Engineering Council

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2015

www.engc.org.uk

CONTENTS

FOREWORD

OPERATING UNDER A ROYAL CHARTER, THE ENGINEERING COUNCIL IS CHARGED WITH REGULATING THE UK ENGINEERING PROFESSION ON BEHALF OF SOCIETY.

We hold the national Register of those who have satisfied their peers of their competence and commitment as Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians. We set the education standards for engineering programmes that provide the underpinning knowledge and understanding required to practise engineering, as well as setting standards for professional development. We can only achieve this through the commitment of the entire professional engineering community, supported by academics and employers.

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

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

VISION:

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

MISSION:

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

WHAT WE DO, HOW WE DO IT AND WHY:

WHAT WE DO

- Develop and maintain common professional standards for engineering competence and commitment
- License professional engineering institutions to professionally develop and assess engineers and technicians against the common standards
- Maintain the national Register of professionally registered engineers and technicians

WHY WE DO IT

- To safeguard the public

HOW WE DO IT

- Self-regulation by peer review

1. CHAIRMAN AND CEO'S STATEMENTS

CHAIRMAN'S STATEMENT

AT A TIME WHEN THE ENGINEERING COMMUNITY IS PULLING TOGETHER TO TACKLE DEMAND FOR ENGINEERING SKILLS AND ADDRESS THE LOW NUMBER OF WOMEN IN THE PROFESSION, IT IS MORE IMPORTANT THAN EVER THAT THE ENGINEERING COUNCIL DELIVERS ON ITS VISION: THAT SOCIETY CONTINUES TO HAVE CONFIDENCE AND TRUST IN THE ENGINEERING PROFESSION.

Society expects and trusts our engineers and technicians to deliver their work to the highest standard. Professional registration allows the public to have this trust. Over the coming year we will continue to maintain our globally recognised standards of competence and commitment for the engineering profession and license institutions to champion these standards.

In 2015, we continued to progress and build on our goals, as set out in the Strategic Plan. We worked closely with institutions, volunteers and the wider engineering profession to deliver on the strategic strands and our core business, and will continue to do so in the year ahead.

Among our main objectives for the next 12 months is the sharing of good practice with institutions in order to support the Professional Development of their members. A particular focus is on the processes that institutions have in place for sampling registrants' Continuing Professional Development (CPD) records.

Our work on technicians will move into promoting good practice through our strong relationships with high profile organisations, the well-established Engineering Apprenticeship and Technician Qualifications (EATQ) Forum and by continuing to share and promote guidance materials. We are in a robust position to promote our initiatives around technicians and to increase and retain registrants.

Another important area of work in 2016 will be on the international front, working with our European and global partners to garner support for the UK registration model and continue to establish and maintain agreements that assist the international mobility of UK registrants.

The Engineering Council is a strong team that consistently delivers a high volume of work that belies its small size. Working in close collaboration with the engineering community, we will continue to regulate, serve and promote the engineering profession in 2016 for the benefit of society now, and in the future.

Rear Admiral Nigel Guild CB CEng FIET FIMarEST MIMA FREng

CEO'S STATEMENT

LAST YEAR WAS A YEAR OF CHANGE DURING WHICH WE CONTINUED TO STRENGTHEN OUR NATIONAL AND GLOBAL RELATIONSHIPS AND ADAPT AND STREAMLINE OUR PROCESSES.

It is a credit to the team that despite two office moves, our activities and output suffered minimal disruption and we are now settled into our new home in the City of London. Over the course of the year we welcomed seven new members of staff to support the delivery of the Engineering Council's strategic and operational objectives.

We made good progress in the key tasks that we outlined in our strategic plan throughout the year. A key area of work has been providing support to Licensed Members in developing their processes for sampling registrants' Continuing Professional Development (CPD) records. This will become a requirement for institutions from January 2017.

To assist this, we have developed a monitoring and auditing tool on our online professional development recording system, **my**careerpath®, and we hosted a well-attended forum to share good practice in this respect.

We were particularly busy on the international front last year, working closely with both our European colleagues and those from further afield on numerous frameworks and agreements to facilitate greater cross-border mobility of professional engineers. In order to understand how the UK registration model is perceived by other nations, we commissioned independent research, which involved in-depth interviews with over 80 influencers and decision makers in the engineering sector across 44 countries.

In our core business activities, the Engineering Council conducted 16 five year and interim reviews of our Licensed Members, as well as four Professional Affiliate reviews. A series of workshops and seminars were held for institution staff and volunteers to share good practice and to encourage better engagement with their members.

We have reviewed our existing literature and also published fresh material, including *Guidance on whistleblowing* and a new, animated video about the Engineering Council. We also established a number of new working groups, including the Technicians and Apprenticeships reference group, which takes a strategic look at issues affecting technicians. An important activity was the development and publishing of learning outcomes (standards) that Apprenticeships must meet to secure approval from the profession.

We regularly review and, if necessary, improve the way we do things. One of these improvements was the launch of a new website with improved design, content and enhanced visitor experience. We have also simplified a number of processes by moving more procedures online and automating several functions that support the Register, making them quicker, easier and less susceptible to human error.

We continue to work closely with and on behalf of the wider engineering community. During 2015, we contributed to a number of external consultations and reviews including Trailblazer Apprenticeships, engineering conversion courses and transposing the EU Directive on Recognition of Professional Qualifications.

It has undoubtedly been a busy and productive year for the Engineering Council. As Chief Executive Officer, I am pleased to report that we have continued to make good progress in 2015. This success has been underpinned by a deep commitment from the Board and the Executive Team to energetically meet the new challenges that 2016 will bring on behalf of all of our stakeholders, thereby continuing to deliver public benefit.

Jon Prichard
CEng FICE FInstRE

2. HOW WE OPERATE

HOW WE ARE GOVERNED

The Engineering Council, registered charity No. 286142, and whose registered office is Woolgate Exchange, 25 Basinghall Street, London, EC2V 5HA was incorporated by Royal Charter on 27 November 1981 and is a registered charity, whose objects are:

TO ADVANCE EDUCATION IN, AND TO PROMOTE THE SCIENCE AND PRACTICE OF, ENGINEERING (INCLUDING RELEVANT TECHNOLOGY) FOR THE PUBLIC BENEFIT AND THEREBY TO PROMOTE INDUSTRY AND COMMERCE IN OUR UNITED KINGDOM AND ELSEWHERE.

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

HOW WE ARE FUNDED

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

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

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

THE BOARD OF TRUSTEES

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

The composition of the Board provides stakeholder representation through institution-nominated members, and the involvement of the wider profession through EngineeringUK nominees.

The Board is chaired by Rear Admiral Nigel Guild CB CEng FIET FIMarEST MIMA FREng and met on four occasions in 2015.

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

The constitution and membership of the Board is published on the Engineering Council website (www.engc.org.uk). An extranet requiring a password is available to stakeholders, primarily Licensed Members, Professional Affiliates, Engineering Council Trustees, and volunteer members of the Engineering Council's Committee and Panels, as well as Engineering Council staff. The Terms of Reference of the Board, Committees and Panels are published on the extranet together with other information including agendas, minutes and papers and proceedings of the Board committees.

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

The following table presents the Board members. A profile of all members can be found in Section 9.

No.	NOMINATED BY	BOARD MEMBER	LAST MEETING IN OFFICE	FIRST MEETING IN OFFICE
1	BCS, The Chartered Institute for IT	Prof Andrew McGettrick CEng FBCS FIEE	Jun 2015	
		Prof Kevin Jones CEng CITP CSci FBCS FIET		Sep 2015
2	Chartered Institution of Building Services Engineers	Mr David Hughes CEng FIMechE FCIBSE	Jun 2015	
		Mr George Adams CEng FCIBSE		Sep 2015
3	Institution of Chemical Engineers	Prof Jonathan Seville CEng FIChemE FREng		
4	Institution of Civil Engineers	Mr William Kemp MBE CEng FICE FIHT	Jun 2015	
		EUR ING Bill Hewlett CEng FICE FIET		Sep 2015
5	Institution of Engineering & Technology	Mr Tom Ridgman CEng FIET		
6	Institution of Engineering & Technology	Ms Sam Hubbard IEng MIET		
7	Institute of Marine Engineering, Science & Technology	RA Nigel Guild (Chairman) CB CEng FIET FIMarEST MIMA FREng		
8	Institute of Materials, Minerals and Mining	Dr David Gooch CEng FIMMM	Jun 2015	
		EUR ING Dr Graham Woodrow CEng FIMMM		Sep 2015
9	Institution of Mechanical Engineers	Mr Rob Smith CEng FIMechE		
10	Royal Aeronautical Society	AVM David Couzens CEng FIMechE FRAeS	Jun 2015	
		Prof Chris Atkin CEng FRAeS		Sep 2015
11	Society of Operations Engineers	Mr Alan Fitzpatrick CEng CEnv FSOE		
12	Institution of Structural Engineers	Prof Roger Plank CEng MICE FIStructE		
13	Group B Institutions	Mr Nigel Hendley CEng MICE Hon FCIWEM		
14	Group B Institutions	EUR ING Prof Simon Vaitkevicius CEng FIED		
15	Group C Institutions	Prof Ray Clark OBE CEng CEnv Hon FSEE		
16	EngineeringUK	Mr Doug Alexander		
17	EngineeringUK	Ms Yvonne Baker CEng MIChemE		
18	EngineeringUK	Miss Carolyn Griffiths CEng FIMechE FREng		
19	EngineeringUK	Mr Paul Jackson CEng FIET	Jun 2015	
		Mr Chris Boyle BComm		Sep 2015
20	EngineeringUK	Col Martin Court CEng FIMechE		
21	EngineeringUK	Mr Paul Excell CEng FBCS FIET		
22	EngineeringUK	Mrs Jane Cannon MBE CEng FIET		

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

SENIOR STAFF

Chief Executive Officer
Jon Prichard CEng FICE FInstRE

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

Head of International
Katy Turff CMgr MCMI

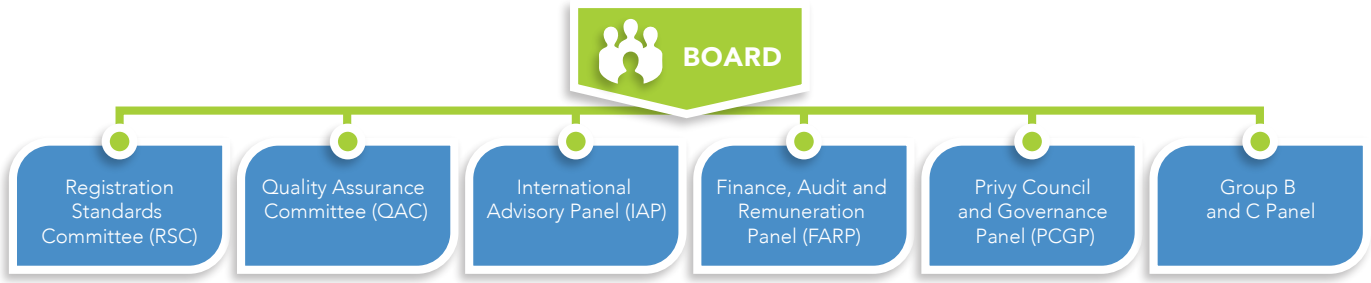
Operations Director & Deputy Chief Executive Officer
Paul Bailey BSc (Hons)

Head of Administration & Support
Gillian Paterson MA FCIPD

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.

COMMITTEES AND PANELS

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



The **Registration Standards Committee (RSC)** has oversight of matters to do with the education, training and professional development of professional engineers and technicians. It is responsible for maintaining the standards of competence and commitment, and maintaining the underpinning knowledge and understanding requirements for professional registration. This includes publishing, and keeping under review, the Registration Code of Practice that aligns with the requirements set out in the UK Standard for Professional Engineering Competence (UK-SPEC), the ICT Technician Standard, and the standards for the accreditation of HE programmes and approved Apprenticeships. RSC comprises nominees from professional engineering institutions, including from academia and industry, which ensures that the Engineering Council is kept abreast of developments in education and professional development that relate to professional engineers and technicians. The committee met three times in 2015.

The **Quality Assurance Committee (QAC)** is responsible for licensing professional engineering institutions that are considered competent to assess candidates for professional registration, accredit academic programmes, and approve professional development schemes. This involves a periodic review of the institutions' registration process, reviewing and making appropriate changes to licensing policies and processes, and encouraging information exchange between institutions, while maintaining an overview of licence related issues. It also approves suitable bodies as Professional Affiliates. QAC comprises members nominated by the licensed institutions who are registrants and of suitable standing and experience. The committee met four times in 2015.

The **International Advisory Panel (IAP)** is responsible for advising on matters that have an impact on the global recognition of Engineering Council standards and the international mobility of engineering professionals. This involves advising on the international promotion of the national Register, updating the Board on relevant international developments, guiding the Engineering Council's international activity and identifying suitable representatives of the UK engineering profession to join international committees. IAP acts as the National Monitoring Committee for FEANI registration purposes and as the responsible Committee for the UK section of International Registers. IAP also promotes the flow of communications between the Engineering Council and the institutions on international matters. IAP comprises nominees from professional engineering institutions, including from academia and industry, with international experience and expert knowledge of mobility issues affecting professional engineers and technicians. The panel met four times in 2015.

The **Finance, Audit and Remuneration Panel (FARP)** has responsibility for keeping the financial management of the Engineering Council under review. Through the delegated authority of the Board, it approves variations to expenditure and investment policy within established limits. The Panel advises the Board and CEO on financial services; monthly management accounts; remuneration; staff pensions; subscription and fees policies; the annual budget, report and accounts; risk assessment policy; audit reports; delegated financial authorities; and the business continuity plan. In addition to the Chair (who is also the Deputy Chair of the Board of Trustees), FARP comprises three current trustees and two other members with relevant knowledge and experience. The panel met four times in 2015.

The **Privy Council and Governance Panel (PCGP)** is responsible for the periodic review of the Charter, Bye-laws and Regulations of the Engineering Council, and making proposals for change to the Board. The Panel also advises the Board on its response to requests for advice from the Privy Council Office and other government departments on matters concerning the constitution of relevant institutions. PCGP provides advice to professional engineering institutions on constitution, governance and disciplinary procedures. This involves publishing and reviewing guidance on disciplinary procedures and consulting with Licensed Members on significant proposed changes to policies or procedures. PCGP also considers representations from professional engineering institutions, registrants or members of the public concerning the conduct of institutions or registrants and determines whether, and if so how, appeal proceedings should take place. PCGP comprises suitable nominees from the Board, together with advisors to assist in this work of the Panel. The PCGP met four times in 2015.

