploratory discussions on multi-party mutual recognition agreements with Engineers Australia and Engineers Canada.
- Led an initiative to promote sharing good practice in competency-based registration amongst members of the International Engineering Alliance.
- Nominees elected to Administrative Council of the European Network for Accreditation of Engineering Education (ENAEE) and Executive Board of FEANI.
- Published global relationships map on website.

Employers

- A section on the website was developed specifically for employers.

CORE BUSINESS

Policy and Standards

- Up-dated versions of UK-SPEC and the Standard for ICT Technician (ICT*Tech*) were published in January.
- The review of the handbook 'Accreditation of HE Programmes' (AHEP) was completed, with support from the profession, and approved by the Board.
- Launch of all the revised standards-related documents at an event held at the House of Commons in May attended by around eighty representatives from employers, universities, professional engineering institutions and other stakeholders, to celebrate and promote these, as well as advocate the importance of professional registration and its high standards

- A review of all the Engineering Council's guidance notes in support of academic accreditation was undertaken, resulting in the publication of revised documents.
- The professional engineering institution Heads of Membership reference group met twice, discussing a range of issues including the Washington Accord and continuing professional development.
- One-to-one meetings with Heads of Membership were instigated to strengthen relationships and explore issues of mutual interest; seven meetings were held.
- Work began to review all the Engineering Council's guidance in support of the professional review process, to ensure alignment with the revised standards and the Registration Code of Practice.
- Support was provided for professional engineering institutions in their implementation of the revised Registration Code of Practice (previously 'Regulations for Registration').
- User account numbers for **my**careerpath, the Engineering Council's online system for recording professional development, increased by 40% to over 13000.
- A further six institutions signed a contract for supply of **my**careerpath (IFE, ICE, NI; ICME; InstMC; ACostE) bringing the total to twenty four, and five administrator briefing sessions were held.
- Mobile access for **my**careerpath was implemented in June, enabling its use from smartphones and tablets.
- Work was undertaken resulting in the Board's approval for the professional development strand of the Strategic Plan 2015-2017.
- Participation in the QAA's review group for the national engineering subject benchmark statement ensured continued alignment with the Engineering Council's accreditation criteria, for the benefit of the profession.
- Management and accuracy of public academic accreditation information was enhanced through work undertaken with HEFCE, HESA and the PEIs, as well as in-house data cleansing.
- A review of accreditation documentation commenced to support process improvement and implementation of the new AHEP.
- PEI staff were supported in their use of the accredited courses database (ACAD) with the provision of an updated manual and briefings.
- 48 individuals completed an 'Engineering Gateways degree' during the 2013-14 academic year, representing more than half of all such degree completions: at least 4 individuals have achieved IEng and 9 have achieved CEng following this pathway.
- Secretariat was provided for eight Engineering Accreditation Board (EAB) visits (Southampton, Cardiff, Sheffield, Newcastle, Bristol, Leicester, Loughborough, RSME) looking at 156 programmes.

Technicians

- Secretariat provided for three EATQ Forum and five Working Group meetings.
- Consultation with the profession was undertaken to inform the development of Technician Learning Outcomes and the associated PEI guidance on the "Approval of Qualifications and Apprenticeships" and the development of a database to record approved qualifications and Apprenticeships.
- Number of currently available qualifications approved for technician registration rose to 172 across a number of Awarding Organisations.
- A technician registration workshop was held for the professional engineering institutions to support the promotion of membership and registration of Apprentices and technicians.

International

- 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).
- Stimulated debate within FEANI on policy and process for managing requests for mutual recognition of professional qualifications under European Free Trade Agreements Stimulated discussion within International Engineering Alliance on implications of growth in transnational education for the international engineering education Accords.
- Ongoing engagement with developments in the European Directive on Recognition of Professional Qualifications and proposals for a European Professional Card, providing speakers for several events.
- Increased engagement with BIS in respect of implementation of the revisions to the Professional Qualifications Directive and developments arising from the Services Directive
- Comments submitted to HMG Review of the Balance of Competences in the European Single Market semesters 3 and 4
- Proposals of the Board's Washington Accord Review Group were adopted following consultation with PEIs
- New and updated PEI guidance published.

Licensing

- Six five year licence reviews were conducted, for Institute of Physics and Engineering in Medicine (IPEM), Energy Institute (EI), Institution of Fire Engineers (IFE), Institute of Water (IWater), Institute of Healthcare Engineering and Estate Management (IHEEM) and The Welding Institute.
- Eight Interim Reviews were held for, Institute of Diesel and Gas Turbine Engineers (IDGTE) (twice), Institute of Cast Metal Engineers (ICME), BCS The Chartered Institute for IT (BCS), Institution of Chemical Engineers (IChemE), Institution of Mechanical Engineers (IMechE), Society of Environmental Engineers (SEE) and Chartered Institute of Plumbing and Heating Engineering (CIPHE).
- Five Professional Affiliate Reviews were held for NAFEMS, Safety & Reliability Society (SaRS), Chartered Quality Institute (CQI), Institution of Materials Finishing (IMF) and Permanent Way Institution (PWI), the latter becoming a Professional Affiliate for the first time.
- Five new liaison officers were nominated by PEIs in 2014. The pool of liaison officers supporting QAC now stands at a total of 45
- In addition to licence review visits, staff have continued their 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 October 2014, the Licensing Manual was updated and approved by the QAC and reissued; a major development was the introduction of an annex covering all the licensing requirements described in the Charter, Bye-laws, etc.
- The workshop programme has continued. Two successful workshops for PEIs and Professional Affiliates were held covering the Registration Code of Practice and Licensing Requirements. Workshops contribute to the effective exchange of good practice between PEIs on a range of licence related issues.

