Engineering Council

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2017

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Engineering Council

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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:

1. CHAIRMAN'S AND CEO'S STATEMENTS

2017 was a year that saw some senior changes at the Engineering Council, with Professor Chris Atkin and Alasdair Coates taking on the roles of Chairman and Chief Executive Officer respectively.

A key achievement in 2017 was the development of our Strategic Plan for 2018-2020. This strategy will drive our efforts as an organisation over the next three years and has three clear aims: to provide public benefit, maintain a globally recognised standard and meet future needs. It is crucial that the Engineering Council takes account of the changing expectations of future engineering professionals, particularly with respect to assessment and registration, ensuring that these remain relevant and internationally recognised.

The Engineering Council's dedication to operating a Register that offers society assurance of the knowledge, experience and commitment of our professionally registered engineers and technicians remains constant. We can only achieve this by working closely with colleagues, particularly our Licensed Members and Professional Affiliates, as we have done throughout 2017. From collaboratively developing updated CPD Policy and Guidance, publishing with the Royal Academy of Engineering our new Ethics guidance to being invited to host the 2018 meeting of the International Engineering Alliance (IEA) meeting, to a record number of new Engineering Technicians registrations, it has been a productive year.

Among our new activities, the Engineering Council ran a successful pilot of quality assurance (known as External Quality Assurance or EQA) for engineering-related Trailblazer Apprenticeships at level 3, which is work we will be taking forward in 2018. As part of the Engineering the Future (EtF) collaboration, we completed work on the "Pathways to Professional Registration" online toolkit, will be launched in January 2018, which will help Engineering Technicians develop their careers. Offering enhanced day-to-day support to our partners and volunteers, we upgraded our previous extranet to the Partner Portal, which was welcomed by the institutions.

In core business activities, our Licensing Manual and Professional Affiliate Approval Manual were both reviewed and the Engineering Council's Quality Assurance Committee (QAC) considered a total of 11 licence reviews, one licence application, three interim reviews and also approved two new Professional Affiliates. This work relies on voluntary support from an experienced and committed team of registrants, including Liaison Officers, and we were pleased to receive very positive feedback from the Volunteers Seminar held in May.

We have continued to develop and improve the efficiency of our registration processes and all 35 Licensed Members submitted their end-of-year reconciliation through RegPlus (our registrant database). Compared to 2016, this year has seen a rise in new final stage registrations, Engineering Technician registrations and new female registrations, which is very positive news. The launch of the revised Statement of Ethical Principles, produced jointly with the Royal Academy of Engineering, underlined the profession's commitment to working in an ethical way for the benefit of society.

We expect 2018 to present a range of challenges and opportunities, from delivering the key tasks as set out in our new Strategic Plan, to the more operational challenges such as ensuring compliance with the incoming General Data Protection Regulation (GDPR) and certification to the new ISO 9001:2015 standard. Other important activities will include taking an active part in the government-backed Year of Engineering to inspire the next generation of engineers, and supporting programmes that promote diversity and inclusion across engineering, as the Engineering Council continues to champion standards in the engineering profession.

Professor Chris Atkin CEng FRAeS and Alasdair Coates BEng(Hons) MSc CEng FICE MCIHT CMIOSH

2. HOW WE OPERATE

HOW WE ARE GOVERNED

The Engineering Council, 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, No. 286142, 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 regulatory activities, which include maintenance of standards; licensing of professional engineering institutions as Licensed Members and Professional Affiliates; international representation in FEANI (a federation of professional engineers that unites national engineering associations from 34 European Higher Education Area (EHEA) countries) and the FEANI and IEA; 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 was chaired by Rear Admiral Nigel Guild CB CEng FIET FIMarEST FIMA FREng at its March and June meetings. Rear Admiral Guild stood down from the Board at the AGM and was succeeded by Prof Chris Atkin CEng FRAeS The Board met on three occasions in 2017.

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 (from October 2017, the Partner Portal, at https://partner.engc.org.uk) 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 Charter and Bye-laws, Regulations and Terms of Reference of the Board's Committees and Panels are published on the Partner Portal together with other information including agendas, minutes and papers and proceedings of the Board, Committees and Panels.

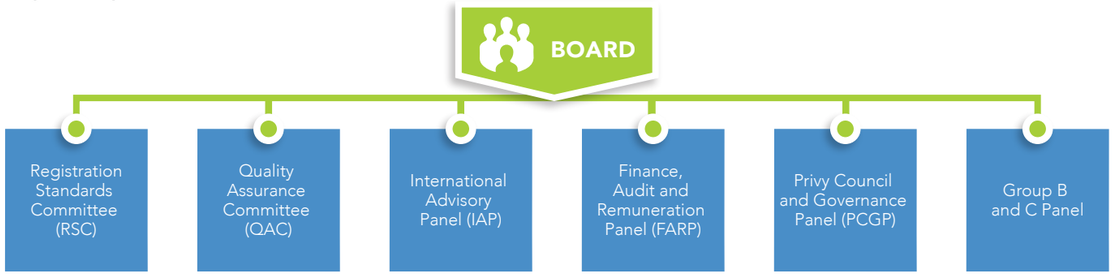
Within three months of joining the Board, Trustees are given an induction by the Executive Team, which is based on the Institute of Chartered Secretaries and Administrators Best Practice Guide to the Appointment and Induction of Charity Trustees.

The following table presents the Board members.