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

VOLUNTEER EFFORT

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

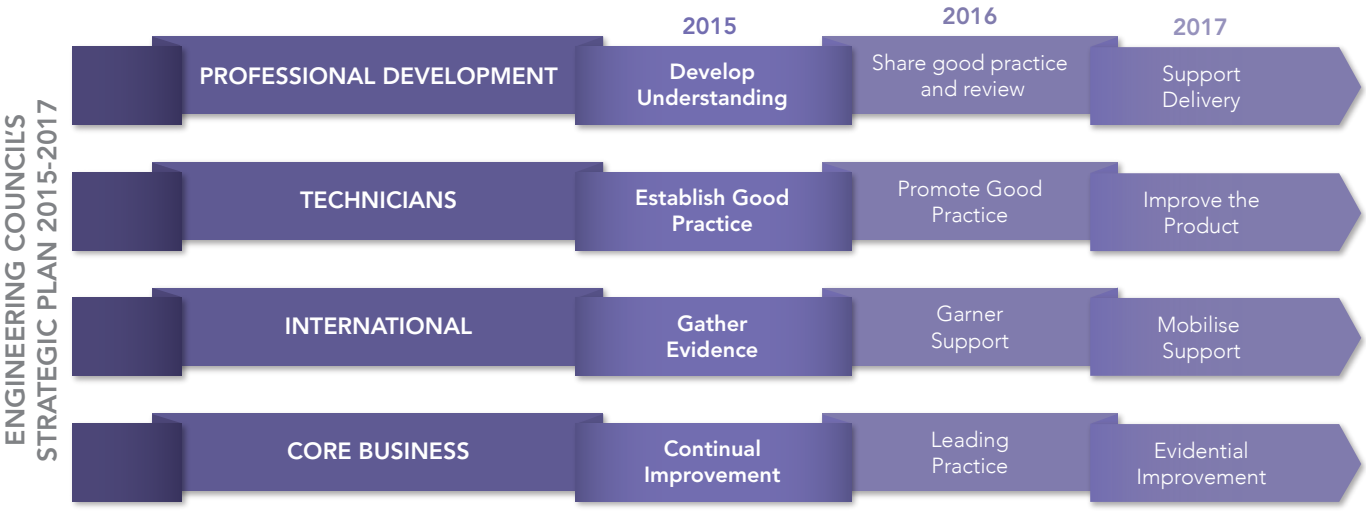
A number of volunteer seminars were held in 2015. These were well attended with more than 50 volunteers involved in each session. The seminars provide volunteers with opportunities for networking, identification of current issues, receiving updates on future plans and the exchange of good practice.

Table of professional advisors

PROFESSIONAL ADVISOR	ORGANISATION	ADDRESS
Actuaries	Cartwright Benefit Consultants Ltd.	175 Kings Road, Reading, RG1 4EY
Auditors	Saffery Champness	71 Queen Victoria Street, London, EC4V 4BE
Bankers	HSBC Bank plc	165 Fleet Street, London, EC4A 2DY
Financial Accountants	Kreston Reeves LLP	37 St Margaret's Street, Canterbury, CT1 2TU
Investment Managers	Baring Asset Management Ltd	155 Bishopsgate, London, EC2M 3XY
Insurance Brokers	Aon Consulting Ltd	Briarcliff House, Kingsmead, Farnborough, GU14 7TE
Pension Administrators	Cartwright Benefit Consultants Ltd.	Boundary House, 4 Country Place, Chelmsford, Essex, CM2 0RP
Pension & Life Assurance Advisors	Jelf Group plc	Endeavour House, Crow Arch Lane, Ringwood, Hampshire, BH24 1HP
Solicitors – Pensions and general	Wedlake Bell LLP	52 Bedford Row, London, WC1R 9HF
Solicitors – Property	Bates Wells & Braithwaite London LLP (BWB)	10 Queen Street Place, London, EC4R 1BE
Solicitors – Governance	Bircham Dyson Bell	50 Broadway, Westminster, London, SW1H 0BL

3. STRATEGY AND PERFORMANCE IN 2015

THE ENGINEERING COUNCIL'S STRATEGIC PLAN 2015-2017 SETS OUT ITS PLANS AND PRIORITIES AND SHOWS HOW THIS ACTIVITY SUPPORTS THE DELIVERY OF ITS VISION AND MISSION. THE ACTIVITY INCLUDES BOTH THE ROUTINE FUNCTIONS THAT MAKE UP THE ENGINEERING COUNCIL'S CORE BUSINESS AND THREE NEW INITIATIVES THAT BUILD UPON THE SUCCESS OF THE LAST FEW YEARS.



STRAND 1. PROFESSIONAL DEVELOPMENT

Aim: To provide appropriate mechanisms that support professional engineering institutions in ensuring that the competence of potential and existing registrants is developed, maintained and enhanced.

Key tasks in 2015 – Develop understanding:

- Review professional engineering institution practice with respect to approval/accreditation of Initial Professional Development (IPD) schemes and provision of IPD.
- Develop an understanding of the CPD needs of existing registrants and their employers.
- Research and benchmark performance in other professions/nations and identify good professional development practice.

The Registration Standards Committee is accountable for the professional development strand, with strand activity being led by the Policy and Standards department.

Achievements in 2015

- With strong input from the professional engineering institutions, desk research about their professional development practice has been completed and will inform the strand work in 2016.
- A CPD forum in November was held to support institutions in developing their sampling processes for registrants' CPD records.
- To enable benchmarking, professional development practice in other professions was researched and reported on.
- A professional development steering group with strong employer representation has been established to provide direction for the work.

STRAND 2. TECHNICIANS

Aim: To support, share and promote good practice for the professional engineering institutions to establish pathways to registration, and increase the number of required technicians; to improve the visibility of the value of technician registration and the associated products with employers and individuals.

Key tasks in 2015 – Establish good practice:

- Establish good practice for the approval of qualifications, Apprenticeships and programmes.
- Support and encourage the increase in the number of approved Apprenticeships.
- Support the promotion of technician registration and retention of registered technicians through appropriate initiatives.

The Registration Standards Committee is accountable for the technicians strand. Since Spring 2015, responsibility for technician activities has been transferred back to the Policy and Standards department.

Achievements in 2015

- The Engineering Council has continued to maintain and build on strategic external relationships with awarding organisations, education providers, employers, government and other stakeholders.
- The Engineering and Apprenticeship Qualifications (EATQ) Forum, established by the Engineering Council in 2013, has become well established as the profession's forum for institutions active in this space.

  It enables sharing of good practice, leading to consistent and transparent approval practices and processes.
- A key development was the publication of learning outcomes for technician related qualifications and programmes. This is key to assuring good and consistent practice in the approval of qualifications and Apprenticeships for EngTech and ICT*Tech* registration.
- A small Technicians and Apprenticeships reference group was established to take a strategic look at technician matters. Three handbooks have been published to help organisations that are developing technician related Apprenticeships and qualifications to seek approved status for technician (EngTech and ICT*Tech*) registration.

STRAND 3. INTERNATIONAL

Aim: To provide the benefits of competency based assessment aligned to UK-SPEC in order to support international mobility for professional engineers and technicians whether registered through the standard or individual route.

Key tasks in 2015 – Gather evidence:

- Develop understanding of the value of the UK registration model to other nations.
- Review and establish mechanisms for monitoring globalisation trends in professional engineering institution membership and how this is influencing demand for registration.
- Devise and pilot an international audit of individual route registration.
- Identify appropriate mechanisms for enhancing mobility and recognition for professional engineers and technicians.

The International Advisory Panel is accountable for the strategic international strand. This strand involves engagement and collaboration with key international engineering bodies to set up frameworks and agreements that facilitate the international mobility of professional engineers and technicians between member countries. It also works to promote the understanding and value of the UK registration model in other countries.

Achievements in 2015

- Research was commissioned to ascertain how other nations value and perceive the UK registration model, involving over 80 decision makers and influencers in the engineering sector from 44 countries. The findings will contribute to future activities aimed at promoting the value of the UK registration model to other nations.
- A strong case for a Common Training Framework for Engineers in Europe was made to the General Assembly of the European Federation of National Engineering Associations (FEANI). Agreement was secured for FEANI to begin work on this, which would enhance international mobility and recognition for professional engineers and technicians.
- Collaboration with the Department for Business, Innovation and Skills (BIS) continued as part of the process of transposing EU Directive 2013/55 on Recognition of Professional Qualifications into UK legislation, and BIS' initiative to scrutinise the UK's regulated professions to identify the need for regulation.

CORE BUSINESS

The Business Plan, approved by the Board, sets out how the new initiatives integrate with the routine activity that makes up core business. During the period covered by the Strategic Plan, there are a number of strategic goals and enablers supported in each calendar year by strategic themes as outlined below.

STRATEGIC GOALS

- To maintain internationally recognised standards of competence and commitment as described in UK-SPEC and the ICT*Tech* Standard
- To seek and promote excellence in the licensing of competent institutions through effective and efficient processes
- To continue to develop, improve and digitise key processes

STRATEGIC ENABLERS

- People: To value, support, develop and utilise the full potential of its staff and volunteers
- Environment: To provide a modern and efficient working environment
- Technology: To identify and utilise appropriate technology to deliver value to stakeholders

THE STRATEGIC THEMES FOR 2015: CONTINUAL IMPROVEMENT

- Review and instigate process improvement programme for Registration and Licensing
- Progress digitisation programme
- Develop and roll out volunteer strategy
- Identify opportunities to promote registration with professional engineering institutions

POLICY AND STANDARDS

Purpose: Ensure that the Engineering Council's standards for registration, the UK Standard of Professional Engineering Competence (UK-SPEC) and the Information and Communications Technology Technician (ICT*Tech*) Standard remain fit for purpose (including in a global context) and recognised, and that standards are maintained and appropriately developed, and supported by professional engineering institutions and other stakeholders.

Alongside standards related work, the Policy and Standards department is responsible for the Registration Code of Practice, the learning outcomes for accredited degrees and approved technician related qualifications and Apprenticeships, and for professional development. The department reports to and provides the secretariat for the Registration Standards Committee (RSC).

Achievements in 2015

Consultations and reviews

The Engineering Council has contributed responses to several external consultations, reports and reviews including:

- government-instigated work towards developing engineering conversion courses for non-STEM graduates.
- the *Wakeham Review of STEM degrees and employability*.
- the Quality Assurance Agency's review of the engineering subject benchmark statement, ensuring that it retains its strong link with the Engineering Council's degree accreditation criteria.
- the BIS consultation on future governance arrangement for the Trailblazer Apprenticeship programme.
- HEFCE's consultation about future quality assessment arrangements in higher education.

Publications and research

In consultation with professional engineering institutions, the following were achieved:

- Revised guidance on the professional review was published.
- Revisions to the Registration Code of Practice were made.
- New *Guidance on whistleblowing for engineers and technicians* was published.

- Research was commissioned into where and how knowledge is developed in potential registrants without accredited degrees.
- Work began on new *Guidance on security* for engineers and technicians.

Higher education

- The Engineering Council provided the secretariat for the Engineering Accreditation Board (EAB), the profession's mechanism for joint degree accreditation activity. This included three board meetings and six university accreditation visits, reviewing 87 programmes over a broad range of engineering fields.
- Work continued on the Academic Courses Accreditation Database (ACAD), in preparation for the transfer of records to a newly developed Qualifications and Programmes Database in 2016.
- Jointly with the Higher Education Academy (HEA), a mapping document was published for teachers in higher education to identify how their teaching experience could provide evidence for professional registration as a Chartered Engineer. An online *Engineering Gateways Toolkit* for licensed institutions was published. The biannual *HE Bulletin* was issued to over 500 higher education contacts.
- Participation in externally-led meetings and groups continued on a wide scale. Of particular note was involvement in the *Higher Education Data and Information Improvement Programme* (HEDIIP) Advisory Group, the new EPC working group, looking at embedding work-based learning into degree programmes.

mycareerpath®

- During the year a further five institutions took up **my**careerpath®, the Engineering Council's online professional development recording system, bringing the total to 29. During 2015, the number of individual users grew by almost a quarter, to over 16,500.
- Highlights in 2015 include migrating **my**careerpath® to cloud hosting in March, resulting in a faster, more secure service, and developing the system's monitoring and auditing functions.
- **my**careerpath® activities are reported to the Finance, Audit and Remuneration Panel (FARP).

TECHNICIANS

Purpose: Ensure that the Engineering Council's standards (UK-SPEC and ICT*Tech*) underpin qualifications, Apprenticeships and programmes that lead to Engineering Technician and ICT Technician registration, and that the pathways to registration are appropriately developed and supported by professional engineering institutions and other stakeholders.

Achievements in 2015

- Three Engineering Apprenticeship and Technician Qualifications (EATQ) Forums were held.
- Work began on the development of a new Qualifications and Programmes Database that will combine the existing databases for accredited degrees and technician qualifications.

LICENSING AND QUALITY ASSURANCE

Purpose: Ensure that Licensed Members efficiently and effectively maintain consistent standards of competence and commitment for individuals being nominated to the Register, in accordance with UK-SPEC and ICT*Tech* and the Registration Code of Practice.

The Licensing department works closely with the institutions and almost 50 volunteer liaison officers.

Achievements in 2015

- ***Licensed institutions***

  The Engineering Council conducted four five-year licence reviews:

  - Institution of Agricultural Engineers (IAgrE)
  - Institution of Lighting Professionals (ILP)
  - Institute of Marine Engineering, Science and Technology (IMarEST)
  - Nuclear Institute (NI)
  - Chartered Institution of Highways and Transportation (CIHT)
  - Institution of Civil Engineers (ICE)
  - Institution of Engineering Designers (IED)
  - Institution of Engineering and Technology (IET)
  - Institution of Gas Engineers and Managers (IGEM)
  - Institute of Highways Engineers (IHE)
  - Institute of Healthcare, Engineering and Estate Management (IHEEM)
  - Institute of Measurement and Control (InstMC)
  - Institute of Materials, Minerals and Mining (IOM3)
  - Institution of Lighting Professionals (ILP)

  - Institute of Marine Engineering, Science and Technology (IMarEST)
  - Nuclear Institute (NI)
- In addition, 12 interim reviews were carried out:
  - Chartered Institution of Highways and Transportation (CIHT)
  - Institution of Civil Engineers (ICE)
  - Institution of Engineering Designers (IED)
  - Institution of Engineering and Technology (IET)
  - Institution of Gas Engineers and Managers (IGEM)
  - Institute of Highways Engineers (IHE)
  - Institute of Healthcare, Engineering and Estate Management (IHEEM)
  - Institute of Measurement and Control (InstMC)
  - Institute of Materials, Minerals and Mining (IOM3)
  - Institution of Royal Engineers (InstRE)
  - Institution of Structural Engineers (IStructE)
  - Society of Operations Engineers (SOE)
- The Engineering Council held five workshops during the year and contributed to a sixth, covering various topics. These workshops were aimed at institution staff and volunteers and designed to share good practice and develop engagement across the engineering community. Over 90 staff and volunteers attended the workshops, representing 23 licensed institutions and 13 Professional Affiliates. Feedback from the attendees was very positive, with 98% agreeing that the workshops were very useful.

Professional Affiliates

- Reviews of four of the organisation's Professional Affiliates were carried out in 2015 and new approvals awarded:
  - Association for Project Management (APM)
  - Institute of Automotive Engineer Assessors (IAEA)
  - Institute of Asphalt Technology (IAT)
  - Institution of Diesel and Gas Turbine Engineers (IDGTE)
- Two new Registration Agreements were approved in 2015 (Institute of Demolition Engineers (IDE) and IDGTE), and two Affiliates that were awarded Registration Agreements in 2014 registered their first members (Chartered Institution of Civil Engineering Surveyors (ICES) and Permanent Ways Institution (PWI).
- The annual Professional Affiliate seminar held in November focused on Registration Agreements.

Liaison Officers

- Ten new liaison officers were appointed during the year and the Liaison Officer handbook was revised.
- Certificates of Recognition were awarded to 12 long-serving volunteers, to express thanks for their time, effort and enthusiasm over the years, without which the Engineering Council could not deliver its objectives.

GOVERNANCE

Purpose: Ensure that the engineering community continues to serve the interests of society through appropriate structures and professional behaviours.

The Governance department works closely with the Engineering Council's stakeholders, providing guidance to institutions on general governance issues, as well as reviewing and considering proposed changes to institutions' Bye-laws and charters as a formal advisor to the Privy Council Office. Registrant issues, complaints and misuse of titles are also monitored with 11 incidents of misused titles and 13 complaints reported in 2015. These fell into three main categories: professional review interview outcomes, conduct, and the protection of the status of engineers, including professional engineers as counter-signatories. All such governance matters are reported into the Privy Council and Governance Panel (PCGP).

Achievements in 2015

Institutions

- The Engineering Council provided advice to seven institutions on their proposed amendments to Bye-laws and charters, including one application for a Royal Charter. The organisation has also liaised with institutions on specific proposals, including one for discipline-specific registers.
- The Engineering Council received a number of applications from overseas bodies wanting to become Professional Affiliates and ultimately Licensed Members. PCGP discussions

continue on how such applications would need to be managed in accordance with European law.