Quality Assurance

- The Quality Management System (QMS) is now embedded within the EngC Operational Framework and a robust internal audit schedule is in place.
- A successful outcome was achieved at the second ISO9001 certification surveillance visit held in September.

Governance

- Three PEI Charter and Bye-laws amendments were reviewed by the Panel which acts as one of the advisors to the Privy Council

Marketing and Communications

- Marketing workshops held on statistics and trends, EngTech registration, marketing to students, social media and customer service. External trainers were brought in for the latter two. A general workshop for new PEI staff was held in conjunction with the Registration and Licensing departments.
- Project MERCATOR has progressed well, using data from the Office of National Statistics' 'Annual Population Survey' it has informed both the Royal Academy of Engineering's (RAEng)'Universe of Engineering' report and the EngineeringUK's annual 'Status of Engineering' report. Findings were presented to the RAEng's diversity group.
- Facilitated a Professional Development Hub at the National Engineering and Construction Recruitment exhibition in April and November, attended by eight and eleven institutions respectively. EngC attended the Graduate Engineering Fair in Derby in October, along with some of the larger institutions.
- Website review instigated. A new design developed with improved navigation and search facility. New areas developed for specific user groups, including employers, technicians and apprentices, students and existing registrants.
- Further developed social media activity with increasing followers.
- The pocket guide to professional registration was published on the website as an interactive digital version.

Finance, Administration, Support and Registration

- Secretariat was provided to four FARP meetings during the year.
- The Document Control and Record Management Policy and Procedures were revised and updated.
- Staff performance reviews were conducted twice during the year, identifying training needs and defining staff objectives based on the EngC Strategic Plan and business plan.
- Four new members of staff were successfully recruited and inducted in to the organisation.

- The Risk and Opportunity Management Policy and Risk Register were reviewed and continue to be aligned with SORP requirements.
- Seven registration workshops held for PEI staff, to introduce improved functionality to the on-line PEI portal RegPlus and train staff in the reconciliations and registration processes.
- The number of PEIs submitting online reconciliations via RegPlus increased to 33 from 25 in 2013.
- Changes to register logic were implemented resulting in significant improvements to the reconciliation process, including reconciliation of title, stage and Professional Affiliate data which have contributed to more accurate and reliable data.
- Following a steady decline in registration totals, numbers have continued to level off over the past three years. The overall total when compared to 2013 fell by 0.39%.
- Final stage EngTech totals have increased by 3.81% compared to 2013. However for the first time since its launch the overall number of ICT*Tech* registrations has declined, down 22.38% from 2013.
- For the first time in three years the number of final stage registrations removed from the register increased, up 26.20% from 2013. The number of final stage EngTechs removed from the register increased by 3.11%, IEng by 42.34% CEng by 25.06%. The main reasons for removal given for nearly half of final stage registrations were non-payment of either institution membership or registration fees.
- There were more removals from the register than there were new registrations. EngTech was the only title to have more new registrations than losses.
- There has been a year on year increase on the numbers of female registrations since 2004. In 2014 the number of women registrants increased from 4.36% (2013) to 4.59% in 2014.
- Females represent 5.27% of the CEng register, compared to 2.20% of the EngTech register and 1.79% of the IEng register.
- New final stage female registrants fell by 0.50% from 2013 however 8.76% of new registrations in 2014 were female, a higher proportion than the previous year.
- New interim registrations increased by 58.54% from 2013. IEng interim registrations have increased up by 78.57% and CEng interim registrations increased by 50%.
- Over a quarter of interim registration losses were the result of conversion to final stage registration. 36.5% of interim CEng registrants were converted to final stage CEng registrants.
- Overseas registrants account for 18.62% of the total registrants which is similar to the 2013 figure.

REPORT OF THE BOARD OF THE ENGINEERING COUNCIL

The Board met on four occasions in 2014, including a two-day Retreat held at Warbrook House & Grange, Eversley, in Fleet Hampshire 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. 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 in 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. In addition, during 2014, it also appointed a PR/Communications Executive to assist with the website review. The department reports to the Board via FARP, a member of which acts as the 'marketing link'.

The marketing workshop programme continued with six workshops taking place during 2014, attended by staff members from the PEIs and Professional Affiliates, mainly marketing or membership/professional registration staff. Topics were chosen based on feedback from PEIs or previous workshops, and aligned to EngC Strategic Plan activities. Marketing meetings also continued with individually with the larger PEIs, enabling discussions about key messages and promotional campaigns, and the sharing of resources, materials, experiences and good practice. Relationships between the Marcomms department and many institution employees have continued to strengthen. It continues to be evident that the PEI staff welcomed the benefits of working together and sharing experiences and good practice. Evidence of this is provided by the ongoing success of team working on the 'Professional Development Hub' at the National Engineering and Construction Recruitment exhibition (NECR), in April and November 2014, where eight and 11 institutions (respectively) exhibited on the stand, run by the Engineering Council. The new guide to professional registrations for university students was used at November event and was well received.