No.	NOMINATED BY	BOARD MEMBER	TERM OF OFFICE ENDED	TERM OF OFFICE STARTED
1	BCS, The Chartered Institute for IT	Prof Kevin Jones CEng CITP CSci FIET FBCS		
2	Chartered Institution of Building Services Engineers	Mr George Adams CEng FCIBSE		
3	Institution of Chemical Engineers	Prof Jonathan Seville CEng FIChemE FREng		
4	Institution of Civil Engineers	EUR ING Bill Hewlett CEng FICE FIET		
5	Institution of Engineering & Technology	Mr Tom Ridgman CEng FIET		
6	Institution of Engineering & Technology	Ms Sam Hubbard IEng MIET	June 2017	
		Ms Michelle Richmond CEng FIET		June 2017
7	Institute of Marine Engineering, Science & Technology	RA Nigel Guild CB CEng FIET (Chairman) FIMarEST FIMA FREng	June 2017	
		John Chudley CEng FIMarEST		June 2017
8	Institute of Materials, Minerals and Mining	EUR ING Dr Graham Woodrow CEng FIMMM		
9	Institution of Mechanical Engineers	Mr Rob Smith CEng FIMechE		
10	Royal Aeronautical Society	Prof Chris Atkin CEng FRAeS (Chairman – incoming)		
11	Society of Operations Engineers	Mr Stephen Catte CEnv IEng HonFSOE		
12	Institution of Structural Engineers	Prof Roger Plank CEng MICE FIStructE		
13	Group B Institutions	Mr Nigel Hendley CEng MICE Hon FCIWEM	June 2017	
		Terry Fuller CEng MICE MCIWEM		June 2017
14	Group B Institutions	EUR ING Prof Simon Vaitkevicius CEng FIED		
15	Group C Institutions	George Marsh TD DL CEng FICE FInstRE		
16	EngineeringUK	Mr Doug Alexander		
17	EngineeringUK	Dr Scott Steedman CBE CEng FICE FInstRE FREng		
18	EngineeringUK	Dr Carolyn Griffiths CEng FIMechE FREng		
19	EngineeringUK	Mr Chris Boyle BComm		
20	EngineeringUK	Col Martin Court CEng FIMechE		
21	EngineeringUK	Mr Paul Excell CEng FIET FBCS		
22	EngineeringUK	Mrs Jane Cannon MBE CEng FIET	Nov 2017	
		Vacant		

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 Higher Education (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 2017.

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 2017.

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 three times in 2017.

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; marketing and promotions activity; and the business continuity plan. In addition to the Chair, FARP comprises three current trustees and one other member with relevant knowledge and experience. The panel met three times in 2017.

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 2017.

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.

Volunteers Seminars were held in May and November in 2017. These were well attended, with more than 50 volunteers at each session.

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.

KEY MANAGEMENT PERSONNEL

Chief Executive Officer	Jon Prichard CEng FICE FInstRE (to 31 January 2017)
	Alasdair Coates BEng(Hons) MSc CEng FICE MCIHT CMIOSH (from 13 March 2017)
Operations Director & Deputy Chief Executive Officer	Paul Bailey BSc (Hons)
Head of Administration & Support	Gillian Paterson MA FCIPD
Head of Professional Standards	Katy Turff CMgr MCMI

PROFESSIONAL ADVISORS

SERVICE	ORGANISATION	ADDRESS
Actuaries	Cartwright Benefit Consultants Ltd	175 Kings Road, Reading, RG1 4EY
Auditors	haysmacintyre	26 Red Lion Square, London WC1R 4AG
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, GU 14 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

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:

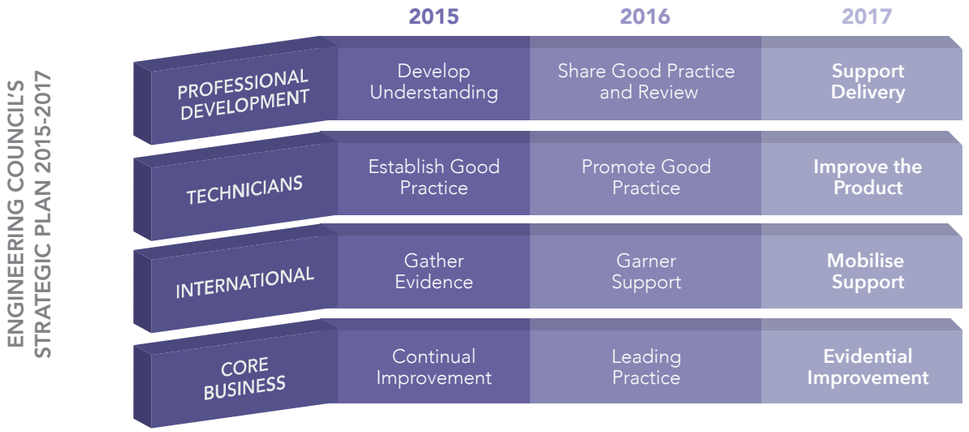
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statements of Recommended Practice (SORP)
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, insofar 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 Reports) 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.

3. STRATEGY AND PERFORMANCE IN 2017

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 OUR KEY STRATEGIC STRANDS AND THE ROUTINE FUNCTIONS THAT MAKE UP THE ENGINEERING COUNCIL'S CORE BUSINESS.



2017 ACTIVITIES AND ACHIEVEMENTS

1. Professional Development (Support Delivery)

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

2. Technicians (Improve the Product)

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

3. International (Mobilise Support)

Aim: Promote 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 the individual route.

4. Core Business (Evidential Improvement)

Aim: Seek and promote excellence in the licensing of competent institutions through effective and efficient processes; to continue to develop, improve and digitise key processes.

1. PROFESSIONAL DEVELOPMENT (SUPPORT DELIVERY)

The Engineering Council supports professional engineering institutions in ensuring that the UK's professionally registered engineers and technicians are the best they can be, by maintaining standards and supporting professional development.

Establishing and sharing good practice

During 2017, the Engineering Council updated its Policy and Guidance on CPD to reflect that recording CPD is mandatory for registrants (no later than 2019). Registrants will need current CPD records as the professional engineering institutions will undertake a random sample each year. Assuring conformity with CPD sampling will be part of the Licensing process.

Supporting the development of frameworks, tools and processes

In 2017 we consulted with professional engineering institutions about, and developed, an animation explaining how registrants can comply with CPD obligations and the different forms that CPD can take.

2. TECHNICIANS (IMPROVE THE PRODUCT)

The Engineering Council shares good practice between professional engineering institutions in making registration more accessible and working to increase the number of registered technicians.

Increasing retention and valuing technician registration

Through the Engineering the Future collaboration, we completed work on the "Pathways to Professional Registration" online toolkit, helping Engineering Technicians develop their careers. The toolkit and promotional video will be launched in January 2018.

We ran a survey of registered technicians and employers, which received over 800 responses from technicians and close to 100 from organisations. This demonstrated that Engineering Technician registration is valued by individuals and their employers, although levels of concrete support provided for registration vary.

External Quality Assurance for apprenticeships

We will offer quality assurance for the professional competence element of Trailblazer Apprenticeships at level 3 from 2 January 2018, to assure consistency and quality of assessment of professional standards across the professional engineering institutions. This follows a successful trial in autumn 2017 and will be reviewed in 12 months.