Guidance and regulations

- PCGP approved an updated draft of the *Guidance on Disciplinary Procedures* for licensed professional engineering institutions, for consultation in 2016.
- In response to the Charity Commission's document on public benefit reporting, a *Guidance note on public benefit* has been drafted, advising institutions on how to prepare their statements on public benefit for inclusion in reports, and the importance of clearly stating their charter and charitable status on websites, in annual reporting and other governance documents. The guidance will be circulated in early 2016.
- Work continued during the year on proposed amendments to the *Engineering Council Regulations* covering reinstatements to ensure the guidance is both clear and that it properly addresses how the financial side is accounted, including what options are available to both institutions and registrants in terms of payment schedules, removals and reinstatements.

INTERNATIONAL

Purpose: Ensure that the Engineering Council standards for registration are globally recognised and that the international mobility of engineering professionals is facilitated.

The Engineering Council's International department reports to and provides the secretariat for the International Advisory Panel (IAP).

Achievements in 2015

Publications

- The Engineering Council is a founder member of EUR-ACE®, the European quality label for engineering degree programmes at Bachelors and Masters level. It contributed to the new EUR-ACE® *Framework standards and guidelines* document, which was published in March.
- It also contributed to the *Handbook for reviews*, published by the International Engineering Association (IEA), which provides guidance for organisations carrying out quality assurance audits on behalf of IEA.

Reviews, agreements and accords

- In June, the Engineering Council's membership of the International Engineering Technologists Agreement (IETA) was renewed, following a six-yearly review. The Agreement is between Sydney Accord signatories who have similar policies and procedures for granting professional recognition to their engineering technologists (Incorporated Engineers) to promote their international mobility. In addition, following a EUR-ACE® review, the organisation has been given an unconditional extension for five years.
- The review has also enabled the label to be opened up to Incorporated Engineer accredited programmes with a sufficient volume of credits on the European Credit Transfer System (ECTS).
- The Engineering Council became a founder member of the Agreement for International Engineering Technicians (AIET) in 2015. The Agreement will ultimately lead to the creation of an international register of engineering technicians to facilitate their international mobility by recognising their professional competence against an international standard.
- In September, Idaho became the first US state to give formal recognition to CEng status in the licensure process, where the engineer must have at least eight years post-registration experience. This may pave the way for other states to recognise UK registered professional engineers.
- The Engineering Council initiated discussions for the UK Bachelor's degree with Honours to be recognised by the Washington Accord and prepared for a Dublin Accord Review visit in November, the result of which will be communicated in 2016.

Meetings and events

- The Engineering Council had a representative on FEANI's inaugural young engineers steering group and attended FEANI's National Members Forum, General Assembly and Executive Board meetings.
- The organisation also arranged an opportunity for the European Network for Accreditation of Engineering Education (ENAEE) President to speak to the Engineering Accreditation Board (EAB) EUR-ACE® workshop, which was very well received by attendees.

REGISTRATION, ADMINISTRATION AND SUPPORT

Purpose: Ensure that the operation of the organisation is delivered in an efficient and effective manner.

The Registration, Administration and Support function is responsible for the smooth and efficient day-to-day running of the Engineering Council. It reports to the Finance, Audit and Remuneration Panel (FARP).

Achievements in 2015

Highlights

- The Engineering Council reorganised to adopt a flatter management structure and restructured departments to improve the delivery of the organisation's strategic and operational objectives.
- In March, the organisation moved from its offices in Holborn into temporary accommodation in Aldgate, while work was completed on its new office space. In July, together with EngineeringUK and STEMNET, the Engineering Council moved into its new offices in the City. Both moves took place with minimal disruption and business continued as normal.

Registration

- The Engineering Council has had a successful year working with institutions to improve the systems and processes that support the Register. In close collaboration with the institutions, the organisation completed a thorough cleanse of all registration data and a number of processes that support the Register have been automated, making them quicker, easier to use and more reliable.
- A number of workshops and training sessions were held to support institution staff in using the new systems, and advice and assistance was readily given when requested.
- In response to feedback from institutions and the Board, the Engineering Council developed its reporting tools for the Register and can now generate more detailed, insightful reports and trend analysis based on live data. It has also tightened its process of reconciling data at end of year, with support from the institutions. A direct result of this is a more efficient invoice process for EngineeringUK, benefitting all stakeholders.

MANAGEMENT INFORMATION SYSTEMS (MIS)

Purpose: Manage the Management Information Systems, ensuring the integrity of the registration database.

The Management Information Systems (MIS) department reports to the Finance, Audit and Remuneration Panel (FARP) and is responsible for maintaining and optimising the Engineering Council's ICT capabilities so that the organisation can function efficiently and securely.

Achievements in 2015

Highlights

- A significant achievement in 2015 was the successful maintenance of ICT capability during two office moves without disruption. This was achieved by effective and efficient collaboration with our IT service provider System Professional and with the support of our applications development company, ap16.
- In the summer, the Engineering Council launched its new website. The redesigned site includes a number of new and enhanced features such as a navigation panel for specific audiences, a Twitter news-feed, interactive and engaging content and improved search engine optimisation, making it more visible online. The website is compatible with all devices and major browsers.

Projects

- Several important IT projects have continued to progress well, including further development and thorough review of the Engineering Council's online registrant search facility, RegPlus, and the Register. A project to combine the organisation's two qualifications and programmes databases into one has reached the testing stage and will be completed in 2016. In addition, new project policy and procedures have been trialled and put in place across the organisation as part of a wider business improvement exercise.
- A major IT project for the Engineering Council is **MyEngC**, the organisation's revamped extranet site. Through extensive stakeholder engagement, including a survey to institutions, internal consultation and interaction with design companies, the requirements for the new site have been established with the build to commence in 2016.

MARKETING AND COMMUNICATIONS

Purpose: Promote the value of professional registration to clients, employers, registrants and potential registrants, thereby enhancing the status of registrants and the brand of the Engineering Council.

By the close of 2015, the Marketing and Communications (MarComms) team was equipped with the full range of marketing, digital, social media and communications expertise. Day-to-day activities include engaging in social media; maintaining marketing relationships; developing, updating and promoting the Engineering Council's literature and reports; and maintaining and monitoring the website. Alongside its own projects, the team supports all the organisation's departments and reports to the Finance, Audit and Remuneration Panel (FARP).

Achievements in 2015

Promotion

- The Engineering Council commissioned three promotional videos. The first of these, about the organisation, was completed and published in 2015. The second, focusing on the value of professional registration and the process to gaining it, will be released in early 2016. The third, a case study film, will be produced in the spring.

Harmonising data

- As part of the ongoing work to map the UK's engineering profession, a steering group was established comprising of representatives from the Engineering Council, EngineeringUK and the Royal Academy of Engineering. Its first task was to agree the engineering occupational footprint using the Standard Occupational Classifications (SOC), as identified by the Office of National Statistics (ONS). This work is nearing completion. The next task will be to agree the industry footprint using the ONS Standard Industrial Classifications (SIC).
- In November, the Engineering Council liaised with the ONS, and has agreed to act as a stakeholder in the revision of the SOC2010. The Engineering Council will lead on this through the joint steering group and will issue a collaborative response to the ONS in 2016.

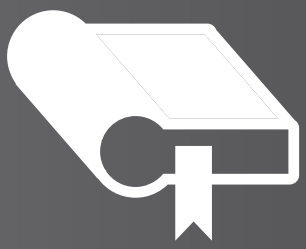
Engagement

- The organisation continues to support the work of the Royal Academy of Engineering on diversity in engineering. It has representatives on the Engineering Diversity Concordat and the Diversity Leadership Group. The Engineering Council has also attended several diversity launch events and given presentations on the value of professional registration at two RAEng Summer School workshops.
- In collaboration with engineering institutions, the organisation continues to work with BAE Systems to produce a single policy on promoting professional registration across its business units. In conjunction with this, the Engineering Council exhibited at the company's Maritime Services conference in November.

Communications

- The organisation has developed a strategy for both internal and external communications to improve engagement with all of its stakeholders. While continuing to deliver and expand on its external communications, including through social media, reports and newsletters, the organisation's internal engagement has been improved by a new, fortnightly internal bulletin. Relationships with journalists and editors have been developed in order to maximise external communication opportunities in 2016.

4. PLANS FOR 2016



THE ENGINEERING COUNCIL'S STRATEGIC PLAN 2015-2017 IS DRIVEN BY ITS MISSION AND WILL SET TO ACHIEVE THE FOLLOWING:

- To maintain internationally recognised standards of competence and commitment as described in UK-SPEC and the ICT*Tech* Standard.
- To seek and promote excellence in the licensing of competent institutions through effective and efficient processes.
- To continue to develop, improve and digitise key processes.

These goals are complemented by several Strategic Enablers (People, Environment, and Technology), which in each calendar year will be supported by Strategic Themes.

For 2016, the Strategic Theme is 'Leading Practice', with the following activities set out:

- Complete digitisation
- ISO9001 recertification
- Embed 'lean' business processes.

STRATEGIC STRANDS

Professional Development

Work undertaken in 2015 on Professional Development will continue into 2016, where the Engineering Council will be focusing on sharing good practice, particularly with respect to the approval and accreditation of IPD schemes as well those systems used by institutions when reviewing, evaluating and providing feedback on their members' CPD records. This important work will involve liaising with stakeholders to garner their views and needs as well as investigating practice in other professions and seeing what more the profession can do to support potential registrants.

Technicians

The organisation's work on Technicians will move into promoting good practice where the Engineering Council will look to share and assist in the development of good practice across all Technician related programmes. The Engineering Council will continue to identify opportunities to improve the registration and retention processes while supporting the profession to exploit and increase technician registration.

International

Work in the third strategic strand, International, will continue as the Engineering Council begins to garner support for the adoption of UK-style registers by interested partners.

More specifically, the organisation will look to pilot an international audit of the individual route to registration and continue to provide leadership within FEANI to develop an inclusive and flexible Common Training Framework for the [European] engineering profession.

Core Business

To help underpin the top level 2016 Strategic Plan strands, the Engineering Council will also ensure that it delivers the core business, taking due note of the capability and capacity of the organisation.

5. RISK AND COMPLIANCE

THE TRUSTEES ASSESSED THE MAJOR RISKS TO WHICH THE ENGINEERING COUNCIL WAS EXPOSED IN ACCORDANCE WITH SORP 2015 AND WERE SATISFIED THAT SYSTEMS WERE IN PLACE TO MITIGATE THE ENGINEERING COUNCIL'S EXPOSURE TO MAJOR RISKS. THE ORGANISATION'S **RISK POLICY** IS SET OUT AS FOLLOWS:

1. That the CEO shall ensure that the EngC has a comprehensive Risk and Opportunity Register
2. That the CEO shall ensure that Risks, and Opportunities, are managed at all appropriate levels in the Engineering Council using the process of Identification, Analysis, Evaluation, Mitigation, Reporting and Monitoring across the areas of Governance, External, Operations, Finance and Legal.

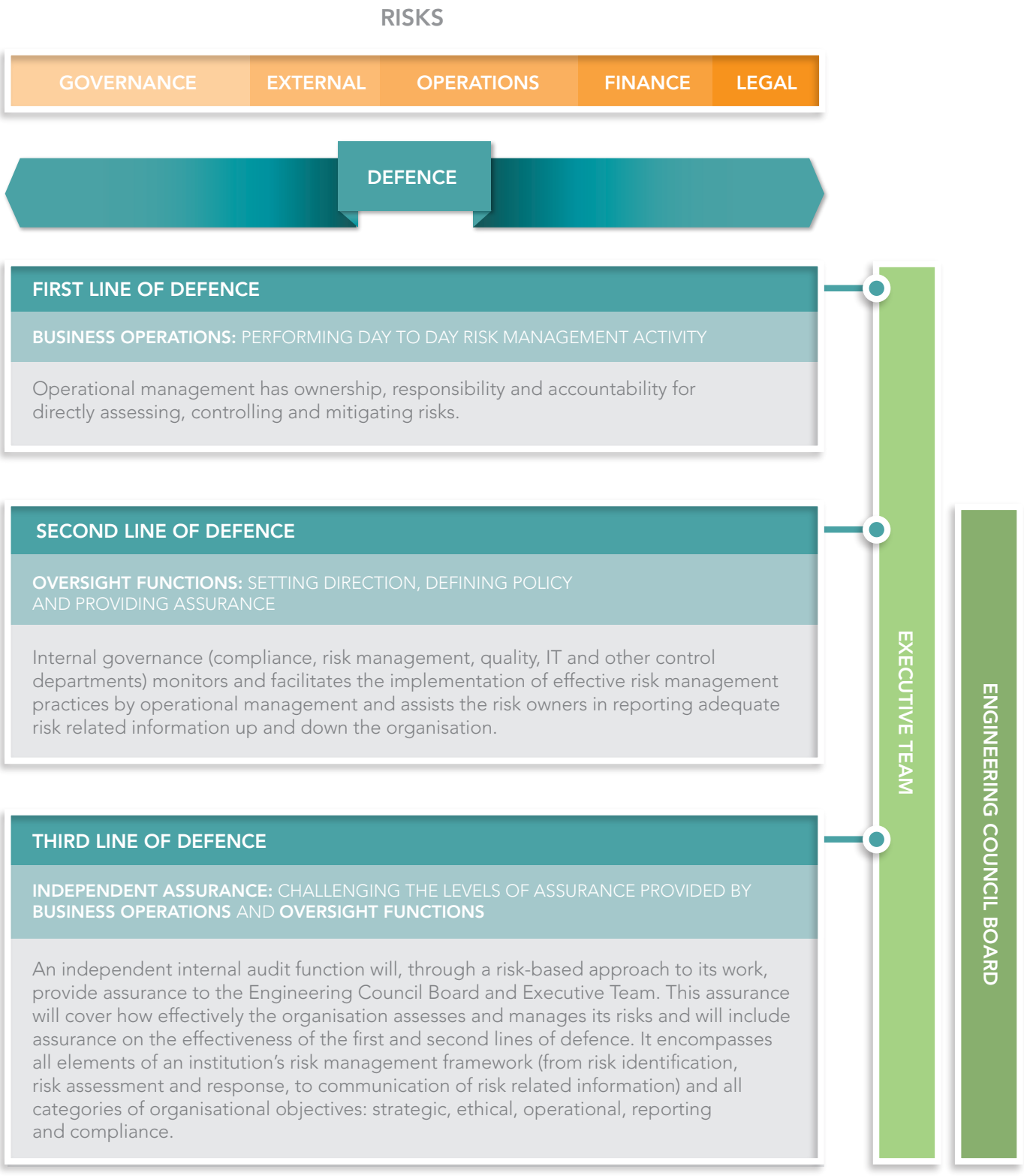
HOW THE ENGINEERING COUNCIL MANAGES RISK

As part of the business planning process, the Executive Team scans the horizon to identify changes in the external environment that may have an impact on the Engineering Council's operations. Both PESTLE and SWOT analysis frameworks are utilised to do this, which then instructs the 'opportunity and risk' identification process. The *Risk Register* is reviewed by FARP in the autumn of each year to inform the *Business Plan* for the following year.

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

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

RISK ASSURANCE FRAMEWORK



RISK REGISTER

Summary and changes

The table below provides a summary of the total number of current risk items as classified by *Net Risk*, compared to 12 months ago:

NET RISK	NUMBER OF RISK ITEMS (NOV 14)	NUMBER OF RISK ITEMS (NOV 15)
High	1	1
Medium	10	15
Low	16	14
TOTAL	26	30

Top Five Risk Items

Presented for information below are the top five risks as set out on the Risk Register. These are placed in order according to (i) *Net Risk*, (ii) *Gross Risk* and (iii) *Severity* (then *Probability* and *Impact*):

RISK	CONTROL
External **Dublin Accord:** Expansion of Dublin Accord may lead to challenges to the UK system that appears to be less formalised than those of other signatories.	1. RSC approved EATQ Handbook and learning outcomes 2. Published with implementation to be completed by March 2016 3. Professional engineering institutions updating procedures and offering support to Dublin Accord Review process.