The MERCATOR project progressed during 2014 by using data from the Office of National Statistics' 'Annual Population Survey'. This data has enabled the EngC to map the UK's engineering workforce by a number of variables including industry, occupation, age and gender. A seminar held in August to introduce the project was attended by representatives from 15 PEIs and one Professional Affiliate. A number of PEIs have expressed an interest in the data. Two have been working with the EngC to access data relevant to their institution as part of a pilot exercise, which was undertaken ahead of rolling out the project to the wider audience. Revised 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 as well as informing the EngineeringUK's annual 'Status of Engineering' report. In addition, EngC has presented data on diversity to the RAEng diversity group.

EngC and EngineeringUK have worked together to produce the Tomorrow's Engineers 'Vocational and apprenticeships routes into engineering' which has been distributed via the Tomorrow's Engineers network and PEIs. Within this brochure there is clear guidance on routes to registration. EngC has produced a logo for PEI approved qualifications and is available in English and Welsh.

A website review commenced in the later part of the year and progressed significantly with the support of an additional member of staff. During 2014 a new site plan was developed and an agency was commissioned to create an updated design. The search facility and navigation have been significantly improved and new areas aimed at specific audiences have been developed.

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.

REPORT OF THE REGISTRATION STANDARDS COMMITTEE

RSC met three times during 2014. 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:

EUR ING Ian Bowbrick (IOM3) was nominated to serve a second term on RSC;
Prof Chris Atkin (RAeS), Jennifer Bousfield (CIBSE), Prof Kevin Edwards (IED), Prof Roland Ibbett (BCS), Prof Fred Maillardet (IMechE) and Chris Nott (IET) stepped down and were replaced by Commodore David Elford, Lawrence Hughes, Nicholas Robinson, Rob Neill, Ed Hansom and Hugh Boyes respectively;
David Key and Adrian Watson were appointed as IGEM's and EI's nominees respectively. IGEM and EI are new institution members of RSC;
Professor Barry Clarke's second term as Chair of EAB ended in December 2014. Dr Jane Horner was appointed as the new Chair of EAB which is an ex-officio RSC position;
Dr Jean Venables CBE joined RSC following approval by the Board of Trustees and RSC of an amendment to the RSC Terms of Reference, to include the Chair of the Engineering Apprenticeships and Technician Qualifications (EATQ) Forum as an ex officio member of RSC.

Induction sessions have been held for RSC's new members, which have been well received.

In line with its core business directed towards maintaining standards and keeping these under review, RSC's main focus has been completing the five year review of the Engineering Council's key standards documents. The final part of this work led to the publication of the revised (3rd) edition of the 'Accreditation of HE Programmes' (AHEP) document. Leading up to this there had been a second consultation with external stakeholders, seeking their views about proposed amendments. The aim was to avoid making un-necessary changes to a document which was generally held in high esteem. RSC welcomed the review steering group's proposals to: re-order the document for clarity; ensure greater attention was given to topics that had come to the fore since the previous five-yearly review such as ethics, security, IP rights, legal considerations; and strengthen references to transferable skills by embedding these within the technical engineering sections.

Once all the revised standards-related documents had been published, support for PEIs during the two year transition periods was put in place. RSC's attention therefore turned to reviewing the guidance notes which are intended support professional engineering institutions in implementing the Engineering Council's standards. During the year, some twelve pieces of detailed guidance material were reviewed. Revised versions of the guidance supporting academic accreditation were published in the Summer. Work is continuing on the guidance in support of the professional review process.

RSC discussed when an academic accreditation visit might be waived and approved for publication a list of risk mitigation factors; and agreed that with one minor revision, the guidance about removal of academic accreditation needed no further amendment.

Throughout 2014, RSC has continued to be the accountable committee for two strands of the 2012-2014 Strategic Plan: Continuing Professional Development (CPD) and Technicians, and has received reports and recommendations from groups steering that work. With respect to CPD, of note has been the 'Value of CPD' event which revealed strong agreement amongst the professional engineering institutions that the profession has a duty to get the message across that CPD is valuable, and covers a vast range of developmental activity and reflection. Discussions at the event also highlighted the importance of collaboration between PEIs and employers. RSC has welcomed the high level of commitment to the CPD policy amongst the professional engineering institutions and is contributing to the development of further guidance for them.

RSC also contributed to work that initiated the development of learning outcomes for technician-related qualifications and programmes. This is a first for the Engineering Council and will be pivotal to establishing more technician-related provision that is of high quality and lead to registration, as well as the wider promotion of EngTech and ICT*Tech* registration generally. Both sets of materials are due for completion in Spring 2015.

RSC has continued to contribute to discussions on international matters. These have mostly concerned the (lack of) recognition of the UK BEng (Hons) degrees under the Washington Accord and the consequent implications for outbound UK graduates, and the relatively advantageous position of inbound graduates holding Washington Accord Bachelors degrees who seek Chartered Engineer (CEng) status. RSC expressed its concern about assurance of standards. These matters are covered elsewhere in this report.

Technicians

The Engineering Apprenticeship and Technician Qualifications (EATQ) Forum, met three times during 2014, with membership growing to 30 PEIs.