3. INTERNATIONAL (MOBILISE SUPPORT)

The Engineering Council ensures that its standards are globally recognised by promoting the benefits of competency based assessment, facilitating international mobility for engineering professionals.

Enhancing mobility and recognition

We collaborated with European partners in an initiative led by the European Council of Engineers Chambers (ECEC) to explore potential to develop a set of Common Training Principles for European Engineers, in response to the European Directive on Mutual Recognition of Professional Qualifications.

4. CORE BUSINESS (EVIDENTIAL IMPROVEMENT)

The Engineering Council promotes excellence in the licensing of competent institutions, while delivering effective and efficient processes around maintaining our Register and providing robust Governance.

This is supported by developing and improving our Communications functions, digitising key processes.

PROFESSIONAL STANDARDS

We have engaged with the development of the government's Industrial Strategy and participated in the digital strategy that has developed from that. The Engineering Council also provided input to an Education for Engineering (E4E)-led response to the Economic Affairs Committee consultation.

In preparation for the Standards Review, the Board has discussed the Fourth Industrial Revolution and the potential impact that may have. A Registration Working Group was formed towards the end of 2017, to look at registration titles and consider whether we have the right products in place.

Work on **my**careerpath®, the Engineering Council's online professional development recording system, included the development of single sign-on and end-to-end encryption. These developments enhanced the security of the system, in compliance with our Guidance on Security.

Our work on T-levels, as these are developed, has included participation in the Royal Academy of Engineering's T-levels Working Group. There was recognition of the need to develop our policy around Higher Apprenticeships, so the Engineering Apprenticeship and Technician Qualifications (EATQ) Forum and Engineering Accreditation Board (EAB) were brought together at a workshop in May, which has developed into a Working Group that will input into the Standards Review. Over the course of the year, comments have been invited from us on a range of external Higher Education-related consultations.

INTERNATIONAL

We continued to engage with key stakeholders to maintain a globally recognised standard, including attending the 2017 IEA meeting and preparing to host the 2018 meeting in London in June 2018.

We participated in the Washington Accord Periodic Review visit in November, which came to a successful conclusion. Engineering Council representatives attended the European Network for Accreditation of Engineering Education (ENAEE) General Assembly and a EUR-ACE reauthorisation submission was completed and reviewers allocated. We also responded to a questionnaire from FEANI (a federation of professional engineers that unites national engineering associations from 34 European Higher Education Area (EHEA) countries) on 'Status of the Professional Engineer'.

LICENSING

In 2017, our QAC considered a total of 11 licence reviews, one licence application, three interim reviews and four mutual exemption agreements. Our Licensing Manual and Professional Affiliate Approval Manual were both reviewed to ensure consistency.

The Royal Institution of Navigation and the Geological Society were approved as Professional Affiliates in October; four re-approval visits and an affiliate application from the Institute of Quarrying were also considered during the year. The Engineering Council ran a Professional Affiliate Seminar in September 2017, to support this group of institutions.

A Volunteers Seminar was held in May which included analysis of trends from the Register and Annual Licensing Review, and an exercise on CPD sample record feedback; we received very positive feedback on the event from attendees. We also held a workshop on the professional review in October and a half-day seminar in November, which allowed volunteers to share best practice on a range of topics and ask the Engineering Council staff questions on key updates.

REGISTRATION

In 2017 we completed a further Register project, the benefits of which included improvements to process efficiency and clearer compliance with Regulation 7 (which governs reinstatement) and improved trend analysis on reinstatements.

We also began a programme of visits to licensed institutions to discuss the development of a Registrant Portal, designed for registrants to view their Engineering Council records, the potential benefits and opportunities for collaboration this offers. The Registrant Portal was also highlighted at a Volunteers Seminar in November.

The end of year reconciliation processes were successful, with all 35 Licensed Members submitting through our registrant database, RegPlus.

In 2017 there were 10,284 new final stage registrations, up 3.1% compared to 2016. This was made up of 2,434 new Engineering Technicians (the highest number ever), 1,289 new Incorporated Engineers, 6,539 new Chartered Engineers and 22 new ICT Technicians. The number of new female registrations has continued to increase, with women representing almost 10.5% (1,079) of all new registrations in 2017.

GOVERNANCE

Registrant issues, complaints and mis-use of titles are routinely monitored with nine incidents of misuse of title and nine complaints reported in 2018. Complaints mainly fell into four broad categories: professional review interview outcomes; professional conduct; institution governance, and the protection of the status of engineers (including professional engineers as counter-signatories to formal documents). All such matters are reported into the PCGP.

The Engineering Council provided advice to 15 professional engineering institutions on proposed amendments to their constitutional documents. The organisation also liaised on specific proposals, including the launch of the *Statement of Ethical Principles*, *Guidance on Codes of Conduct*, *Guidance on Disciplinary Procedure* and *Guidance to Engineers and Technicians*.

The revised *Statement of Ethical Principles* document, produced with the Royal Academy of Engineering, was launched in July following review by a working group in 2016. A key change to the document is its extension to all those engaged in engineering at any level, who the Engineering Council and the Royal Academy of Engineering believe should be educated and encouraged to think and work in accordance with these ethical principles.

The Engineering Council's *Guidance on Code of Conduct* was updated to make it clear that the revised *Statement of Ethical Principles* should be used as the basis of institutions' Codes of Professional Conduct.

Our *Guidance on Disciplinary Procedures* was also reviewed, with the main changes requiring institutions to publish in their Regulations both their Code of Professional Conduct and a Disciplinary Procedure for dealing with any alleged breaches of the Code. Any member who resigns (or whose membership lapses through non-payment of fees or subscriptions) after a complaint against them has been lodged with the institution, shall be deemed to remain in membership until completion of the disciplinary process.

COMMUNICATIONS

We published the Pocket Guide to Professional Registration 2017 and continued to maintain our suite of standard literature. This includes a range of guidance documents, leaflets on each of the registration titles and the Student Guide to Professional Registration, all of which are available online and in hard copy by request. We also produced a bi-monthly digital Engage newsletter, quarterly Marketing and Communications Update and biannual HE Bulletin throughout the year. Quarterly registration statistics and an Annual Statistics Report were published to our Licensed Members and Professional Affiliates.