RISK	CONTROL
External **ENAEE/FEANI Relationship:** Failure to establish a mutually agreed position leading to breach in relationship driving the two organisations apart and becoming increasingly competitive. This could also impact on the Common Training Framework discussions as some partners see EUR-ACE® as the framework.	1. Representation within ENAEE Administrative Council and FEANI Executive Board 2. The Project Manager is seeking resolution before project can commence 3. FEANI Executive Board to determine response 4. IAP discussion in November 2015 considered actions to be taken if risk is realised.

RISK	CONTROL
External **Registrant numbers:** Registrant recruitment, retention and demographics will/is resulting in loss of registrants and decreasing income to both Engineering Council and EngineeringUK.	1. New 2015-17 Strategic Plan sets a Strategic Theme for 2015 being to 'identify opportunities to promote registration with professional engineering institutions (emphasised during licensing review).

RISK	CONTROL
Operations **Reconciliation Submissions:** If professional engineering institutions are reluctant or refuse to submit reconciliation in the format required in a timely manner, the annual statistics will be incorrect. In addition, risk of widespread changes in professional engineering institution staff, leading to loss of knowledge/lack of understanding of the importance of the reconciliation process and reluctance to co-operate.	1. Regular communication with professional engineering institutions was maintained to facilitate early identification and resolution of potential issues 2. Communications processes were revised to ensure that the value of reconciliation is recognised, ensuring continued professional engineering institution co-operation 3. Robust planning and careful management of reconciliation process and submissions continued.

RISK	CONTROL
Governance **Ensuring Charitable Status:** Charitable status is withdrawn from the Charity Commission due to public benefit concerns.	1. Ensure public benefit requirement is given high profile on all communications, eg website, reports, reviews and presentations 2. Engineering Council monitors all Charity Commission requirements on public benefit and updates its processes where necessary.

INTERNAL AND EXTERNAL AUDITING

The Quality Management System (QMS) is now embedded within the Engineering Council's Operational Framework and a robust internal audit schedule is in place.

This plan is created and revised by the internal Process Improvement Team (PIT), which also manages the internal audit team. In addition, PIT monitors the internal audit process, reviews internal audit reports and follows up on both ISO9001 and internal audit non-conformances and root cause analysis.

All findings are recorded in the Issues Log as requested by the Executive Team.

Engineering Council will be looking to recertify against the ISO 9001:2009 quality standard in January 2016.

6. FINANCIAL REVIEW

THE ENGINEERING COUNCIL'S OVERALL BUDGET FOR 2015 WAS £2,844,920, MADE UP IN PRINCIPLE BY A GRANT OF £2,677,722 FROM ENGINEERINGUK, WHICH INCLUDED AN OPERATING GRANT OF £2,252,722, WHICH WAS AN INCREASE OF 3% ON THE PREVIOUS YEAR'S OPERATING GRANT (2014 - £2,188,109), AND THE ANNUAL CONTRIBUTION TO THE PENSION SCHEME OF £425,000 (2014 - £399,000).

FARP agreed the budget for 2015, together with the 2015 grant application, at its meeting in May 2014. This was approved by the Trustee Board in June 2014. The EngineeringUK Board subsequently approved the 2015 operating grant request.

The areas of activity funded during 2015 are set out in section 3, 'Our strategy/plans and performance', the budget also covers the operational and governance costs of the organisation. A detailed breakdown of expenditure appears in notes 5-10 to the Financial Statements. FARP regularly scrutinises the organisation's expenditure to ensure that the work of the Engineering Council remained cost-effective.

Figure 1, opposite, summarises how costs were spent on charitable activities (with 2014 for comparison at Figure 2).

During 2015, the Engineering Council administered an in-house payroll function, while all other accounting functions continued to be outsourced to Kreston Reeves LLP who were appointed in December 2009. Cartwright Benefit Consulting Ltd. carried out the pension scheme administration.

The inclusion of the Engineering Council Pension Scheme under FRS102 has reduced staff costs by £395,000 (2014 - £371,000), increased direct costs by £97,000 (2014 - £136,000) and resulted in an actuarial gain on the scheme of £140,000 (2014 - loss of £144,000). The overall effect of applying FRS102 is thus to increase Income for the year by £298,000 (2014 - £235,000) and to increase the Net movement in funds by £438,000 (2014 - decrease by £91,000). No significant comment is made with respect to the Net Incoming Resources as the grant mechanism ensures that the required funding is provided.

ENGINEERING COUNCIL PENSION SCHEME

The Trustees of the Engineering Council Pension Scheme met three times during 2015. The Engineering Council, as the Principal Employer, made a payment of £425,000 (£399,000 in 2014) to the Scheme, in accordance with the ten year schedule of contributions, which was agreed by the Trustees and the Employer in December 2013. A new triennial valuation as at 31 December 2015 is currently underway.

RESERVES POLICY

The Engineering Council's policy is to hold reserves in the form of:

Unrestricted general funds – 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 ongoing 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 £539,000 (2014 – deficit £977,000), reflecting a deficit on the Engineering Council Pension Scheme calculated under FRS102 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 organisation's cash flow in the short term, and that in the long term its effects can be sustained from future income.

Restricted reserves – A reserve equivalent to one year's recovery plan contributions to the defined benefit pension scheme is maintained.

Disregarding this deficit and tangible fixed assets for reserves policy purposes, the charity's general fund was £2,151,150 (2014 - £2,274,360), a figure not materially different from nine months' expenditure.

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

Investment Policy and Returns - The Trustees considered the most appropriate policy for investing funds and agreed 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 2010, following a formal tender process the Trustees appointed Baring Asset Management Limited as fund managers. The Barings Targeted Return Fund invests across asset classes and through both direct holdings as well as in-house and third party funds. The Targeted Return Fund does not invest directly in companies which manufacture tobacco products. Additionally, Barings' own range of pooled funds does not invest in prostitution or pornography stocks. 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.

The investment manager's fees are absorbed in the value of the fund and are therefore not separately identifiable.

FARP reviews the fund performance at each of its meetings and the fund manager attends FARP once a year to discuss fund performance. The Trustees have confirmed they were happy to continue with the appointment of Baring Asset Management Limited as fund managers.

During 2015 the return on the Fund was 2.4% (net of fees) which lagged the performance comparator of 5.0%. This return was ahead of the UK equity market return of 1.0% but was delivered with much less volatility, due to the asset mix of the fund.

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

REMUNERATION POLICY

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

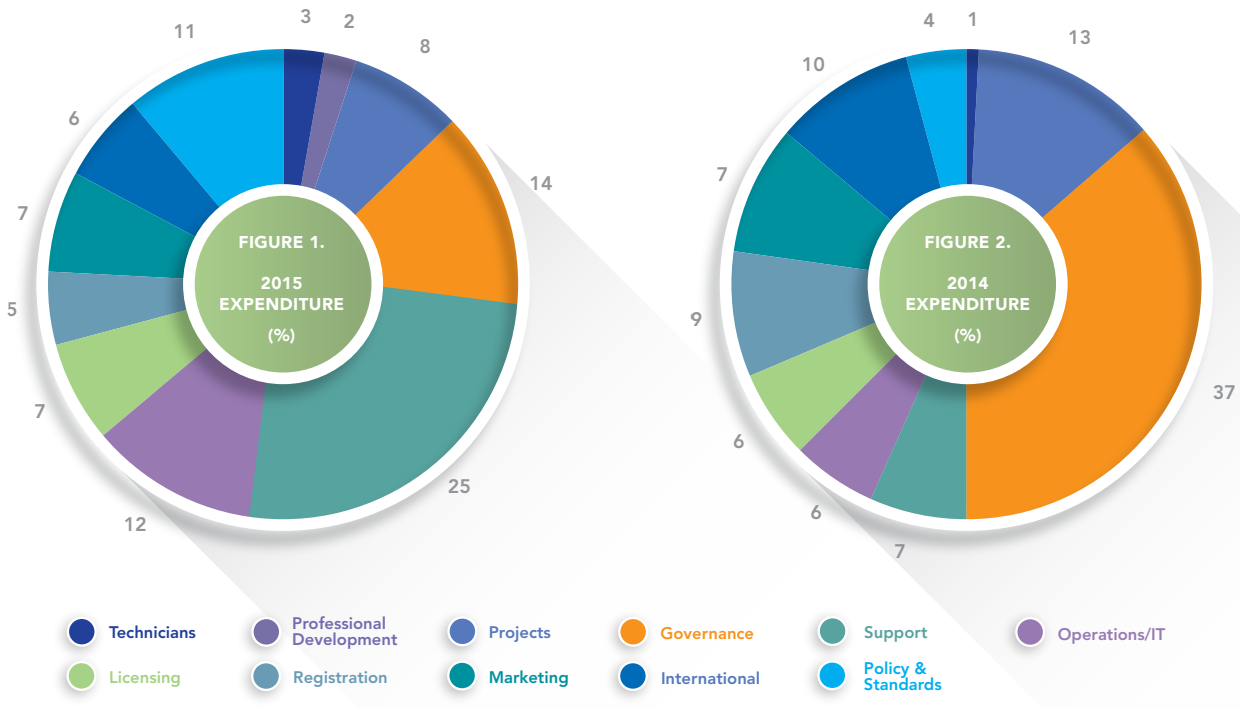
FARP has delegated authority from the Board of Trustees to determine all matters relating to staff pay and reward. In determining staff remuneration, FARP takes into account factors such as the increase in cost of living and the general rate of salary increases in the market during the preceding 12 months.

Bonus payments are awarded on a discretionary basis to provide staff with appropriate incentives to encourage enhanced performance and to reward them in a fair and responsible manner for their individual contributions to the success of the organisation.

In accordance with the Statement of Recommended Practice 2015 (SORP 2015), the Engineering Council discloses:

- all payments to trustees (no trustees receive 'pay')
- the number of staff in receipt of remuneration of more than £60,000 per annum (in bands of £10,000)
- the cost of pensions and other benefits paid to senior staff
- redundancy payments.

EXPENDITURE ON CHARITABLE ACTIVITIES



7. PUBLIC BENEFIT REPORT

ONE OF THE KEY ELEMENTS OF THE ORGANISATION'S CORE BUSINESS IS TO ENSURE THAT THE PROFESSIONAL ENGINEERING COMMUNITY CONTINUES TO PROVIDE PUBLIC BENEFIT THROUGH APPROPRIATE STRUCTURES AND PROFESSIONAL BEHAVIOURS.

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

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

WHAT IS THE ENGINEERING COUNCIL THERE TO ACHIEVE?

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

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 LICENCE COMPETENT INSTITUTIONS TO CHAMPION THE STANDARDS, FOR THE DELIVERANCE OF PUBLIC BENEFIT.

VISION:

THAT SOCIETY CONTINUES TO HAVE CONFIDENCE AND TRUST IN THE ENGINEERING PROFESSION.

WHAT HAS THE ENGINEERING COUNCIL DONE DURING 2015 TO CARRY OUT THOSE PURPOSES FOR THE PUBLIC BENEFIT?

Against the principles of public benefit

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

TABLE 1. PRINCIPLES OF PUBLIC BENEFIT

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 more than 222,000, 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.

As per specific activities and benefits:

TABLE 2. ACTIVITIES AND BENEFITS

SERIAL	ENGINEERING COUNCIL ACTIVITY	INSTITUTION ACTIVITY	EFFECT	PUBLIC BENEFIT
1	Set and maintain standards of professional competence in four categories: Engineering Technician, Incorporated Engineer, Chartered Engineer, ICT Technician	Contribute to defining standards, in conjunction with industry and academia; promote standards	Coherent, relevant national standards, adopted by Quality Assurance Agency (QAA)	Defined learning progression for existing and prospective engineers, technicians and craftspersons; benefit to industry and commerce and thus to national economy
2	Define generic standards of professional conduct and ethics	Tailor standards to own field; require all members to observe standards in institution code of conduct. May provide advice facility to members	Members observe standards	Positive contribution to safety, sustainability, the environment, industrial effectiveness and public confidence
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

SERIAL	ENGINEERING COUNCIL ACTIVITY	INSTITUTION ACTIVITY	EFFECT	PUBLIC BENEFIT
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, 5)
8	Conduct periodic review of licensed institutions	Operate internal quality assurance procedures	Licence requirements and standards maintained and applied consistently	Underpins (2-6)
9	Represent UK in negotiating international agreements for mutual recognition of qualifications; advise government departments	Advise and support members; admit and register qualified individuals educated overseas; form alliances with overseas institutions	Increased employment and working mobility of engineers and technicians	UK firms can compete and operate more effectively overseas, to the benefit of UK economy; overseas recognition of and demand for UK professional recognition enhances reputation of UK; increased recognition of UK engineering qualifications provides greater encouragement for individuals to seek the knowledge and competence to achieve them
10	Train institution volunteers in registration and accreditation procedures (eg interviewing, mentoring, assessment)	Identify volunteers from among members; cascade training to further volunteers	Contributes to (4, 5, 8)	Contributes to (4, 5, 8)
11	Charge individual registration fees	Charge individual membership fees	Financial viability of bodies	All bodies charge reduced fees for some of: student members, young members, technician members, non-corporate (unqualified) members, members temporarily not working, retired members

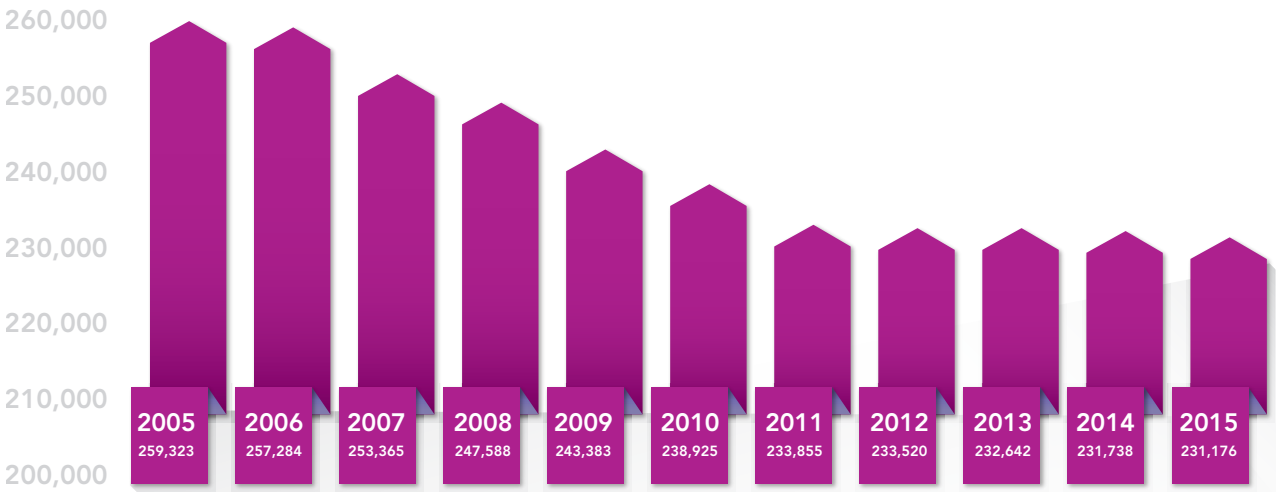
8. REGISTRATION STATISTICS AT YEAR END

EACH YEAR THE ENGINEERING COUNCIL PRODUCES ITS ANNUAL REGISTRATION STATISTICS REPORT, WHICH IS ISSUED TO INSTITUTIONS AND VOLUNTEERS. THE REPORT CONTAINS COMPREHENSIVE INFORMATION ON THE TOTAL NUMBER OF REGISTRATIONS, NEW REGISTRATIONS AND REMOVALS FROM THE REGISTER BY INSTITUTION AND PROFESSIONAL REGISTRATION TITLE. IT ALSO REPORTS ON AGE, GENDER AND GEOGRAPHIC LOCATION.