The EATQ Forum, jointly with the Registration Standards Committee (RSC), has developed learning outcomes for technician-related qualifications, Apprenticeships and other programmes. This aligns with the Government's requirement for employers and Awarding Organisations to align their vocational qualifications and Apprenticeship standards directly to professional registration, The development of technician learning outcomes is a first for the Engineering Council and will be pivotal to establishing a greater number of high quality pathways to professional registration, as well as increasing the awareness and wider promotion of EngTech and ICT*Tech* registration. To support the profession in a rapidly changing landscape, guidance related to the "Approval of Qualifications and Apprenticeships" has also been developed with significant PEI input via the EATQ Forum. These materials are due for completion in Spring 2015.

The Professional Standards (UK-SPEC in particular) have continued to play an important role in assuring the quality of vocational qualifications and Trailblazer apprenticeships, and in enhancing the status of these pathways into engineering. This has provided the Engineering Council with an opportunity to ensure that the profession is engaged and active within a number of newly established Industrial Partnerships, specifically in the Aerospace, Automotive, Energy and Utilities, Electrotechnical and Chemicals and Science sectors. Despite the closure of the Technician Registration and Membership (TRaM) project in July 2014, this proactive approach has supported the establishment of formal partnerships with employers and engagement with other key stakeholders, to support the development and promotion of programmes leading to technician and wider professional registration.

REPORT OF THE QUALITY ASSURANCE COMMITTEE

QAC met four times in 2014 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) continues to be the awarding of appropriate licences to PEIs which are considered competent to assess candidates for registration. Additionally, licenses are also granted for the accreditation of academic courses and professional development schemes for accreditation.
QAC also continues to encourage and support co-operation with, and between, Institutions in order to improve efficiency and effectiveness of registration and accreditation processes.

Attendance at the meetings remained high and averaged over 80%. Three members retired having completed their two 3-year terms, a further member resigned due to pressure of work and four new members joined the committee. At present there are 16 members on the committee, the same as at the end of 2013. Current membership is drawn from 15 institutions, including nine Group A institutions (i.e. those with greater than 5,000 registrants), two from Group B (1000 to 5000 registrants) and four from Group C (less than 1000 registrants), in line with the Terms of Reference.

The Science Council and the Society for the Environment continue to have representatives (staff) as observers on QAC, and EngC licensing staff observe the relevant Science Council and Society for the Environment committees. Five of the licensing reviews were conducted jointly. 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 six 5 year licence reviews conducted, for Institute of Physics and Engineering in Medicine (IPEM), Energy Institute (EI), Institution of Fire Engineers (IFE), Institute of Water (IWater), Institute of Healthcare Engineering and Estate Management (IHEEM) and The Welding Institute.. Eight Interim Reviews were held for, Institute of Diesel and Gas Turbine Engineers (IDGTE) (twice), Institute of Cast Metal Engineers (ICME), BCS The Chartered Institute for IT (BCS), Institution of Chemical Engineers (IChemE), Institution of Mechanical Engineers (IMechE), Society of Environmental Engineers (SEE) and Chartered Institute of Plumbing and Heating Engineering (CIPHE). Five Professional Affiliate reviews were held for NAFEMS, Safety & Reliability Society (SaRS), Chartered Quality Institute (CQI), Institution of Materials Finishing (IMF) and the Permanent Way Institution (PWI), the latter becoming a Professional Affiliate for the first time.

Five new liaison officers were nominated by the PEIs in 2014. The pool of liaison officers supporting QAC now stands at a total of 45. 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, members of staff have continued with regular visits to PEIs observing interviews, accreditation visits, training sessions and committee meetings, as well as informal meetings to discuss progress on specific issues particularly related to Continuous Performance Improvement (CPI). In October 2014, the Licensing Manual was updated and approved by the QAC and reissued; a major development was the introduction of an annex covering all the licensing requirements described in the Charter, Bye-laws, etc.

The workshop programme has continued and two successful workshops for licensed members and Professional Affiliates were held, covering the Registration Code of Practice and licensing requirements. These workshops 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.

REPORT OF THE PRIVY COUNCIL AND GOVERNANCE PANEL

The Privy Council and Governance Panel (PCGP) was chaired by David Couzens, Engineering Council Trustee and RAeS nominee, and 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 four times in 2014 and continues to comprise three Board members plus three appointees: Keith Lawrey (Foundation for Science & Technology), Philip Corp (ex-Board member and previous Chair of QAC) and Graham Woodrow (ex-Board member and previous Chair of IAP).

During 2014 the Privy Council requested the Engineering Council's comments on four proposed amendments submitted by licensed members and PAs. As in 2013, there were no major issues arising, although the use of post nominals and the establishment of new registers remain 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 2013, the number of instances was small, at less than three per annum.

Additionally, during 2014 the Panel considered three cases of mis-use of Professional Titles, all of which were satisfactorily resolved.

REPORT OF THE INTERNATIONAL ADVISORY PANEL

The International Advisory Panel (IAP) was chaired by Nigel Hendley, Engineering Council Trustee and Group B nominee. IAP 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.

The International Engineering Alliance met in Wellington, New Zealand. During 2014 the Washington Accord celebrated its 25th anniversary. Engineering Council delegates led workshops on the impact of the growth in transnational education, assessment of learning outcomes and competency-based assessment. An outcome from the latter discussion was a 'sources of knowledge' graph comparing how engineers with and without exemplifying academic qualifications develop the knowledge to underpin competences. This was well received and effective, and research has now been commissioned to test the underlying hypothesis.