We promoted International Women in Engineering Day in June with a specific webpage (supported by two female Board Members) and also marked National Apprenticeships Week with a webpage including case studies from two Board Members, highlighting opportunities for apprentices. We continued to be active on social media and during 2017 the Engineering Council's Twitter account gained 3,311 new followers and engagement on our LinkedIn account resulted in more than 2,000 followers.

The Engineering Council held three workshops in 2017, Membership Retention and Registration Statistics, social media and new starter workshop designed forstaff new to professional engineering institutions. These were attended by 15 institutions, mainly by staff from Membership and Marketing functions, and received positive feedback.

A launch event for the revised *Statement of Ethical Principle*s was well attended by members of the profession who heard from a panel of speakers, including Professor Chris Atkin CEng FRAeS (Chair of the Engineering Council) and Professor Dame Ann Dowling OM DBE CEng FRS FREng (President of the Royal Academy of Engineering).

In October, the Engineering Council launched its online Partner Portal, replacing the previous extranet. The Partner Portal is a secure area for volunteers and professional engineering institution staff, populated with all relevant meeting papers, agendas, reports and other resources. All extranet users' accounts were automatically transferred and we received positive feedback from institution Heads of Membership.

4. PLANS FOR 2018

TAKING FORWARD THE WORK DONE IN 2017, THE ENGINEERING COUNCIL HAS DEVELOPED A STRATEGIC PLAN 2018-2020, WHICH WILL DRIVE OUR WORK OVER THE NEXT THREE YEARS.

The Strategic Plan sets out three aims, each of which will be delivered through three objectives:

1. Provide public benefit

Maintain the Engineering Council's position as an effective and well-respected regulator of the profession.

Ensure that no barriers exist for anyone appropriately qualified to become professionally registered.

Ensure that the Engineering Council is operationally sound and is recognised by stakeholders as delivering value for money.

2. Maintain a globally recognised standard

Widen engagement with key stakeholders on the promotion of the Register and the Standard.

Safeguard and promote UK registration standards internationally.

Ensure that the needs and expectations of stakeholders are being met.

3. Meet future needs

Ensure that the regulatory needs of the profession are being met.

Ensure that all regulatory functions remain fit for purpose and support the Standard.

Ensure that the engineering profession's pathways to registration remain appropriate for the needs of future stakeholders.

The Engineering Council expects lots of challenges and opportunities in 2018 including:

- Offering quality assurance for the professional competence element of Trailblazer Apprenticeships at level 3 from 2 January 2018.
- Launching the "Pathways to Professional Registration" online toolkit, helping Engineering Technicians develop their careers.
- Producing a webinar as part of our consultation with stakeholders on the implementation of a risk-based approach to Licensing.
- Hosting the prestigious 2018 IEA Conference n London, 24-29 June 2018.
- Continuing development of a Policy Statement on Initial Professional Development (IPD), with input from the professional engineering institutions.
- Implementing procedures compliant with the new General Data Protection Regulations (GDPR) across the Engineering Council, including the operation of our Register.
- Championing and supporting programmes that promote diversity and inclusion across the profession.
- Supporting the Year of Engineering to promote the profession and inspire the next generation of engineers.

5. RISK AND COMPLIANCE

HOW THE ENGINEERING COUNCIL MANAGES RISK

Engineering Council maintains a Trustee Risk Register which identifies risks that could have an impact on the organisation's ability to deliver its strategic objectives, including all legal and financial mandates, assess the probability and impact of those risks occurring and details the measures in place to manage and mitigate them.

ROLE OF THE EXECUTIVE TEAM

Day to day management of individual risks is the responsibility of the appropriate Exec Team member or volunteer(s) where decisions are delegated to them as recorded in the Risk Register. The Register is regularly reviewed by the Exec Team and relevant volunteers and on a by-exception basis. FARP reviews the Register at each meeting and reports any concerns about risk and their management to the Board. The Register is reviewed once a year by the Board. Should any other risk emerge during the course of the year that is assessed to fall into one of the categories described above or which may result in the levels of tolerable risk set out in the EngC's risk appetite statement being exceeded then this should be referred to the Board for review and not wait for the annual review.

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.

ROLE OF THE BOARD

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 & Procedure contains the following key principles that outline the Engineering Council's approach to risk management:

a. As the EngC's principal body, the Board is responsible for risk management;

b. The Board is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding the public and other funds and assets for which it is responsible in accordance with its Charter and By-laws;

c. There should be an open and receptive approach to mitigating risk;

d. The Finance, Audit & Remuneration Panel (FARP) advises the Board on risk management and advises on compliance to the risk management process. The Risk Register is reported to the Board via FARP who will advise whether they believe the risk management process and policy has been complied with.

e. The CEO and Executive Team, with input from the volunteer committees and panels where relevant, are responsible for encouraging and implementing good risk management practice across the organisation, in particular the identification, evaluation and management of risk.

f. Early warning mechanisms will be put in place and monitored to alert the Board so that remedial action can be taken to manage any potential hazards.

This policy includes consideration of the organisation's Risk Appetite i.e. the level of risk that EngC is prepared to accept in pursuit of its strategic objectives. This Statement informs the EngC's strategy and business planning processes and is reviewed annually by the Board. It sets the context for managing risk and forms an integral part of this policy. The Risk Appetite Statement will also form the basis of delegated levels of authority for decisions including at subordinate panels and committees.

In terms of its willingness to accept certain types of risk, the EngC's approach is to minimise exposure to reputational, compliance and financial risk, whilst accepting that a certain level of risk has to be taken to achieve its strategic objectives. Acceptance of risk is subject to ensuring that risks and potential benefits are fully considered and understood before activities are undertaken and that sensible measures are in place to mitigate risk.

DEVELOPMENTS IN RISK MANAGEMENT

During 2017, the Board trialled a shadow process which saw risks escalate up and cascade down from underlying functional risk registers which were owned and reviewed regularly by each of the Board's key committees and panels. It is expected that this approach will be formulised in 2018.

The Top Five Risks as set out on the Trustees Risk Register as of 31 Dec 2017 were categorised as High, Medium and Low Net Risks.