At year end, there were 222,130 men and women professionally registered as Engineering Technicians, Incorporated Engineers, Chartered Engineers or ICT Technicians. In addition, there were 9,046 engineers and technicians on the National Register classified as Interim Registrants, having registered their intention to work towards one of these professional titles.

TOTAL MEMBERSHIP REGISTRATIONS

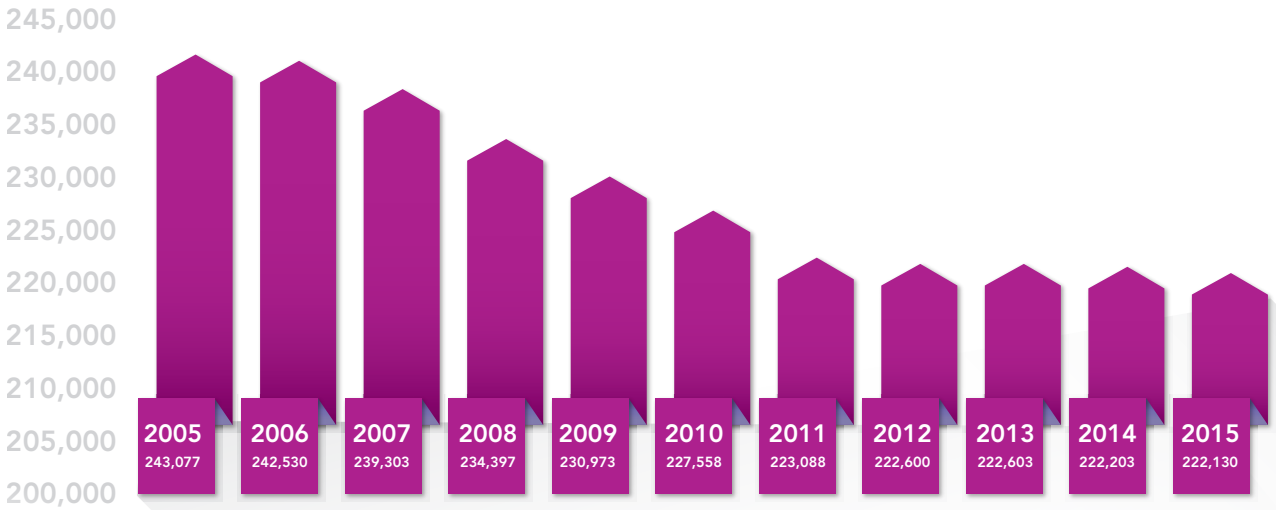
TOTAL NUMBER OF REGISTRATIONS IN MEMBERSHIP (BY FEE PAYMENT) INTERIM AND FINAL STAGE – ALL TITLES – 2005-2015



Following a steady decline in registration totals, the last five years have seen the numbers continue to level off. The number fell by just 0.2% in 2015 compared to 0.4% the previous year.

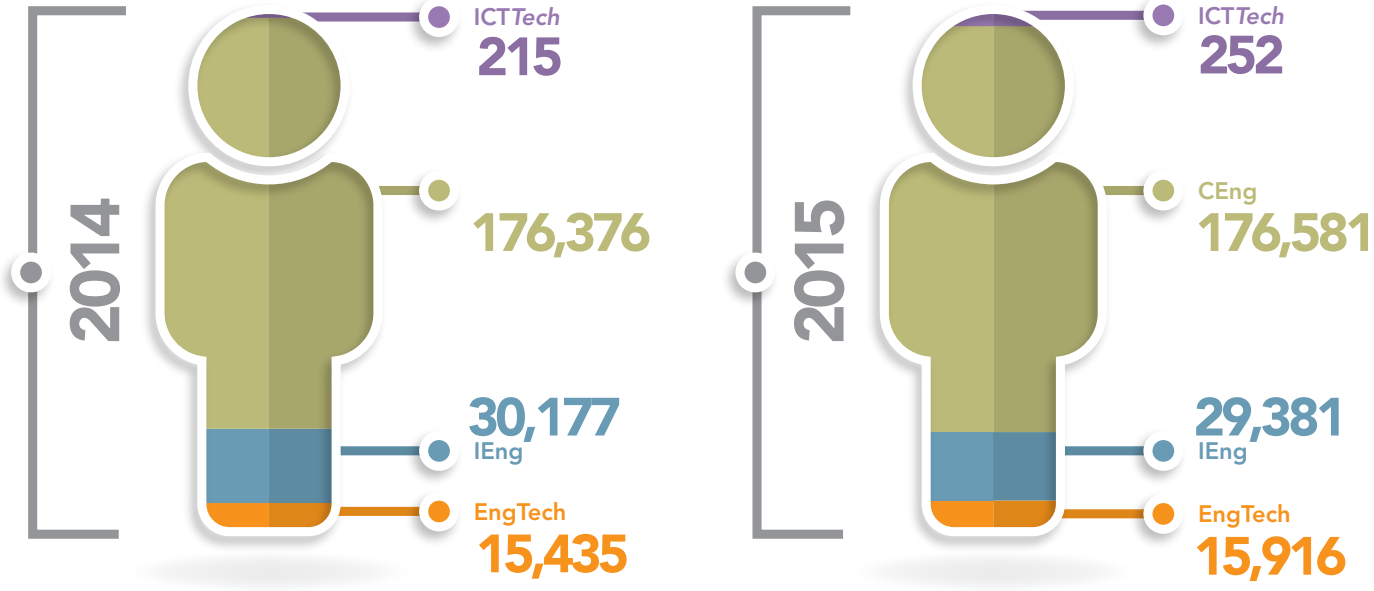
FINAL STAGE REGISTRATION

ALL TITLES 2005-2015



The total number of final stage registrations fell by less than 0.1% in 2015 compared to the previous year.

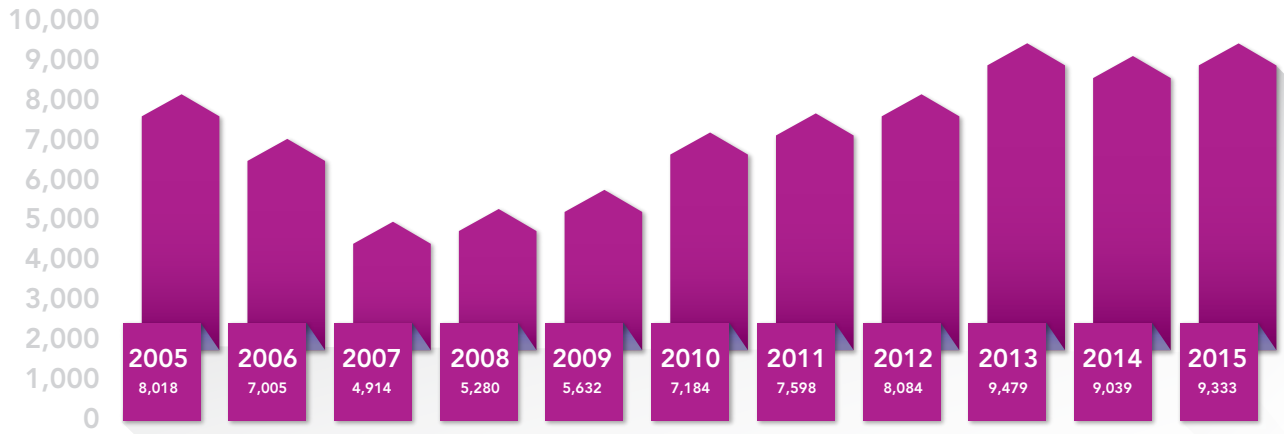
BY TITLE



Final stage EngTech registrations increased by 3.1% compared to 2014. Final stage CEng registrations as increased 0.1% as did final stage ICT*Tech* 17.2%. The number of final stage IEng registrations fell by 2.6%.

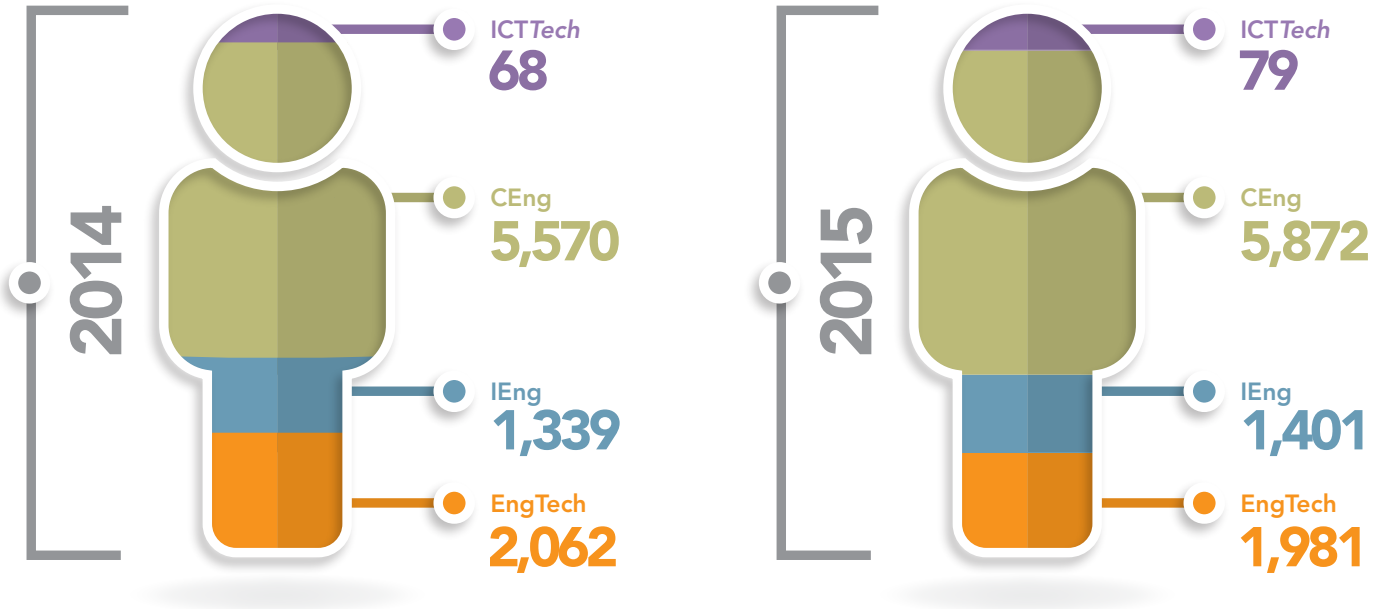
NEW FINAL STAGE REGISTRATIONS

ALL TITLES – 2005-2015



The number of new stage registrations increased by 3.3% compared to 2014.

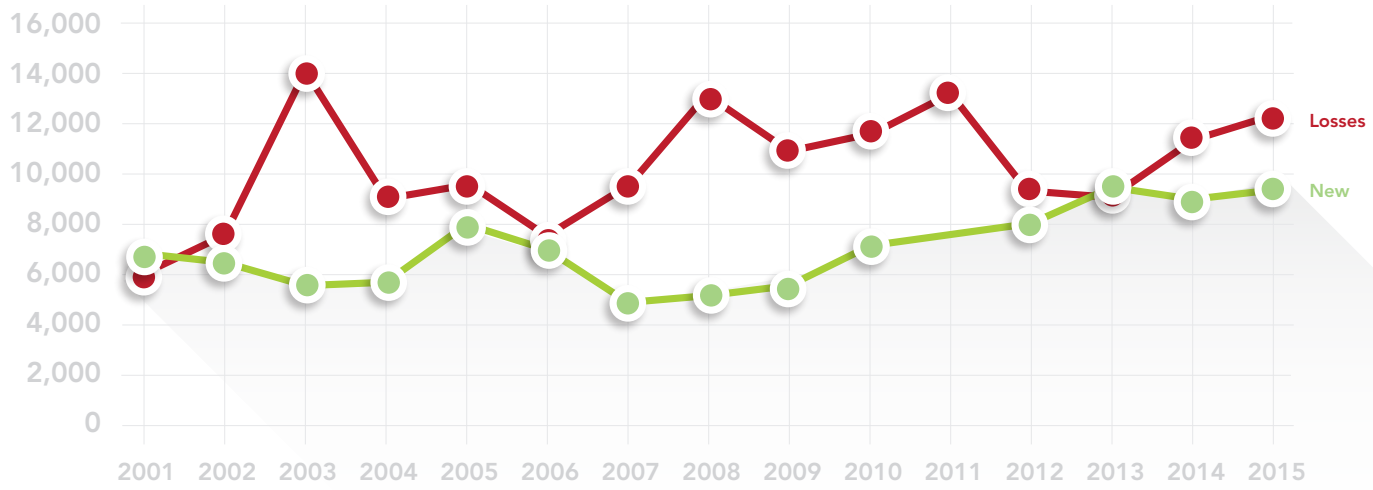
BY TITLE – 2014-2015



For the first time since 2008 new final stage EngTech registrations had fallen, they were down 3.9% compared with 2014. New final stage IEng registrations increased by 4.6%, new final stage CEngs by 5.4% and new final stage ICT*Tech* registrations by 16.2%.

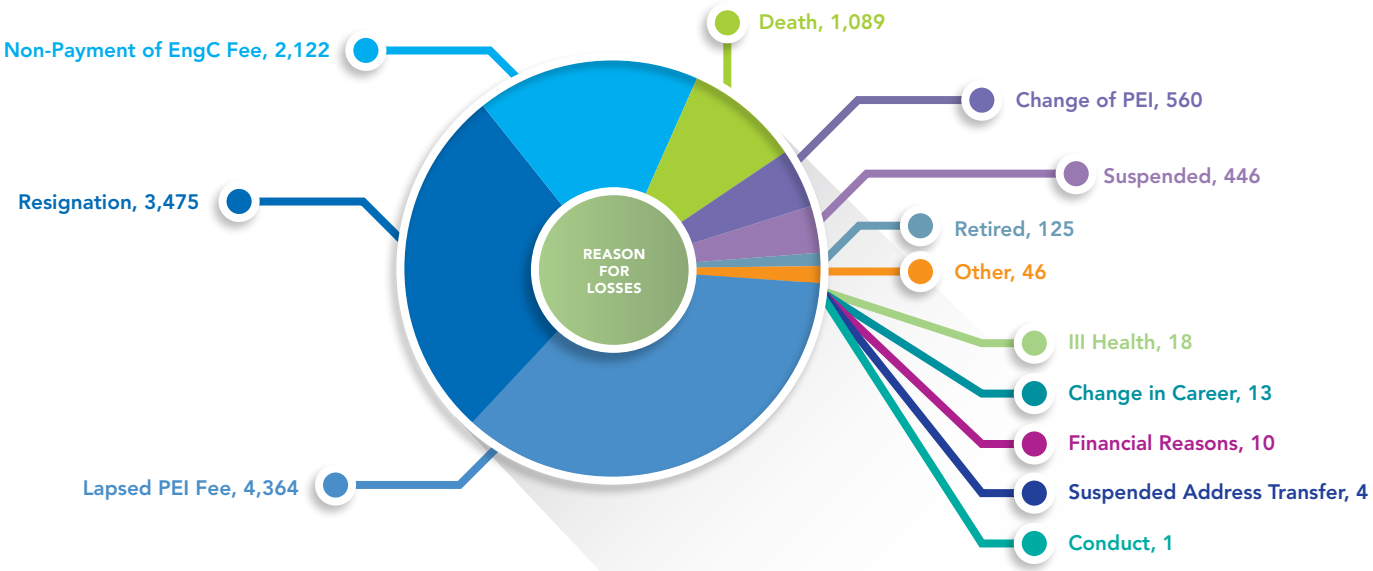
REMOVALS FROM THE REGISTER

NEW REGISTRATIONS VS LOSSES – FINAL STAGE ONLY ALL TITLES – 2001-2015



There were 2,894 more removals from the Register than there were new registrations. EngTech and ICT*Tech* were the only titles to have more new registrations than losses, 320 and 26 respectively. This has been a continual trend for EngTech since 2012.