The Institution of Engineers Sri Lanka and the National Board of Accreditation India were admitted as full signatories of the Washington Accord. The Institution of Engineering Education Taiwan was admitted as a full signatory of the Sydney Accord. The Peruvian Instituto de Calidad y Acreditación de Programas de Computación, Ingeniería y Tecnología, (ICACIT) became a provisional signatory of the Washington Accord, the first from Latin America. Following accession of four new full members to the Dublin Accord in 2013, the Engineering Council started to receive regular enquiries about recognition, mostly from Engineering Technicians seeking Australian visas.

Proposals for revisions to the Accord texts were inconclusive. A new working group on 'out-of-jurisdiction accreditation' with representation from all full signatories was tasked to bring back proposals in 2015. A working group was also formed to develop a Handbook for Reviewers, aimed at improving consistency of Accord Reviews.

The Board's Washington Accord Review Group undertook two rounds of consultation on recognition of Washington Accord graduates for the purposes of Engineering Council registration. Proposals to assess all graduate applicants for Chartered Engineer registration within the European Framework of first and second-cycle degrees, and to seek Washington Accord recognition of UK Bachelor with honours programmes accredited for CEng, were approved by the Board.

Following adoption of revisions to the European Directive on Recognition of Professional Qualifications the European Commission's focus has moved to implementation. The Engineering Council represented the UK engineering profession at two meetings of the Focus Group on the European Professional Card (EPC), responded to UK government consultation on transposition and completed data submissions for the transparency exercise. The European Commission determined that engineers would not be in the first wave of development for the EPC, but there remains a possibility of inclusion in the second tranche. The Engineering Council continued to promote compliance with the 'IMI Regulation' which requires all Competent Authorities to be registered to use the EU Commission Internal Market Information System (IMI) and published guidance on data protection in this context. Advice was given to several PEIs regarding compliance with the Directive. The number of applications for recognition of professional engineering qualifications under the directive rose to 145 in 2014 (94/78 in 2013/12).

The Engineering Council also increased its engagement with developments under the European Directive on Services in the Internal Market.

The Engineering Council retained a seat on the FEANI Executive Board and was actively engaged in the National Members Forum, the Northern Group, the newly formed Finance Committee and the Business Development Task Group. A speaker was provided for the successful Second European Engineers Day which attracted over 120 delegates, including MEPs and Commission staff. The number of new European Engineer (EUR ING) applications fell below 100 for the first time. There was no discernible reason for this decline.

The Dutch association Koninklijk Instituut Van Ingenieurs commenced work to develop a national register of professional engineers modelled on the Engineering Council register and aligned to UK-SPEC. A number of other FEANI partner organisations also expressed interest in following suit.

The Engineering Council took the opportunity of its periodic review to extend the scope of its EUR-ACE® label authorisation to include programmes accredited for Incorporated Engineer. Authorisation was granted until December 2016 with further extension to 2018 subject to conditions. A Mutual Recognition Agreement on EUR-ACE® labelled programmes was signed by the thirteen authorised agencies. 12 UK universities now hold a total of 204 EUR-ACE® labels.

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 2014. The Panel also discussed other matters by correspondence and telephone as they arose, ratifying decisions formally where necessary. During the panel members changed, David Cleland and Michelle Richmond stood down as their terms of office as Board Trustees came to an end in June 2014 and were replaced by Doug Alexander and Paul Excel. Michelle Richmond agreed to re-join the Panel to represent the PEI view.

The Engineering Council budget for 2014 remained at the same level as the previous three years, requiring a grant from EngineeringUK of £2,587,109 (including the annual contribution to the pension scheme of £399,000 (2013 - £316,000). The budget was determined by the FARP and approved at the May 2013 meeting of the Trustee Board. It was subsequently approved by the EngineeringUK Board. The budget was applied to the areas of activity described in the reports above and 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 remains as cost-effective as possible and this will be continued during in 2015.

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

During 2014 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.

The inclusion of the Engineering Council Pension Scheme under FRS17 has reduced staff costs by £371,000 (2013 - £759,000), increased direct costs by £69,000 (2013 - £100,000) and resulted in an actuarial loss on the scheme of £210,000 (2013 - loss of £796,000). The overall effect of applying FRS17 is thus to increase Net Incoming Resources by £302,000 (2013: £659,000) and to decrease the Net movement in funds by £92,000 (2013 - £137,000). 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 2014. The Engineering Council, as the Principal Employer, continued to make payments (£399,000 in 2014) in accordance with the ten year schedule of contributions which was agreed by the Trustees and the Employer in December 2013 following the triennial valuation at 31st December 2012.

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 a review in November 2014, 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 £977,000 (2013 – deficit £1,068,000) 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 £2,293,291 (2013 - £1,953,169), a figure not materially different from nine months' expenditure.

Investment Policy and Returns. The Trustees considered the most appropriate policy for investing funds and found that 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 1.9 % (source ONS) in January, the fund has not met its stated objectives (CPI + 5%) in the last 12 months, with a gain of 5% against a target of 6.9 %. 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, for the deliverance of public benefit."