HIGH Net Risk

1. **UK secession from EU (BREXIT):** Risk that registered engineers would no longer be subject to directives on mobility: other forms of recognition and ways to enable mobility would become more important

   Mitigation: Continuing work through ETF, leading input into Professional Qualifications Working Group, input and participation in key workshops and consultations

MEDIUM Net Risk

2. **Review of profession:** Risk that the current reviews of the profession (e.g. Uff Review) result in the regulatory function being removed or moved to alternative body

   Mitigation: EngC represented on Professional Engineering Committee (PEC) and contributing to key consultations

3. **Registrant numbers:** Risk that registrant recruitment, retention & demographics will/is resulting in loss of registrants and decreasing income to both EngC and EngUK

   Mitigation: EngC Strategic Plan 18-20 proposes key objectives in the area of retention (including consideration of Diversity and Inclusion)

4. **Data Protection:** Risk that EngC does not comply with the requirements of the new General Data Protection Regulation (GDPR)

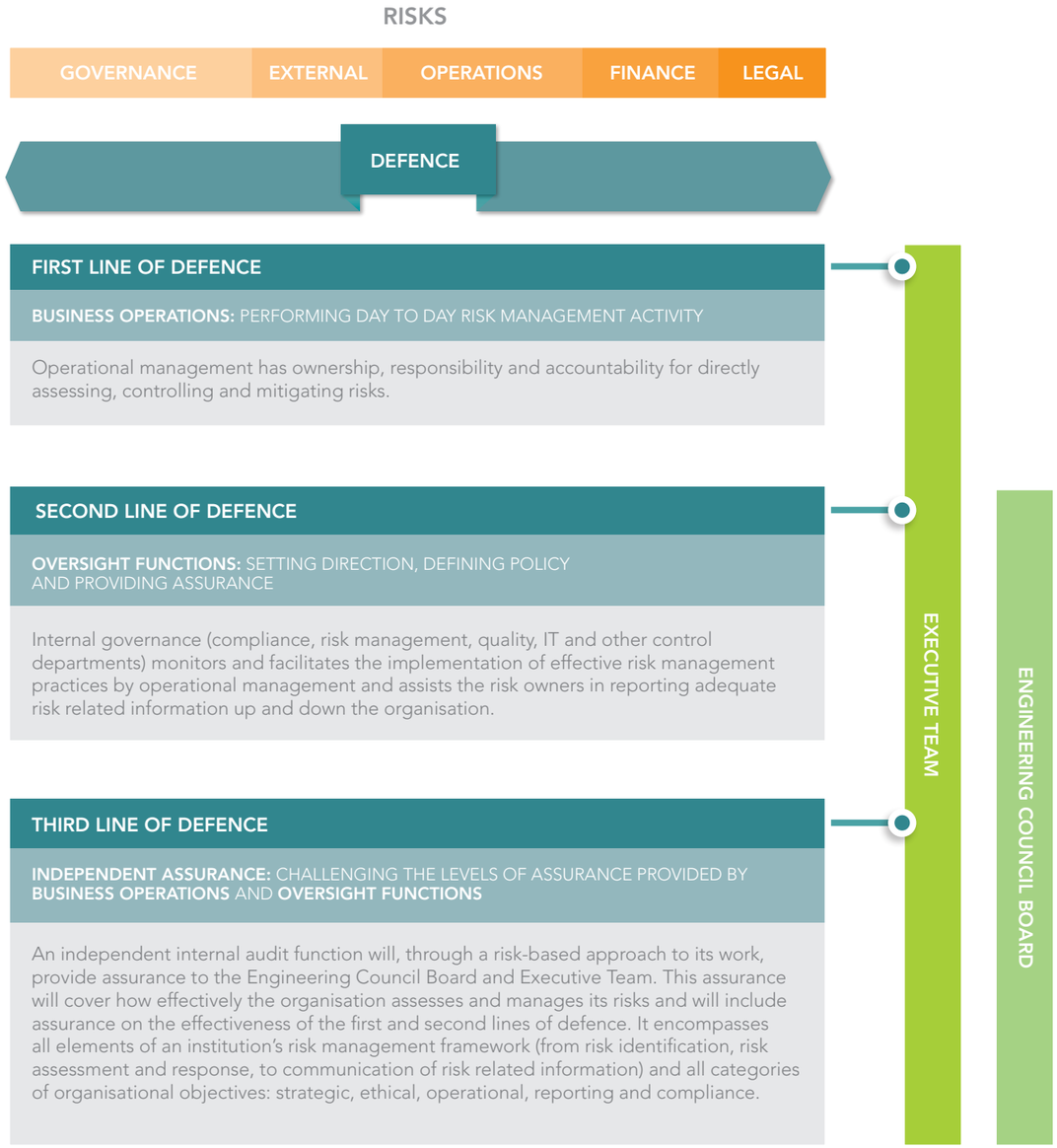
   Mitigation: Project Team managing transition, legal advisors engaged, key staff trained at both Foundation and Practitioner level

LOW Net Risk

5. **EngC funding mechanism:** Risk of a change in funding mechanism that results in lack of funds for EngC operations

   Mitigation: Participation in current reviews of profession and routine PEI CEO liaison

RISK ASSURANCE FRAMEWORK



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 Quality Management Team (QMT), which also manages the internal audit team. In addition, QMT 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 Internal Audit Log as requested by the Executive Team.

The Engineering Council successfully recertified against the ISO 9001:2008 quality standard in January 2017 and will be finalising plans to transition to ISO9001:2015 in the first half of 2018.

6. FINANCIAL REVIEW

The areas of activity funded during 2017 are set out in section 3, **'Strategy and performance in 2017'**. A detailed breakdown of expenditure for the year 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 remains cost-effective.

The inclusion of the Engineering Council Pension Scheme under FRS102 has reduced staff costs by £465,000 (2016 – £419,000), increased direct costs by £34,000 (2016 – £136,000) and resulted in an actuarial gain on the scheme of £405,000 (2016 – £795,000). The overall effect of applying FRS102 is to increase Net Income for the year by £431,000 (2016 – £283,000) and to increase the net movement in funds by £836,000 (2016 – £1,078,000). No significant comment is made with respect to the Net Income 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 2017. The Engineering Council, as the Principal Employer, made a deficit plan payment of £465,000 (£450,000 in 2016) to the Scheme, in accordance with the ten-year schedule of contributions, agreed by the Trustees and the Employer in December 2013.

The triennial valuation, as at 31 December 2015, showed a reduced past service deficit of £1,216,000 compared to the deficit disclosed by the 2012 valuation of £3,291,000. The principal factors affecting the change in deficit were: better than anticipated investment returns and the deficit reduction contributions made by the Employer, offset by the impact of a change in assumptions (a higher assumed rate of future inflation and a reduction in assumed rates of investment return as a result of the change in asset allocation).