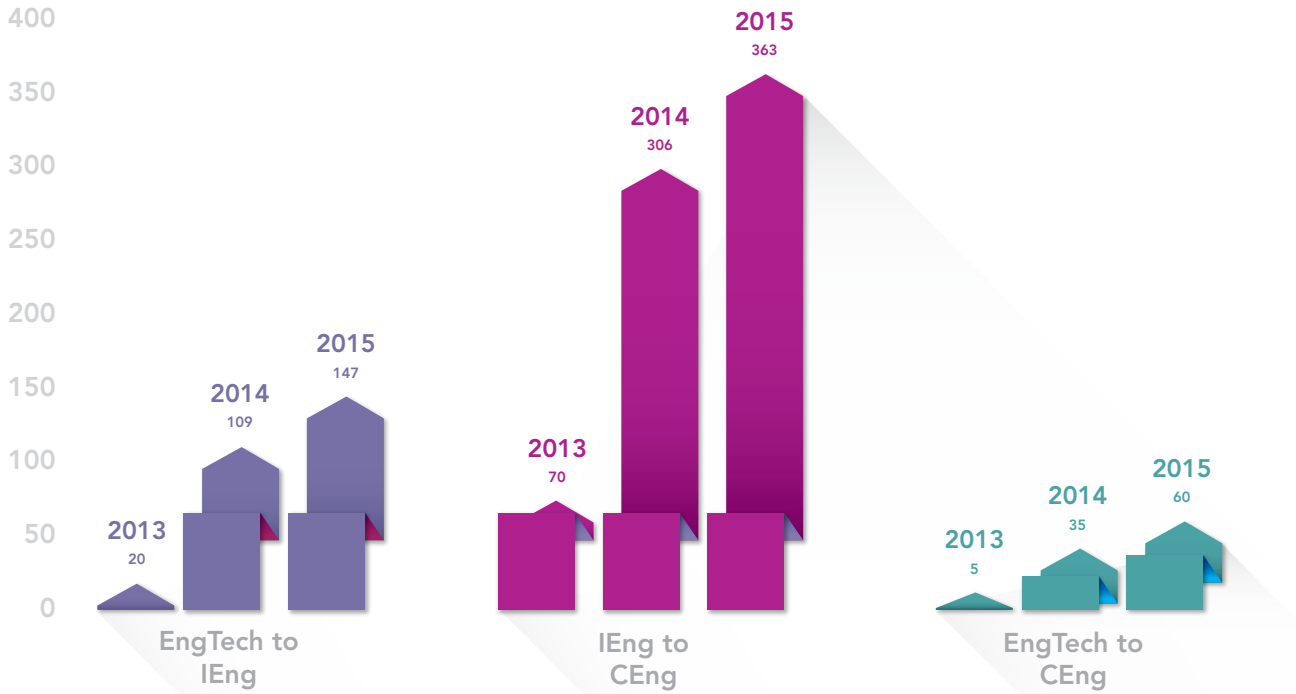
REASON FOR LOSSES



Over 53% of the final stage registrations removed from the Register during 2015 were due to non-payment of either institution membership or registration subscriptions. Resignations made up 28.4% of all those final stage registrations removed from the Register.

PROGRESSION

REGISTRATION PROGRESSION 2013, 2014 AND 2015



A greater number of final stage registrations progressed through the Register in 2015 compared to the previous year. 147 EngTechs upgraded to IEng and 363 IEngs upgraded to CEng.

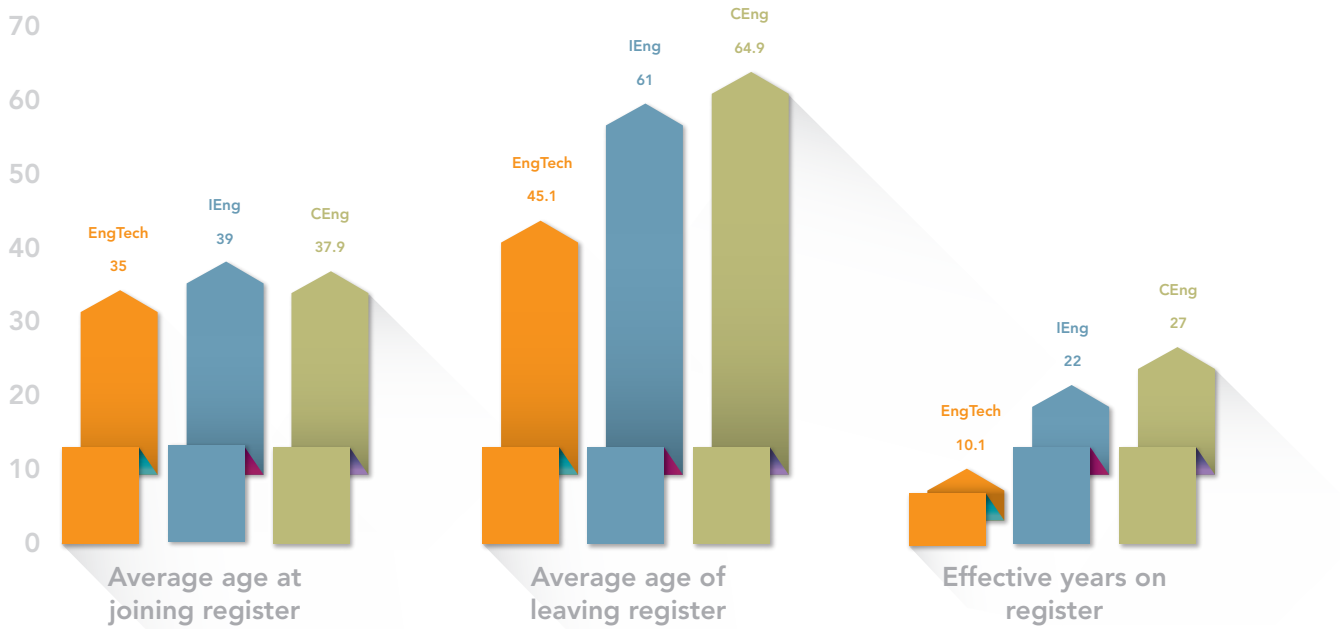
INTERNATIONAL

FINAL STAGE REGISTRANTS

Overseas registrations represent 18.6% of the final total.

AGE

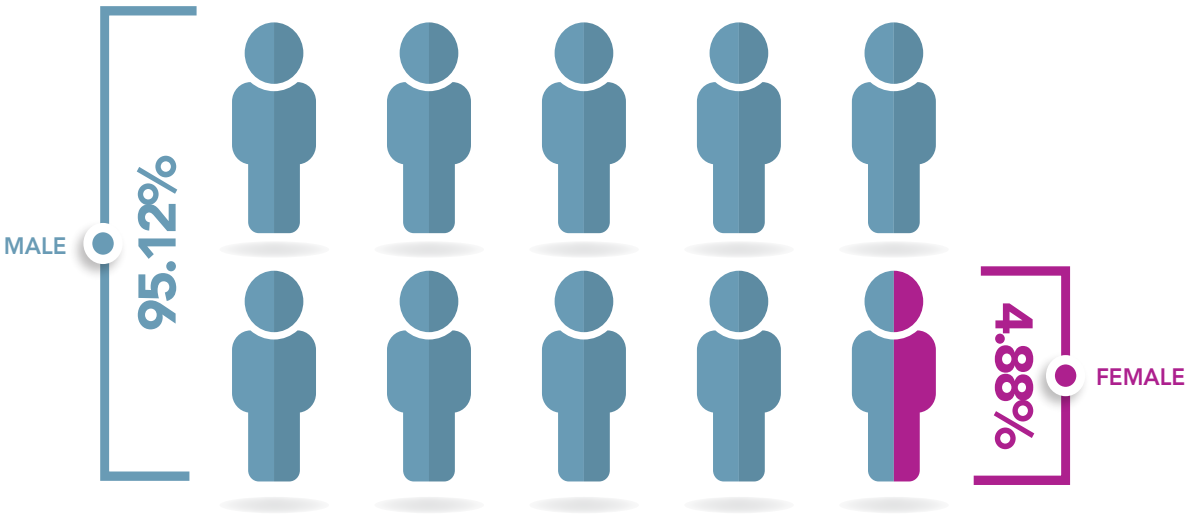
AVERAGE AGE AT JOINING AND LEAVING THE REGISTER IN 2015/AVERAGE NUMBER OF YEARS EFFECTIVE



The average age of registrants joining the Register (across all titles) is 37.3 years. Those registered as EngTechs remain (on average) on the Register for 10.1 years, IEngs for 22.0 years and CEngs 27.0 years.

GENDER

FINAL STAGE REGISTRATIONS – MALE VS FEMALE 2015



The Register has seen a consistent year on year increase in the number of female registrations over the last 30 years.

The number of new final stage female registrations increased by 13.5% compared to 2014. In addition, 9.6% of all new final stage registrations in 2015 were women.

9. TRUSTEES AND EXECUTIVE TEAM

CHAIRMAN OF BOARD

Rear Admiral Nigel Guild CB CEng FIET FIMarEST MIMA FREng

Following a career in the Royal Navy spanning more than 40 years, Rear Admiral Guild retired in 2009. His naval career began in 1966 and he read engineering at Trinity College, Cambridge. A Weapon Engineer Officer, he served at sea in HM Ships Hermes, Euryalus and HMS Beaver and on the staff of Flag Officer Sea Training. His shore appointments were mainly in the Procurement Executive, culminating in service on the Admiralty Board as Controller of the Navy. Rear Admiral Guild's final appointment was as Senior Responsible Owner for Carrier Strike in the Ministry of Defence while simultaneously holding the post of Chief Naval Engineer Officer.

He is Chairman of the Board at Atlas Elektronik UK and joined the Engineering Council Board in 2005, becoming Chair in 2011. He sits on the EngineeringUK Board and is a past President of the Institute of Marine Engineering, Science and Technology.

DIRECTOR, SECURITY INDUSTRY ENGAGEMENT, HOME OFFICE

Jane Cannon MBE CEng FIET

Jane Cannon is Director, Security Industry Engagement at the Home Office, bringing Government and industry together to solve security and resilience problems in the UK and in export markets. Her numerous prominent roles include as a Partner in EY's Advisory team, Group Managing Director for Lockheed Martin UK Information Systems & Global Solutions and Managing Director of QinetiQ's Security Solutions business.

Jane is a passionate supporter of the engineering profession and delighted to support the activities of the Engineering Council to help the UK maintain its world-leading standards of engineering excellence. She is Chairman of the organisation's Finance, Audit and Remuneration Panel and a former Trustee of the Institution of Engineering and Technology.

DIRECTOR OF ENERGY AND ENGINEERING, SPIE UK

George Adams CEng FCIBSE

George Adams is Director of Energy and Engineering at Spie UK and joined the Engineering Council Board in 2015. He has undertaken numerous roles on behalf of the Chartered Institution of Building Services Engineers (CIBSE), including President. He is also a Board member of the Construction Industry Council (CIC) and Chair of the CIC Green Construction Panel.

George's involvement in the Engineering Council and representation of CIBSE are important to him as a practicing engineering manager involved in energy conservation, design, engineering and delivering projects. His long-term commitment is to contribute to the built environment and the challenges of climate change. Engineers have a crucial role that requires commitment to innovation, performance and compliance.

EXECUTIVE VICE PRESIDENT, ROYAL DUTCH SHELL GROUP

Doug Alexander

Doug Alexander is Executive Vice President of Royal Dutch Shell Group. He has worked at the firm for 25 years in a variety of finance-based roles and in a wide range of Shell's businesses ranging from exploration and production to refining and marketing. He currently heads Shell's finance operations with 7,500 staff around the world.

Doug joined the Engineering Council Board in 2013 and sits on the organisation's Finance, Audit and Remuneration Panel. The Engineering Council provides an opportunity for him to use his extensive experience in an engineering-based company as a finance specialist to provide a 'layman's' perspective on the challenges of the engineering profession.

PROFESSOR OF AERONAUTICAL ENGINEERING AT CITY UNIVERSITY, LONDON

Professor Christopher Atkin CEng FRAeS

Professor Christopher Atkin is the Professor of Aeronautical Engineering at City University, London. He completed an MA and PhD in Engineering at the University of Cambridge and then spent four years working for BAE Systems, six years at DERA and seven years with QinetiQ. Since joining City University eight years ago, he has undertaken both Head of Department and Head of School roles.

Christopher joined the Engineering Council Board in 2015. He believes that the self-regulation of the engineering profession is an important function. He previously sat on the Regulation Standards Committee, and has undertaken several roles on behalf of the Royal Aeronautical Society and will become its President in May 2016.

CHIEF EXECUTIVE OF STEM LEARNING

Yvonne Baker CEng MIChemE

Yvonne Baker is Chief Executive of STEM Learning, which manages a range of programmes supporting STEM teaching across the UK. Prior to this, she was Chief Executive of STEMNET from 2005 to 2010. Previously, having studied Chemical Engineering, Yvonne worked in manufacturing for Unilever, Scott Bader Company Limited and Hoechst UK Corporate Engineering, before working on projects for chemical and pharmaceutical companies at KPMG Consulting.

Yvonne is keen to help drive the engineering profession forward and ensure it is accessible. She joined the Engineering Council Board in 2010 and sits on the Finance, Audit and Remuneration Panel. She sits on several other boards, including Sheffield Institute of Education Advisory Board and the STFC Skills and Engagement Advisory Board.

DIRECTOR OF FINANCE AND CORPORATE SERVICES, ENGINEERINGUK

Christopher Boyle BComm

Christopher Boyle is Director of Finance and Corporate Services at EngineeringUK. Before joining the organisation in July 2014, he was Finance and Operations Director for Stagecoach Theatre Arts Ltd, a company that provides life skills to children via the performing arts. He has worked in director roles in the events and service industries with a high degree of exposure to international franchising operations.

Chris hails from New Zealand and was delighted to join the Engineering Council Board in 2015. He considers the link between the Engineering Council and EngineeringUK is strong and he believes he can add value to the Board with his finance skills and experience. He is also a Trustee of the Engineering Council Pension Fund.

CHIEF EXECUTIVE OFFICER OF THE SOCIETY OF ENVIRONMENTAL ENGINEERS

Professor Raymond Clark OBE PhD CEng CEnv Hon FSEE HonFRPS HonFSE

Professor Raymond Clark is Chief Executive Officer of the Society of Environmental Engineers. For 30 years, he was Professor of Biomedical Science with the Medical Research Council running units with scientific interests in medical imaging and spread of infection control.

Raymond joined the Engineering Council Board in 2010 to support the harmonious collaboration between large and small professional engineering institutions and represents the interests of the smaller institutions. He sits on the Privy Council Regulations Panel and is Chairman of the Group B and C Panel. Among other roles, Raymond is a Past Master and now Treasurer of The Worshipful Company of Educators in the City of London and Liveryman of The Worshipful Company of Engineers.

PRINCIPAL SYSTEMS ENGINEERING CONSULTANT, JACOBS UK

Colonel (Retired) Martin Court CEng FIMechE

Until 2015 Colonel Martin Court was Chief Engineer for the Army with over 30 years of service with the Royal Electrical and Mechanical Engineers. His service included command posts in a variety of engineering units and a range of staff posts in technical, human resources and logistic areas, both in formation and command headquarters. He is now working with Jacobs UK as a Principal Systems Engineering consultant, mostly in the defence area.

Martin joined the Engineering Council Board in 2014. With a wealth of military engineering experience, Martin is keen to contribute to the engineering profession and the Engineering Council. He is a member of the Institution of Mechanical Engineers' Professional Review Panel.