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 emphasise safety, sustainability and concern for the environment. Benefits vastly outweigh detriment. Downside would be greater without professional ethical commitment. See Table 2 serial 2
2	***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 232,000, 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 2014

STATISTICS AT YEAR END

Total number of Registrations

	2014	2013
Final Stage Registrants	222,203	222,603
Interim Registrants	9,535	10,039
Total	**231,738**	**232,642**

Breakdown of Final Stage Registrations

CEng	176,376	176,430
IEng	30,177	31,028
EngTech	15,435	14,868
ICT*Tech*	215	277
Total	**222,203**	**222,603**

New Final Stage Registrations

CEng	5,570	5,988
IEng	1,339	1,356
EngTech	2,062	2,036
ICT*Tech*	68	99
Total	**9039**	**9479**

Losses from the Register at Final Stage

Deaths	1,496	846
Other losses	10,114	8871

Female Registrations

The number of female registrations has increased by 5.41% to 10,807 in 2014 compared to 10,260 in 2013; the largest growth for final stage registrants was in Chartered Engineers which increased to 9,301 from 8,832 in 2013. Female registrations represent 4.59% of the register compared to 4.36% in 2013.

Overseas Final Stage Registrations

CEng	36,579	36,028
IEng	3,336	3,378
EngTech	1,452	1,423
ICT*Tech*	16	12
Total	**41,383**	**40,841**

Overseas Final Stage registrations amounted to 18.62% (17.5% in 2013) of the Register. The largest numbers of overseas Final Stage registrants were based in Hong Kong (11,445), Australia (6,226) and USA (3678).

The above Trustees' Report on pages 1-19 was approved by the Trustees on

.....2015 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 of The Engineering Council for the year ended 31 December 2014 set out on pages 24 to 37. 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).

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law 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:

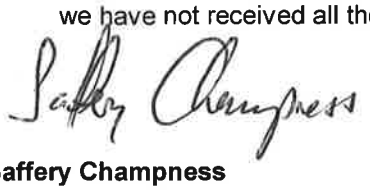
- give a true and fair view of the state of the charity's affairs as at 31 December 2014 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared 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

Chartered Accountants
Statutory Auditors

Lion House
Red Lion Street
London
WC1R 4GN
Date: 8 July 2015

Saffery Champness is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Engineering Council

Statement of financial activities
for the year ended 31 December 2014

	Note	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Incoming resources					
Incoming resources from generated funds:					
Activities for generating funds	2	-	**23,136**	**23,136**	17,631
Investment income	3	-	**49,351**	**49,351**	43,570
Incoming resources from charitable activities	4	**494,563**	**2,386,501**	**2,881,064**	2,814,642
Total incoming resources		**494,563**	**2,458,988**	**2,953,551**	2,875,843
Resources expended					
Costs of generating funds:					
Trading expenses	2	-	**5,377**	**5,377**	3,166
Charitable activities	6,7	**446,738**	**1,920,536**	**2,367,274**	2,490,478
Governance costs	8	-	**18,738**	**18,738**	17,379
Total resources expended		**446,738**	**1,944,651**	**2,391,389**	2,511,023
Net incoming resources before transfers		**47,825**	**514,337**	**562,162**	364,820
Transfers between Funds	16	**(50,003)**	**50,003**	-	-
Net incoming resources before revaluations		**(2,178)**	**564,340**	**562,162**	364,820
Gains and losses on revaluations of investment assets		-	**26,517**	**26,517**	87,810
Actuarial gains and losses on defined benefit pension schemes	18	-	**(211,000)**	**(211,000)**	(796,000)
Net movement in funds for the year		**(2,178)**	**379,857**	**377,679**	(343,370)
Total funds at 1 January 2014		21,108	950,894	972,002	1,315,372
Total funds at 31 December 2014		**18,930**	**1,330,751**	**1,349,681**	972,002

All activities relate to continuing operations.

The notes on pages 26 to 37 form part of these financial statements.

Balance sheet
as at 31 December 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	12		**33,391**		65,725
Investments	13		**1,584,671**		1,508,803
			1,618,062		1,574,528
Current assets					
Debtors	14	**245,705**		220,725	
Cash at bank and in hand		**558,625**		368,448	
		804,330		589,173	
Creditors: amounts falling due within one year	15	**(95,711)**		(123,699)	
Net current assets			**708,619**		465,474
Total assets less current liabilities			**2,326,681**		2,040,002
Defined benefit pension scheme liability	18		**(977,000)**		(1,068,000)
Net assets including pension scheme liabilities			**1,349,681**		972,002
Charity funds					
Restricted funds	16		**18,930**		21,108
Unrestricted funds:	16				
Unrestricted funds excluding pension liability		**2,307,751**		2,018,894	
Pension reserve		**(977,000)**		(1,068,000)	
Total unrestricted funds			**1,330,751**		950,894
Total funds	16		**1,349,681**		972,002

The financial statements were approved by the Trustees on 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 26 to 37 form part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2014

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

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 2014

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 2014

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 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Trading income	-	**23,136**	**23,136**	17,631
Fundraising trading expenses				
Stamp purchases	-	**5,377**	**5,377**	3,166
Net income from activities for generating funds	-	**17,759**	**17,759**	14,465

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

3. Investment income

	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Interest from fixed asset investments	-	**49,351**	**49,351**	43,059
Bank interest receivable	-	-	-	511
	-	**49,351**	**49,351**	43,570