The Trustees and the Employer have agreed that deficit payments should continue in accordance with the previously agreed schedule of contributions, which should see the deficit eliminated in 2019, subject to changes in underlying asset and liability values. The next triennial valuation is due as at 31 December 2018.

RESERVES

In 2017 the Engineering Council held funds of £2,729,423 (£2,501,378 – 2016) as follows:

Unrestricted general funds – The Engineering Council's policy is to maintain a level of unrestricted reserves, in accordance with accepted good practice, that equate to approximately six months of operating costs. In 2017 that figure was £1.5M (£1.25M – 2016). In calculating the amount of reserves it should hold FARP also reviewed the key financial risks to the organisation and identified that the Wakeham review of STEM degrees and graduate employability constituted a key risk due to a high degree of turbulence within the HE/apprentice area. The uncertainty has resulted in the suggestion that the engineering profession should take on unfunded quality assurance and accreditation activity. This situation was not expected to stabilise in the short term and should the additional activity materialise it would require the establishment of a new staff complement, with office space. It was therefore felt prudent to hold an additional sum of £400k in reserves against this risk materialising.

Restricted funds – The organisation continues to hold a small restricted fund of £18,772 – 2017 (£18,850 – 2016) in respect of the Gateways Knowledge Partnership funding.

The pension reserve was £nil at the year end with the pension grant received in year again being equivalent to the current year recovery plan contributions of £465k (£450k – 2016).

The general fund, as shown in the financial statements, includes an unrecognised surplus of £1.375M (2016 surplus – £539K), due to an excess of assets over liabilities in the scheme this year. The figure as calculated under FRS102 is in respect of the defined benefit scheme. This amount is not recognised within the Engineering Council's financial statements as the organisation has no rights over the Scheme's assets. The 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.

Disregarding the above and the tangible fixed assets for reserves policy purposes, the charity's general fund was £2,534,589 (2016 – £2,226,961); a figure not materially different from nine months' expenditure.

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

Investment Policy and Returns – The Trustees considered the most appropriate policy for investing funds to be 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.

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 fund manager's report for 2017 follows.

During the year the fund returned 10.0% compared to its benchmark of CPI plus 5% of 7.8%. Investors focussed increasingly on the broadening of economic growth across the world. This led to a strong performance from equity markets; particularly those markets with substantial export exposure such as emerging markets, Japan and Europe which the Fund was positioned to benefit from. In Europe economic recovery strengthened although equities were slightly subdued by political concerns in France (presidential election), Germany (formation of coalition post-election) and Italy (the then forthcoming election). The Fund's equity exposure to Japan and Europe were positive contributors as were emerging markets. The exposure to Emerging market bonds did less well, suffering from weak currency and inflation worries. The Fund held no developed market government conventional bonds based on concerns about the prospect of inflation returning and central banks raising interest rates. Holdings in investment grade bonds had also been reduced. The bond holdings were focussed on high yield and corporate bonds which contributed positively to performance.

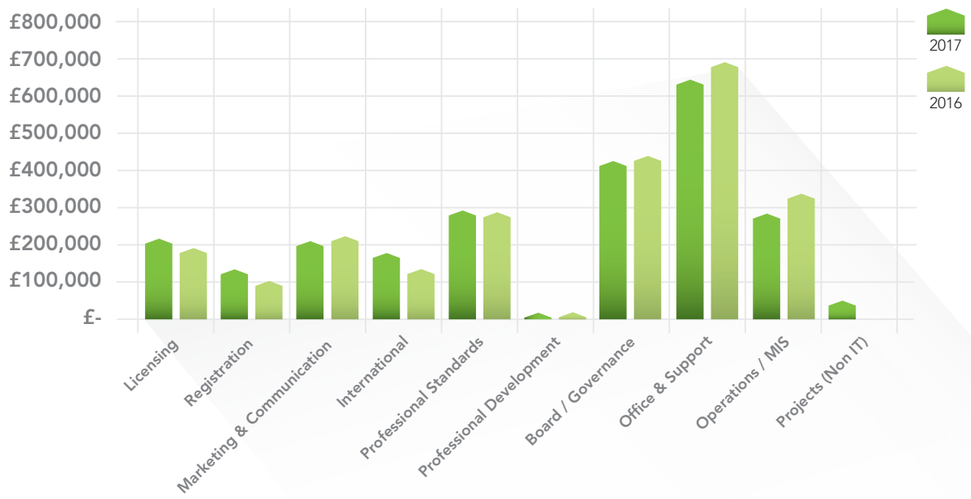
The Trustees confirmed they were happy to continue with the appointment of Baring Asset Management Limited as fund managers.

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

EXPENDITURE ON CHARITABLE ACTIVITIES

The following graph sets out the amounts spent on key areas of activity in both 2016 and 2017.

2016 & 2017 Expenditure



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:

OBJECTIVE:

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 2017 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 is that 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 230,000, 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 £18.40 for Engineering Technician to £37.90 for Chartered Engineer, reducible to £8.20 and £17.10 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) and (5)
8	Conduct periodic review of licensed institutions	Operate internal quality assurance procedures	Licence requirements and standards maintained and applied consistently	Underpins (2-6)
9	Represent UK in negotiating international agreements for mutual recognition of qualifications; advise government departments	Advise and support members; admit and register qualified individuals educated overseas; form alliances with overseas institutions	Increased employment and working mobility of engineers 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 230,020 men and women professionally registered as Engineering Technicians, Incorporated Engineers, Chartered Engineers or ICT Technicians. In addition, there were 8,033 engineers and technicians on the National Register classified as Interim Registrants, having registered their intention to work towards one of these professional titles.