CONSULTANT

Paul Excell CEng FBCS FIET

Paul Excell is a consultant with 36 years of experience in the global IT industry including as Chief Technology Officer, Chief Information Officer and Chief Operating Officer at BT. He started out as an engineering apprentice and has Advisory Board and Trustee experience with a number of small and medium-sized enterprises, including Engineering Development Trust, EngineeringUK, ITU and Global Information Infrastructure Commission.

Paul joined the Engineering Council Board in 2012 and sits on the organisation's Finance, Audit and Remuneration Panel. He is passionate about engineering, skills and providing opportunities.

CNA HARDY

Alan Fitzpatrick CEng CEnv FSOE

Alan Fitzpatrick works for CNA Hardy, an international insurance company specialising in power generation and renewable energy. Prior to this, his career spanned 37 years working as Head Office Engineer for insurance group RSA and an Engineering Officer for Cunard Line.

Alan joined the Engineering Council Board in 2014 to support the engineering profession. He has undertaken many prominent roles on behalf of the Society of Operations Engineers (SOE), including as Vice President, Chair of the SOE Membership and Professional Standards Committee and Trustee Board member. He is also an interviewer and mentor for Incorporated and Chartered Engineer registration.

SENIOR RAIL PROFESSIONAL

Carolyn Griffiths CEng FIMechE FREng

Carolyn Griffiths is a senior rail professional with extensive experience spanning from shop floor technician to Board Director. She has established new rail systems, managing major projects in the UK and overseas, and is currently Board Director for Irish Rail. Prior to this, she was Chief Inspector of the UK's Rail Accident Investigation Branch, which she created and led.

Carolyn has been on the Engineering Council Board since 2014 and is keen to contribute to the maintenance and further development of professional standards in engineering. She is a member of the Royal Academy of Engineering's Audit and Risk Committee and has held numerous roles on behalf of the Institution of Mechanical Engineers, including Vice President and Trustee.

MANAGING DIRECTOR, HENDLEY ASSOCIATES

Nigel Hendley CEng MICE HON FCIWEM

Nigel Hendley is Managing Director of Hendley Associates and has over 45 years of experience in water and environmental management worldwide. He has held senior director positions in water operations, asset management and business development with UK and French water companies and managed, created or transformed numerous organisations. He has undertaken many roles for the Chartered Institution of Water and Environmental Management (CIWEM), including as Deputy Chairman, Chairman of CIWEM Services and Interim Chief Executive, alongside other government and private sector consulting and business activities.

Nigel joined the Engineering Council Board in 2011, and is Chairman of the International Advisory Panel. He is keen to support the development of the profession for future generations.

TECHNICAL DIRECTOR, COSTAIN

EUR ING Bill Hewlett CEng FICE FIET

Bill Hewlett is Technical Director at Costain and has 35 years of experience in the construction industry. His career began in civil and structural engineering and now encompasses control systems and power engineering. He has worked predominantly in contracting organisations with particular expertise in temporary works and construction method engineering, a discipline that he champions in the industry as co-founder and Chairman of the Temporary Works Forum. He takes a close interest in the education and formation of engineers and in technology-based solutions.

Bill joined the Engineering Council Board in 2015 wishing to serve and engage with the engineering profession more broadly. He served as Vice President for the Institution of Civil Engineers from 2010 to 2013.

CONTROL, ELECTRICAL AND INSTRUMENTATION LEAD ENGINEER, URENCO UK

Sam Hubbard IEng MIET

Sam Hubbard is Control, Electrical and Instrumentation Lead Engineer at Urenco UK. She started out as an apprentice in 1993, studying Electrical and Instrumentation through UPM Shotton where she worked for 21 years. In 2000, Sam won the Institution of Engineering and Technology (IET)'s Young Woman Engineer of the Year award and has undertaken various roles with the IET, including on the Membership and Professional Development Board, the IET Council and other commitments.

Sam joined the Engineering Council Board in 2014 and considers it a great opportunity and experience to work with multiple engineering bodies and institutions to support the delivery of Engineering Council's work.

EXECUTIVE DEAN, FACULTY OF SCIENCE AND ENGINEERING, PLYMOUTH UNIVERSITY

Professor Kevin Jones CEng CITP CSci FBCS FIET

Professor Kevin Jones is the Executive Dean of the Faculty of Science and Engineering at Plymouth University. Before this he was Head of Computer Science at City University London, having spent a number of years in the Silicon Valley in California holding executive, managerial, technical and research positions in successful start-up companies and major corporations.

Kevin was pleased to join the Engineering Council Board in 2015. He strongly believes engineering is one of the key disciplines for the advancement of society and must hold itself to the highest standards. He represents one of the newer engineering disciplines on the Board, and has undertaken various roles on behalf of the Chartered Institute for IT (BCS).

DIRECTOR, VULCAN SOLUTIONS

Professor Roger Plank CEng MICE FIStructE

Professor Roger Plank has held a number of prominent positions in both the steel construction sector and within the Institution of Structural Engineers, including as President in 2011. He joined the University of Sheffield in 1976, becoming Professor of Structural Engineering and Architecture in 1995. Roger established an internationally-renowned research group studying the behaviour of building structures in fire and he set up Vulcan Solutions to market associated modelling software. He retired from the University in 2010, but remains a Director of Vulcan Solutions.

Roger joined the Engineering Council Board in 2013 to support the work of promoting the engineering profession and maintaining high standards. He is Chairman of the Privy Council and Governance Panel.

COURSE DIRECTOR, INDUSTRIAL SYSTEMS, MANUFACTURING AND MANAGEMENT, INSTITUTE FOR MANUFACTURING AT THE UNIVERSITY OF CAMBRIDGE

Tom Ridgman CEng FIET

Tom Ridgman is Course Director for Industrial Systems, Manufacturing and Management at the Institute for Manufacturing at the University of Cambridge. Here he has contributed to the development of the Institute for Manufacturing, teaching manufacturing management and researching into education for the manufacturing industry. He began his career in the automotive industry, reaching senior management positions, covering new product development and manufacturing.

Tom joined the Engineering Council's Board in 2012; and is Chairman of the Quality Assurance Committee. He has also undertaken a number of roles on behalf of the Institution of Engineering and Technology, including Chairman of the Registration and Standards Committee and as a registration and Fellowship reviewer and interviewer.

DEAN OF ENGINEERING AND PHYSICAL SCIENCES, UNIVERSITY OF SURREY

Professor Jonathan Seville CEng FIChemE FREng

Professor Jonathan Seville is Dean of Engineering and Physical Sciences at the University of Surrey. Previously he was Dean of Engineering at the University of Warwick and Head of Chemical Engineering at the University of Birmingham, where he established the UK's first research centre in Formulation Engineering.

Jonathan has a passionate interest in expanding and modernising the engineering profession. He joined the Engineering Council Board in 2013; and is Chairman of the Registration Standards Committee. He is also on the Royal Academy of Engineering's Standing Committee for Education and Training (SCET) and is a Council member of the Institution of Chemical Engineers and due to become the Institution's President in May 2016.

ENERGY APPLICATIONS MANAGER, TONNAGE GLOBAL BUSINESS UNIT, LINDE GAS

Rob Smith CEng FIMechE

Rob Smith's career has centred on power plant design and he is currently Energy Applications Manager for the Tonnage Global Business Unit within Linde Gas. Prior to joining Linde Gas in 1997, Rob held several senior management positions at Rolls-Royce group and NEI Power Projects, having started out as an apprentice at Babcock International.

Rob joined the Engineering Council Board in 2013 to contribute to maintaining the standards for professional registration for the benefit of registrants, employers and the public. He is Chairman of the Professional Development Steering Group and has been involved in the Institution of Mechanical Engineers activities for over 25 years. He is currently Vice President of the Institution.

DIRECTOR, LINCS TRAINING

EUR ING Professor Simon Vaitkevicius CEng FIED

Professor Simon Vaitkevicius is the Director of Lincs Training, providing training in engineering product design, creativity and competence development. Previously he spent 14 years with Nokia working as a mechanical design engineer before moving into a global competence function supporting sites across the globe.

Simon joined the Engineering Council Board in 2013; and is a member of the International Advisory Panel. He is keen to bring his experience to help further the engineering profession and is proud to represent the Group B Institutions. Simon is also a Visiting Professor of Innovation, for the Royal Academy of Engineering and has held several roles on behalf of the Institution of Engineering Designers.

DEPUTY CEO, THE INSTITUTE OF MATERIALS, MINERALS AND MINING (IOM3)

EUR ING Dr Graham Woodrow CEng FIMMM

Dr Graham Woodrow's background is as a mining engineer and he is currently Deputy CEO of the Institute of Materials, Minerals and Mining (IOM3). He has been in professional engineering institution management for 30 years while maintaining his professional skills in the charity sector for the Ecton Mine Educational Trust.

Graham joined the Engineering Council Board in 2015; and is a member of the Privy Council and Governance Panel and the International Advisory Panel. He considers his involvement with the organisation as an opportunity to share his extensive professional body experience as member, registrant and manager for the benefit of the UK engineering profession.

EXECUTIVE TEAM

CHIEF EXECUTIVE OFFICER

Jon Prichard CEng FICE FInstRE

After 20 years in the Army, Jon joined the staff of the Institution of Civil Engineers in 2001, serving initially as Membership Director and then as Technical Director. In August 2007, he joined the construction consultancy High-Point Rendel as Resources Director.

In August 2010, Jon took over as Chief Executive Officer of the Engineering Council and in October 2011, he was elected to the FEANI Executive Board. He also joined the Board of the Quality Assurance Agency for Higher Education as a non-executive director in January 2012.

DEPUTY CEO AND OPERATIONS DIRECTOR

Paul Bailey MRAeS MInstP

Paul Bailey re-joined the Engineering Council at the end of July 2014 as Deputy Chief Executive and Operations Director, having previously worked at the organisation as a Senior Executive from 2004 to 2007. He has also worked for the Royal Aeronautical Society where he also had two stints (1998-2003 and 2008-2014), latterly as Deputy CEO. Paul's career began in the aerospace sector with roles at Marshall Aerospace and Singapore Aerospace Technologies, having graduated from the University of Manchester with a degree in physics. He is a member of both the Royal Aeronautical Society and the Institute of Physics.

HEAD OF POLICY AND STANDARDS

Deborah Seddon

Deborah Seddon joined the Engineering Council in 2007. Prior to this she led the Education and Learning team at the Institution of Civil Engineers, covering all levels from students to registrants. She previously held positions at the Architects Registration Board, the sustainability think-tank Forum for the Future, and the Medical Research Council, all concerned with education or professional practice. Deborah has an honours degree in Biological Sciences and an MA in Higher and Professional Education. She was appointed to the Board of the Intellectual Property Regulatory Board in 2014, to a HEFCE Strategic Advisory Committee in 2015, and from 2006 to 2014 Deborah was Chair of governors at a SW London primary school.

HEAD OF ADMINISTRATION AND SUPPORT

Gillian Paterson FCIPD

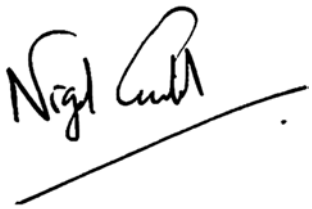
Gillian Paterson joined the Engineering Council as HR officer in 2007, becoming Head of Administration and Support in 2012. Prior to this, Gillian was HR Manager at Richemont International and Personnel and Payroll Manager at the Chrysalis Group. She has a Bachelors degree in Education and a Masters in Human Resource Management.

HEAD OF INTERNATIONAL

Katy Turff CMgr MCMI

Katy Turff joined the Engineering Council in 2011 from the Institution of Engineering and Technology, where she worked for nine years, between 2002 and 2011, latterly as Programme Manager. Prior to this Katy was Head of Professional Development at the Institution of Incorporated Engineers for two years and spent 11 years working at the Institution of Mechanical Engineers, ultimately as Manager of the Membership Department. She has a Bachelors degree in Contemporary European Studies.

The above Trustees' Report on pages 1-42 was approved by the Trustees on 23 June 2016 and signed on their behalf by the Chairman of the Board:



Rear Admiral Nigel Guild CB CEng FIET FIMarEST MIMA FREng

"THE ENGINEERING COUNCIL IS A STRONG TEAM THAT CONSISTENTLY DELIVERS A HIGH VOLUME OF WORK THAT BELIES ITS SMALL SIZE"

Rear Admiral Nigel Guild CB CEng FIET FIMarEST MIMA FREng

10. TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 set out on pages 37 to 53. 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), including Financial Reporting Standard FRS102.

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 the Charities Act 2011 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with 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 2015 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.

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
71 Queen Victoria Street
London
EC4V 4BE

Date: 30 June 2016
Saffery Champness is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTE	RESTRICTED FUNDS 2015	UNRESTRICTED FUNDS 2015	TOTAL FUNDS 2015	TOTAL FUNDS 2014
		£	£	£	£
Income and endowments from:					
Other trading activities	2	-	**10,421**	**10,421**	23,136
Investments	3	-	**51,037**	**51,037**	49,351
Charitable activities	4	**447,775**	**2,388,082**	**2,835,857**	2,881,064
Total		**447,775**	**2,449,540**	**2,897,315**	2,953,551
Expenditure on:					
Other trading activities	2	-	**3,198**	**3,198**	5,377
Charitable activities	6,7	**445,485**	**2,118,353**	**2,563,838**	2,453,012
Total		**445,485**	**2,121,551**	**2,567,036**	2,458,389
Net income/(expenditure) before gains and losses on investments		**2,290**	**327,989**	**330,279**	495,162
Gains and losses on revaluations of investment assets		-	**(14,217)**	**(14,217)**	26,517
Net income/(expenditure)		**2,290**	**313,772**	**316,062**	521,679
Other recognised gains/(losses):					
Actuarial gains and losses on defined benefit pension schemes	17	-	**140,000**	**140,000**	(144,000)
Net movement in funds for the year		**2,290**	**453,772**	**456,062**	377,679
Total funds at 1 January 2015		18,930	1,330,751	1,349,681	972,002
Total funds at 31 December 2015		**21,220**	**1,784,523**	**1,805,743**	1,349,681

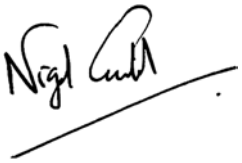
All activities relate to continuing operations.
The notes on pages 47 to 61 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2015

	NOTE		2015		2014
		£	£	£	£
Fixed assets					
Tangible assets	11		**172,373**		33,391
Investments	12		**1,621,490**		1,584,671
			1,793,863		1,618,062
Current assets					
Debtors	13	**245,026**		245,705	
Cash at bank and in hand		**495,721**		558,625	
		740,747		804,330	
Creditors: amounts falling due within one year	14	**(189,867)**		(95,711)	
Net current assets			**550,880**		708,619
Total assets less current liabilities			**2,344,743**		2,326,681
Defined benefit pension scheme liability	17		**(539,000)**		(977,000)
Net assets including pension scheme liabilities			**1,805,743**		1,349,681
Charity funds					
Restricted funds	15		**21,220**		18,930
Unrestricted funds:	15				
Unrestricted funds excluding pension liability		**2,323,523**		2,307,751	
Pension reserve		**(539,000)**		(977,000)	
Total unrestricted funds			**1,784,523**		1,330,751
Total funds	**16**		**1,805,743**		1,349,681

The financial statements were approved by the Trustees on 23 June 2016 and signed on their behalf, by:

Mrs Jane Cannon MBE CEng FIET
Chairman of the Finance, Audit and Remuneration Panel



Rear Admiral Nigel Guild CB CEng FIET FIMarEST MIMA FREng
Chairman of the Board

The notes on pages 47 to 61 form part of these financial statements.