Notes to the financial statements
for the year ended 31 December 2014

4. Incoming resources from charitable activities

	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Charity incoming resources	**494,563**	**2,386,501**	**2,881,064**	2,814,642

	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Grants	**399,000**	**2,188,218**	**2,587,218**	2,503,000
FEANI income	**-**	**77,721**	**77,721**	68,696
Gatsby TRaM grant	**29,024**	**-**	**29,024**	116,556
Miscellaneous income	**-**	**7,436**	**7,436**	4,637
Admin fee to EngineeringUK	**-**	**71,986**	**71,986**	86,350
Professional services	**-**	**21,890**	**21,890**	14,820
Gatsby TC2 grant	**66,539**	**-**	**66,539**	-
PDS license fee	**-**	**19,250**	**19,250**	20,583
Total	**494,563**	**2,386,501**	**2,881,064**	2,814,642

5. Analysis of resources expended by activities

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £	Total 2013 £
Direct costs	**2,148,884**	**218,390**	**2,367,274**	2,490,478

6. Direct costs

	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Pension expense (note 11)	**-**	**69,000**	**69,000**	100,000
Project spend	**30,467**	**51,079**	**81,546**	129,418
Recruitment and temporary staff	**-**	**23,050**	**23,050**	32,842
Training	**-**	**18,520**	**18,520**	17,190
Conference fees	**-**	**2,326**	**2,326**	425
Computer and information systems costs	**-**	**143,579**	**143,579**	187,133
Advertising	**-**	**51,179**	**51,179**	32,089
Travel and subsistence	**237**	**102,132**	**102,369**	86,278
Subscriptions and meetings	**757**	**74,184**	**74,941**	84,423
Accommodation costs	**-**	**203,414**	**203,414**	197,952
Wages and salaries (note 10)	**415,277**	**963,683**	**1,378,960**	1,395,880
Total	**446,738**	**1,702,146**	**2,148,884**	2,263,630

7. Support costs

	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Telephone	-	**11,662**	**11,662**	18,821
Printing, stationery and office supplies	-	**47,192**	**47,192**	45,115
Maintenance of equipment	-	**3,935**	**3,935**	5,984
Sundries	-	**5,198**	**5,198**	5,344
Rental of office equipment	-	**18,710**	**18,710**	18,909
Bank charges	-	**3,764**	**3,764**	3,077
Accountancy	-	**20,168**	**20,168**	19,923
Legal and professional fees	-	**8,147**	**8,147**	6,322
Insurance	-	**49,380**	**49,380**	48,589
Application fees	-	**14,549**	**14,549**	20,103
Depreciation	-	**35,685**	**35,685**	34,661
Total	-	**218,390**	**218,390**	226,848

8. Governance costs

	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	**13,788**	**13,788**	13,479
Accountancy	-	**4,950**	**4,950**	3,900
Total	-	**18,738**	**18,738**	17,379

9. Net incoming resources

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	**35,685**	34,661
Auditor's remuneration	**13,788**	13,479

During the year, no Trustees received any remuneration (2013 - £NIL).
During the year, no Trustees received any benefits in kind (2013 - £NIL).
13 Trustees received reimbursement of travel expenses amounting to £12,063 in the current year, (2013 - 16 Trustees - £13,029).

Notes to the financial statements
for the year ended 31 December 2014

10. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	**1,064,232**	1,058,414
Social security costs	**116,464**	120,611
Other pension costs (Note 18)	**198,264**	216,855
	1,378,960	1,395,880

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

	2014 No.	2013 No.
	26	23

The number of higher paid employees was:

	2014 No.	2013 No.
In the band £60,001 - £70,000	**1**	1
In the band £90,001 - £100,000	**0**	1
In the band £130,001 - £140,000	**0**	1
In the band £140,001 - £150,000	**1**	0
	2	3

11. Pension expense

	2014 £	2013 £
Expected return on pension scheme assets	**430,000**	302,000
Interest on pension scheme liabilities	**(499,000)**	(402,000)
	(69,000)	(100,000)

Notes to the financial statements
for the year ended 31 December 2014

12. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2014	**215,563**	**75,100**	**156,842**	**447,505**
Additions	**1,233**	**-**	**2,118**	**3,351**
At 31 December 2014	**216,796**	**75,100**	**158,960**	**450,856**
Depreciation				
At 1 January 2014	**190,896**	**69,116**	**121,768**	**381,780**
Charge for the year	**14,912**	**2,316**	**18,457**	**35,685**
At 31 December 2014	**205,808**	**71,432**	**140,225**	**417,465**
Net book value				
At 31 December 2014	**10,988**	**3,668**	**18,735**	**33,391**
At 31 December 2013	24,667	5,984	35,074	65,725

13. Fixed asset investments

	Listed securities £
Market value	
At 1 January 2014	**1,508,803**
Additions	**49,351**
Revaluations	**26,517**
At 31 December 2014	**1,584,671**
Historical cost	**1,463,162**

All investments are held in the UK.