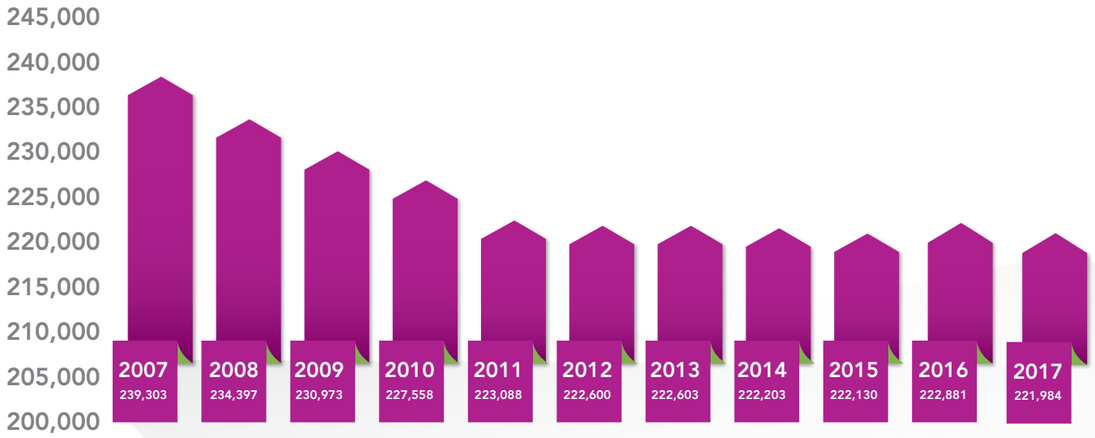
TOTAL REGISTRANTS

INTERIM AND FINAL STAGE – ALL TITLES 2007-2017

Since 2013, the number of registrants has remained over 230,000 and the total number of registrations has increased by 4.66% during this five year period (to 243,493 – not shown). The number of registrants overall has declined by 0.61% compared to 2016.

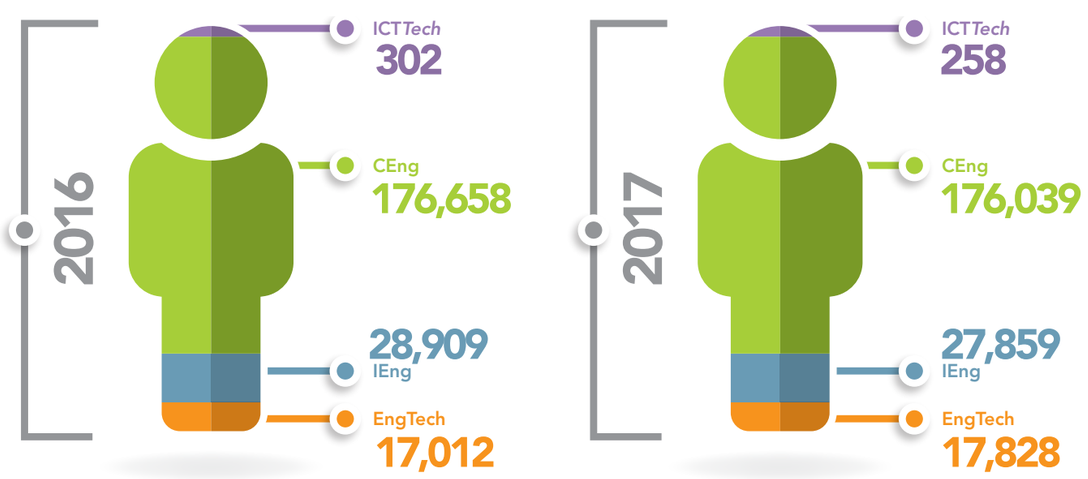
FINAL STAGE REGISTRANTS

ALL TITLES 2007-2017



The number of final stage registrants has fallen by 0.40% from 2016, despite the increase in new final stage registrants. This indicates the impact of losses from the Register.

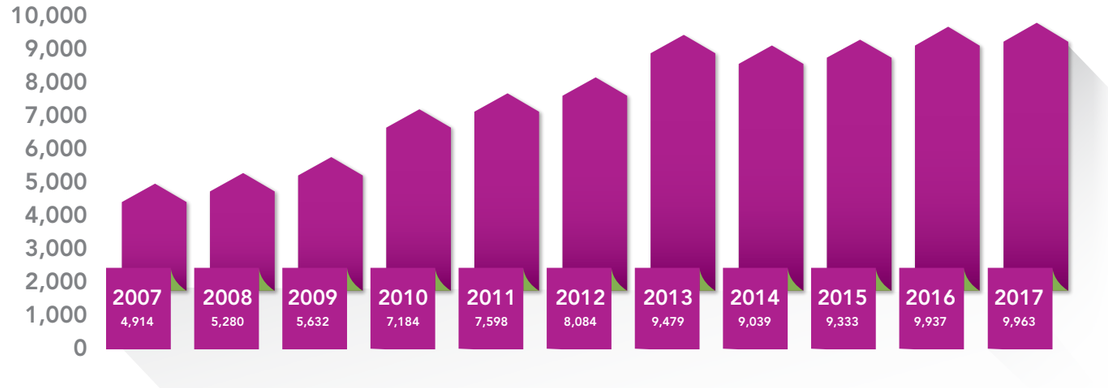
BY TITLE



The number of final stage EngTech registrants has increased by 4.80% compared to 2016, while the number of registrants holdings other titles has decreased.

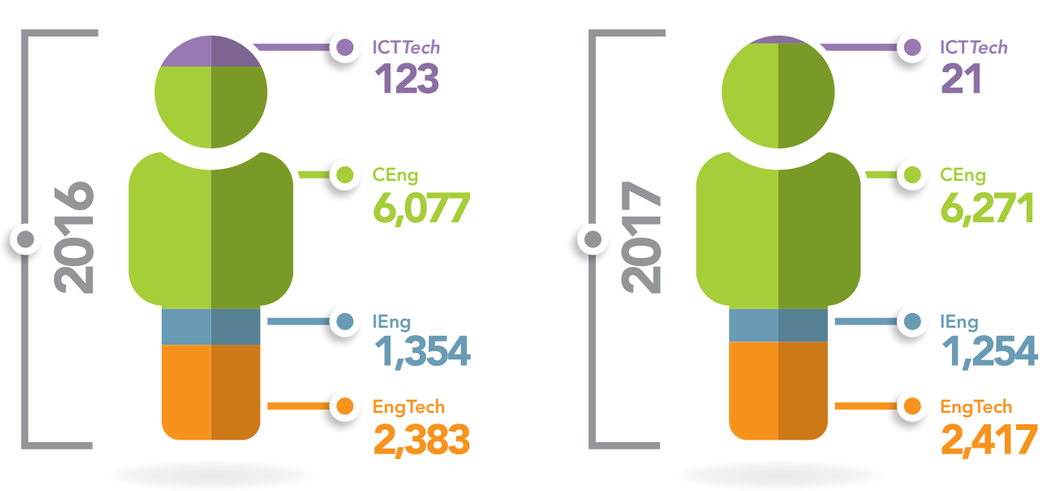
NEW FINAL STAGE REGISTRANTS

ALL TITLES 2007-2017



The number of new final stage registrations increased slightly (by 0.26%) in 2017, for the fourth consecutive year.