STATEMENT OF CASH FLOWS

	NOTE	2015	2014
		£	£
Net cash used in operating activities	19	**123,491**	193,528
Cash flows from investing activities:			
Dividends, interest and rents from investments		**51,037**	49,351
Purchase of property, plant and equipment		**(186,396)**	(3,351)
Purchase of investments		**(51,036)**	(49,351)
Net cash provided by investing activities		**(186,395)**	(3,351)
		(62,904)	190,177
Cash and cash equivalents brought forward		**558,625**	368,448
Cash and cash equivalents carried forward		**495,721**	558,625

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income and the calculation of the defined benefit pension scheme deficit. No further reinstatements were required.

RECONCILIATION OF REPORTED NET INCOME	£
Net income/(expenditure) as previously stated	562,162
Adjustment to calculation of defined benefit pension	(67,000)
Adjustment for gains/(losses) on investments now treated as a component of net income	26,517
Net income/(expenditure) as restated	521,679

1.3 Preparation of the accounts on a going concern basis

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

1.4 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.

1.5 Incoming resources

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

1.6 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.

1.7 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.

1.8 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.

1.9 Operating leases

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

1.10 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.

1.11 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 102 (FRS102) and the impact of this standard has been reflected throughout the financial statements.

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

In accordance with FRS102, the balance sheet includes the surplus or deficit in the scheme. 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 17.

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.

1.12 Taxation

The charity is exempt from tax on its charitable activities.

1.13 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.

1.14 Financial Instruments

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

2. OTHER TRADING ACTIVITIES

	RESTRICTED FUNDS 2015	UNRESTRICTED FUNDS 2015	TOTAL FUNDS 2015	TOTAL FUNDS 2014
	£	£	£	£
Trading income	-	10,421	10,421	23,136
Stamp purchases	-	3,198	3,198	5,377
Net income from other trading activities	-	7,223	7,223	17,759

Trading income comprises professional stamps, replacement registration certificates and sale of ties and lapel pins. In 2015, all £7,223 (2014: £17,759) of other trading activities was attributable to unrestricted funds.

3. INVESTMENT INCOME

	RESTRICTED FUNDS 2015	UNRESTRICTED FUNDS 2015	TOTAL FUNDS 2015	TOTAL FUNDS 2014
	£	£	£	£
Interest from fixed asset investments	-	51,036	51,036	49,351
Bank interest receivable	-	1	1	-
	-	51,037	51,037	49,351

In 2015, all £51,037 (2014: £49,351) of investment income was attributable to unrestricted funds.

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	RESTRICTED FUNDS 2015	UNRESTRICTED FUNDS 2015	TOTAL FUNDS 2015	TOTAL FUNDS 2014
	£	£	£	£
Charity incoming resources	**447,775**	**2,388,082**	**2,835,857**	2,881,064

	RESTRICTED FUNDS 2015	UNRESTRICTED FUNDS 2015	TOTAL FUNDS 2015	TOTAL FUNDS 2014
	£	£	£	£
Grants	**425,000**	**2,252,722**	**2,677,722**	2,587,218
FEANI income	-	**78,136**	**78,136**	77,721
Gatsby TRaM grant	-	-	-	29,024
Miscellaneous income	**22,775**	**359**	**23,134**	7,436
Admin fee to EngineeringUK	-	**16,653**	**16,653**	71,986
Professional services	-	**14,412**	**14,412**	21,890
Gatsby TC2 grant	-	-	-	66,539
PDS license fee	-	**25,800**	**25,800**	19,250
	447,775	**2,388,082**	**2,835,857**	2,881,064

Total incoming resources from charitable activities was £2,835,857 (2014: £2,881,064), of which £2,388,082 (2014: £2,386,501) was unrestricted and £447,775 (2014: £494,563) was restricted.

5. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	ACTIVITIES UNDERTAKEN DIRECTLY 2015	SUPPORT COSTS 2015	TOTAL 2015	TOTAL 2014
	£	£	£	£
Direct costs	**2,242,710**	**321,128**	**2,563,838**	2,453,012

Total resources expended on charitable activities was £2,563,838 (2014: £2,453,012), of which £2,128,646 (2014: £2,006,274) was unrestricted and £435,192 (2014: £446,738) was restricted.

6. DIRECT COSTS

	RESTRICTED FUNDS 2015	UNRESTRICTED FUNDS 2015	TOTAL FUNDS 2015	TOTAL FUNDS 2014
	£	£	£	£
Pension expense (note 10)	-	**97,000**	**97,000**	136,000
Project spend	**10,112**	**39,667**	**49,779**	81,546
Recruitment and temporary staff	-	**54,135**	**54,135**	23,050
Training	-	**10,481**	**10,481**	18,520
Conference fees	-	**773**	**773**	2,326
Computer and information systems costs	-	**230,534**	**230,534**	143,579
Advertising	-	**37,579**	**37,579**	51,179
Travel and subsistence	-	**85,337**	**85,337**	102,369
Subscriptions and meetings	**80**	**78,309**	**78,389**	74,941
Accommodation costs	-	**196,824**	**196,824**	203,414
Redundancy	-	**54,611**	**54,611**	-
Wages and salaries (note 9)	**425,000**	**922,268**	**1,347,268**	1,378,960
	435,192	**1,807,518**	**2,242,710**	2,215,884

7. SUPPORT COSTS

	RESTRICTED FUNDS 2015	UNRESTRICTED FUNDS 2015	TOTAL FUNDS 2015	TOTAL FUNDS 2014
	£	£	£	£
General support				
Telephone	-	**10,814**	**10,814**	11,662
Printing, stationery and office supplies	-	**43,867**	**43,867**	47,192
Maintenance of equipment	-	**12,052**	**12,052**	3,935
Sundries	-	**8,115**	**8,115**	5,198
Rental of office equipment	-	**5,252**	**5,252**	18,710
Bank charges	-	**3,835**	**3,835**	3,764
Accountancy	-	**22,755**	**22,755**	20,168
Legal and professional fees	-	**29,901**	**29,901**	8,147
Insurance	-	**50,038**	**50,038**	49,380
Application fees	-	**6,876**	**6,876**	14,549
Office move costs	-	**62,482**	**62,482**	-
Exchange rate variance	-	**(23)**	**(23)**	-
(Profit)/loss on disposal of fixed assets	-	**9,760**	**9,760**	-
Depreciation	-	**37,654**	**37,654**	35,685
Governance				
Accountancy	-	**4,100**	**4,100**	4,950
Auditor's remuneration	-	**13,650**	**13,650**	13,788
	-	**321,128**	**321,128**	237,128

8. NET INCOME/(EXPENDITURE) BEFORE GAINS AND LOSSES ON INVESTMENTS

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	**37,654**	35,685
Auditor's remuneration	**13,650**	13,788

During the year, no Trustees received any remuneration (2014 - £NIL).
During the year, no Trustees received any benefits in kind (2014 - £NIL).
18 Trustees received reimbursement of travel expenses amounting to £11,531 in the current year, (2014 - 13 Trustees - £12,063).

9. STAFF COSTS

Staff costs were as follows:

	2015	2014
	£	£
Wages and salaries	**1,080,745**	1,064,232
Social security costs	**114,631**	116,464
Other pension costs (Note 17)	**275,503**	293,264
	1,470,879	1,473,960

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

	2015	2014
	No.	No.
	23	26

The number of higher paid employees was:

	2015	2014
	No.	No.
In the band £60,001 - £70,000	**1**	1
In the band £80,001 - £90,000	**1**	0
In the band £140,001 - £150,000	**1**	1
	3	2

The total employment benefits including employer pension contributions of the key management personnel were £548,693 (2014 - £531,355).

10. PENSION EXPENSE

	2015	2014
	£	£
Interest on scheme liabilities	**(421,000)**	(499,000)
Interest on scheme assets	**393,000**	458,000
Administrative expenses	**(69,000)**	(95,000)
	(97,000)	(136,000)

11. TANGIBLE FIXED ASSETS

	FIXTURES & FITTINGS	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	TOTAL
	£	£	£	£
Cost				
At 1 January 2015	**216,796**	**75,100**	**158,960**	**450,856**
Additions	**171,485**	**3,130**	**11,781**	**186,396**
Disposals	**(216,797)**	**(51,084)**	**(1,274)**	**(269,155)**
At 31 December 2015	**171,484**	**27,146**	**169,467**	**368,097**
Depreciation				
At 1 January 2015	**205,808**	**71,432**	**140,225**	**417,465**
Charge for the year	**17,225**	**2,368**	**18,061**	**37,654**
On disposals	**(208,360)**	**(50,003)**	**(1,032)**	**(259,395)**
At 31 December 2015	**14,673**	**23,797**	**157,254**	**195,724**
Net book value				
At 31 December 2015	**156,811**	**3,349**	**12,213**	**172,373**
At 31 December 2014	10,988	3,668	18,735	33,391

12. FIXED ASSET INVESTMENTS

	LISTED SECURITIES
	£
Market value	
At 1 January 2015	**1,584,671**
Additions	**51,036**
Revaluations	**(14,217)**
At 31 December 2015	**1,621,490**
Historical cost	**1,500,737**

All investments are held in the UK.

12. FIXED ASSET INVESTMENTS CONTINUED

Material investments

	2015	2014
	£	£
Baring Targeted Return Fund	**1,621,489**	1,584,296

13. DEBTORS

	2015	2014
	£	£
Trade debtors	**2,119**	14,863
EngineeringUK	**88,102**	-
Other debtors	**102,404**	203,014
Prepayments and accrued income	**52,401**	27,828
	245,026	245,705

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Trade creditors	**64,539**	15,015
EngineeringUK	**-**	2,371
Other taxation and social security	**12,507**	62,613
Other creditors	**1,647**	428
Accruals and deferred income	**111,174**	15,284
	189,867	95,711

15. STATEMENT OF FUNDS

	BROUGHT FORWARD	INCOMING RESOURCES	RESOURCES EXPENDED	TRANSFERS IN/(OUT)	GAINS	CARRIED FORWARD
	£	£	£	£	£	£
Unrestricted funds						
General fund	2,307,751	2,449,540	(2,121,551)	(298,000)	(14,217)	2,323,523
Pension reserve	(977,000)	-	-	298,000	140,000	(539,000)
	1,330,751	2,449,540	(2,121,551)	-	125,783	1,784,523
Restricted funds						
Engineering Gateways project	18,930	-	(80)	-	-	18,850
Pension fund grant	-	425,000	(425,000)	-	-	-
HEFCE project	-	22,775	(20,405)	-	-	2,370
	18,930	447,775	(445,485)	-	-	21,220
Total of funds	1,349,681	2,897,315	(2,567,036)	-	125,783	1,805,743

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 ongoing brief to update and develop the website and toolkit that were developed during the project and to continue to share successful practice through regular workshops.

HEFCE project

In March 2015 the Higher Education Funding Council for England (HEFCE) provided the Engineering Council with grant funding to procure research to identify and report on the areas in which UK employers report a shortage of engineering graduates, the knowledge, attributes and skills they particularly need in order to address shortages, and the ways in which conversion courses for non-engineering graduates may help to address this. The report was delivered in July 2015 and the remaining funds will be returned to HEFCE.

Summary of funds

	BROUGHT FORWARD	INCOMING RESOURCES	RESOURCES EXPENDED	TRANSFERS IN/(OUT)	GAINS	CARRIED FORWARD
	£	£	£	£	£	£
General funds	1,330,751	2,449,540	(2,121,551)	-	125,783	1,784,523
Restricted funds	18,930	447,775	(445,485)	-	-	21,220
	1,349,681	2,897,315	(2,567,036)	-	125,783	1,805,743

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	RESTRICTED FUNDS 2015	UNRESTRICTED FUNDS 2015	TOTAL FUNDS 2015	TOTAL FUNDS 2014
	£	£	£	£
Tangible fixed assets	-	**172,373**	**172,373**	33,391
Fixed asset investments	-	**1,621,490**	**1,621,490**	1,584,671
Current assets	**21,220**	**719,527**	**740,747**	804,330
Creditors due within one year	-	**(189,867)**	**(189,867)**	(95,711)
Provisions for liabilities and charges	-	**(539,000)**	**(539,000)**	(977,000)
	21,220	**1,784,523**	**1,805,743**	1,349,681

17. 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 FRS102. As required by FRS102, 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 £200,000 to the Scheme in January 2015 and £225,000 in March 2015.

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 2015 this was 3.70% (2014 - 3.40%).

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% (2014 - 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:

	2015	2014
	£	£
Present value of funded obligations	**(12,125,000)**	(12,717,000)
Fair value of Scheme assets	**11,586,000**	11,740,000
Net liability	**(539,000)**	(977,000)

The amounts recognised in the Statement of Financial Activities are as follows:

	2015	2014
	£	£
Interest on obligation	**(421,000)**	(499,000)
Expected return on scheme assets	**393,000**	458,000
Administrative expenses	**(69,000)**	(95,000)
Total	**(97,000)**	(136,000)
Total actuarial (loss)	**140,000**	(144,000)

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

	2015	2014
	£	£
Opening defined benefit obligation	**12,717,000**	11,574,000
Interest cost	**421,000**	499,000
Actuarial (Gains)/losses	**(361,000)**	1,079,000
Benefits paid	**(652,000)**	(435,000)
Closing defined benefit obligation	**12,125,000**	12,717,000

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

	2015	2014
	£	£
Opening fair value of scheme assets	**11,740,000**	10,506,000
Expected return on assets	**393,000**	458,000
Actuarial gains and (losses)	**(221,000)**	935,000
Contributions by employer	**395,000**	371,000
Administrative expenses	**(69,000)**	(95,000)
Benefits paid	**(652,000)**	(435,000)
	11,586,000	11,740,000

The charity expects to contribute £NIL to its defined benefit pension scheme in 2016.

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

	2015	2014
Equities	**41.00 %**	40.00 %
Bonds	**58.00 %**	58.00 %
Cash	**1.00 %**	2.00 %

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

	2015	2014
Discount rate at 31 December	**3.70 %**	3.40 %
Retail price inflation	**3.30 %**	3.10 %
Future pension increases	**3.20 %**	3.00 %
Deferred pension revaluation rate	**3.30 %**	3.10 %

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

Defined benefit pension schemes

	2015	2014	2013	2012	2011
	£	£	£	£	£
Defined benefit obligation	**(12,125,000)**	(12,717,000)	(11,574,000)	(10,280,000)	(9,373,000)
Scheme assets	**11,586,000**	11,740,000	10,506,000	9,349,000	8,857,000
Deficit	**(539,000)**	(977,000)	(1,068,000)	(931,000)	(516,000)
Experience adjustments on scheme liabilities	**361,000**	(1,079,000)	(1,440,000)	(1,027,000)	56,000
Experience adjustments on scheme assets	**(221,000)**	935,000	644,000	394,000	(107,000)

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 2015 were £176,931 (2014 - £170,264).

18. 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 2015, the following transactions took place between the parties arising from the above:

EngineeringUK provided a grant to the Engineering Council of £2,252,722 (2014 - £2,187,218) to fund its operations plus £425,000 (2014 - £399,000) for the pension scheme.

To cover administration costs, Engineering Council charged EngineeringUK £16,645 (2014 - £72,000) in the year.

On 31 December 2015, the EngineeringUK owed the Engineering Council the sum of £88,102 (2014 - EngineeringUK owed the Engineering Council £2,371). This amount is disclosed within creditors falling due within one year.

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Net movement in funds	**456,062**	377,679
Add back depreciation charge	**37,654**	35,685
Add back loss on disposal of fixed assets	**9,760**	-
Deduct interest income shown in investing activities	**(51,037)**	(49,351)
Deduct gains/add back losses on investments	**14,217**	(26,517)
Decrease/(increase) in debtors	**679**	(24,980)
Increase/(decrease) in creditors	**94,156**	(27,988)
FRS17 adjustments	**(438,000)**	(91,000)
Net cash used in operating activities	**123,491**	193,528

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