Material investments

	2014 £	2013 £
Baring Targeted Return Fund	**1,584,296**	1,508,429

14. Debtors

	2014 £	2013 £
Trade debtors	**14,863**	44,750
EngineeringUK	**-**	37,489
Other debtors	**203,014**	62,700
Prepayments and accrued income	**27,828**	75,786
	245,705	220,725

15. Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	**15,015**	34,123
EngineeringUK	**2,371**	-
Other taxation and social security	**62,613**	60,402
Other creditors	**428**	-
Accruals and deferred income	**15,284**	29,174
	95,711	123,699

Notes to the financial statements
for the year ended 31 December 2014

16. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/(out) £	Gains £	Carried Forward £
Unrestricted funds						
General fund	2,018,894	2,458,988	(1,944,651)	(251,997)	26,517	2,307,751
Pension reserve	(1,068,000)	-	-	302,000	(211,000)	(977,000)
	950,894	2,458,988	(1,944,651)	50,003	(184,483)	1,330,751
Restricted funds						
Engineering Gateway project	19,269	-	(339)	-	-	18,930
Pension fund grant	-	399,000	(399,000)	-	-	-
Gatsby TRaM Fund	1,839	29,024	(30,863)	-	-	-
Gatsby TC2 Fund	-	66,539	(16,536)	(50,003)	-	-
	21,108	494,563	(446,738)	(50,003)	-	18,930
Total of funds	972,002	2,953,551	(2,391,389)	-	(184,483)	1,349,681

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.

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.

Gatsby TC2 Fund
The Engineering Council was awarded a sum of money by the Gatsby Charitable Foundation to manage the programme of work undertaken by the Technician Council into raising the profile of the professional registration of technicians, through engagement with key stakeholders and government. The Technician Council co-ordinated consistent responses to the government consultation on apprenticeships in science and engineering with a significant focus on the value of technician registration. The transfer of £50,003 represents costs incurred on the project that were charged to general fund in prior years.

Notes to the financial statements
for the year ended 31 December 2014

17. Analysis of net assets between funds

	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	**33,391**	**33,391**	65,725
Fixed asset investments	-	**1,584,671**	**1,584,671**	1,508,803
Current assets	**18,930**	**785,400**	**804,330**	589,173
Creditors due within one year	-	**(95,711)**	**(95,711)**	(123,699)
Provisions for liabilities and charges	-	**(977,000)**	**(977,000)**	(1,068,000)
	18,930	**1,330,751**	**1,349,681**	972,002

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.

Following consultation with the actuaries, The Engineering Council made a lump-sum contribution of £399,000 to the scheme in April 2014.

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 2014 this was 3.40% (2013 - 4.40%).

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% (2013 - 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:

	2014 £	2013 £
Present value of funded obligations	**(12,717,000)**	(11,574,000)
Fair value of scheme assets	**11,740,000**	10,506,000
Net liability	**(977,000)**	(1,068,000)

18. Pension commitments (continued)

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

	2014 £	2013 £
Interest on obligation	**(499,000)**	(402,000)
Expected return on scheme assets	**430,000**	302,000
Total	**(69,000)**	(100,000)
Total actuarial (loss)	**(211,000)**	(796,000)

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

	2014 £	2013 £
Opening defined benefit obligation	**11,574,000**	10,280,000
Interest cost	**499,000**	402,000
Actuarial Losses	**1,079,000**	1,440,000
Benefits paid	**(435,000)**	(548,000)
Closing defined benefit obligation	**12,717,000**	11,574,000

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

	2014 £	2013 £
Opening fair value of scheme assets	**10,506,000**	9,349,000
Expected return on assets	**430,000**	302,000
Actuarial gains and (losses)	**868,000**	644,000
Contributions by employer	**371,000**	759,000
Benefits paid	**(435,000)**	(548,000)
	11,740,000	10,506,000

The charity expects to contribute £NIL to its Defined benefit pension scheme in 2015.

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

	2014	2013
Equities	**40.00 %**	46.00 %
Bonds	**58.00 %**	50.00 %
Cash	**2.00 %**	4.00 %

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

	2014	2013
Discount rate at 31 December	**3.40 %**	4.00 %
Retail price inflation	**3.10 %**	3.50 %
Future pension increases	**3.00 %**	3.40 %
Deferred pension revaluation rate	**3.10 %**	3.50 %

18. Pension commitments (continued)

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

Defined benefit pension schemes

	2014 £	2013 £	2012 £	2011 £	2010 £
Defined benefit obligation	**(12,717,000)**	(11,574,000)	(10,280,000)	(9,373,000)	(9,340,000)
Scheme assets	**11,740,000**	10,506,000	9,349,000	8,857,000	8,527,000
Deficit	**(977,000)**	(1,068,000)	(931,000)	(516,000)	(813,000)
Experience adjustments on scheme liabilities	**(1,079,000)**	(1,440,000)	(1,027,000)	56,000	56,000
Experience adjustments on scheme assets	**868,000**	644,000	394,000	(107,000)	399,000

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 2014 were £170,264 (2013 - £159,843).

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 2014, the following transactions took place between the parties arising from the above:

EngineeringUK provided a grant to the Engineering Council of £2,187,218 (2013 - £2,503,000) to fund its operations plus £399,000 for the pension scheme.

To cover administration costs, the Engineering Council charged EngineeringUK £72,000 (2013 - £72,000) in the year.

On 31 December 2014, the Engineering Council owed EngineeringUK the sum of £2,371 (2013 - EngineeringUK owed the Engineering Council £37,489). This amount is disclosed within creditors falling due within one year.