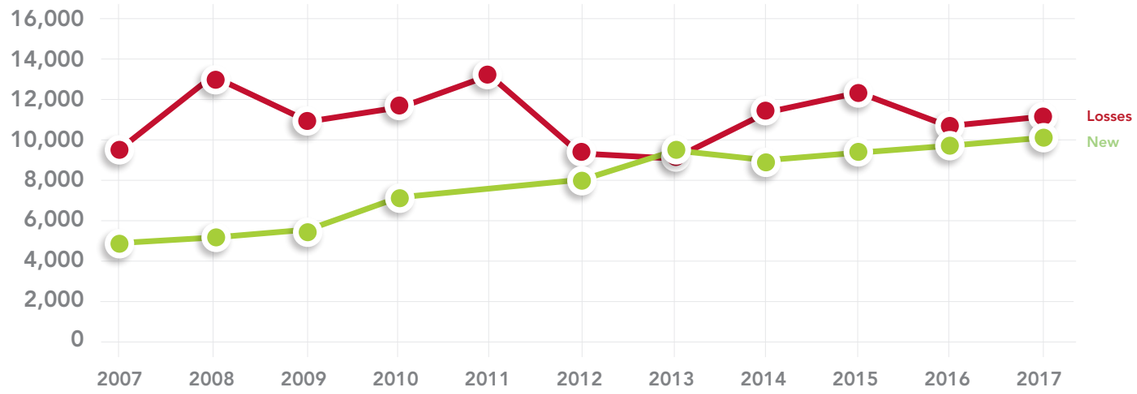
BY TITLE



The number of final stage CEng registrants increased by 3.19% and 2017 saw another record year of new final stage EngTech registrations, up 1.43% at 2,417.

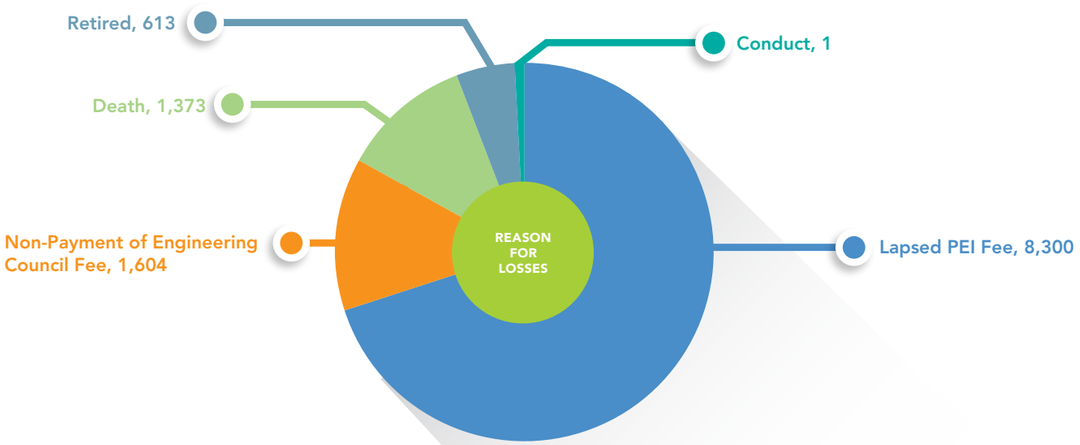
LOSSES ON THE REGISTER

NEW REGISTRATIONS VS LOSSES – FINAL STAGE ONLY ALL TITLES – 2007-2017



Losses represent registrations removed from the Register for any reason. CEng losses have reduced by 5.6%, showing retention is stronger for this title than for IEng and EngTech, where losses have increased.

REASON FOR LOSSES



A total 16.71% of registrations removed from the Register in 2017 were due to retirement or death, underlining the importance of age to removal from the Register. This emphasises the need to drive new registrations to maintain the current number on the Register, to address this demographic challenge.

The most common cause of removal from the Register is "Lapsed PEI Fee", but it is likely that some of these removals are due to retirement or death, which has not been notified to the PEI. Less than 14% of removals from the Register are due to non-payment of the Engineering Council fee, which suggests that, once they achieve professional registration, the vast majority of registrants value and choose to retain it.

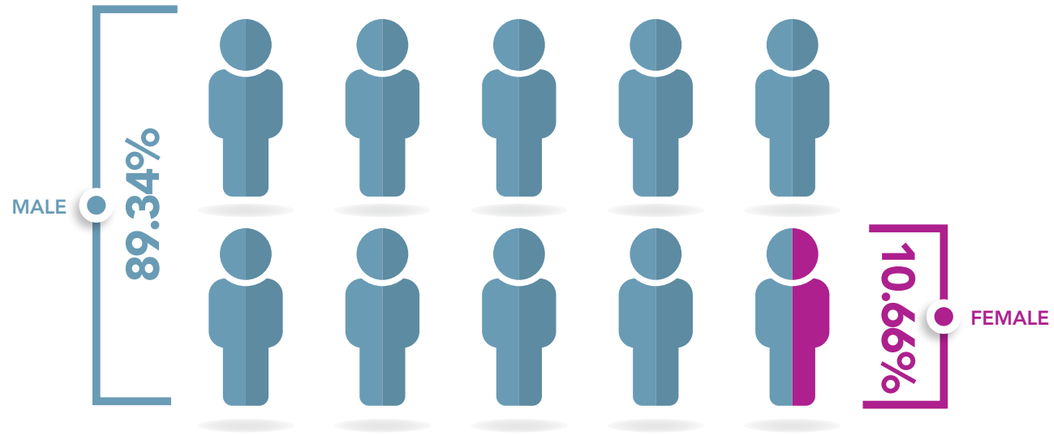
REINSTATEMENTS IN 2017

In 2017, there were 2,777 reinstatements to the Register. Reinstatements are registrations that have previously been suspended but have returned to the Register within the last three years. This indicates that registrants value their registration, as active steps are required to reinstate registration once removed from the Register. It may also suggest that not all those who lose their registration make an active choice to do so.

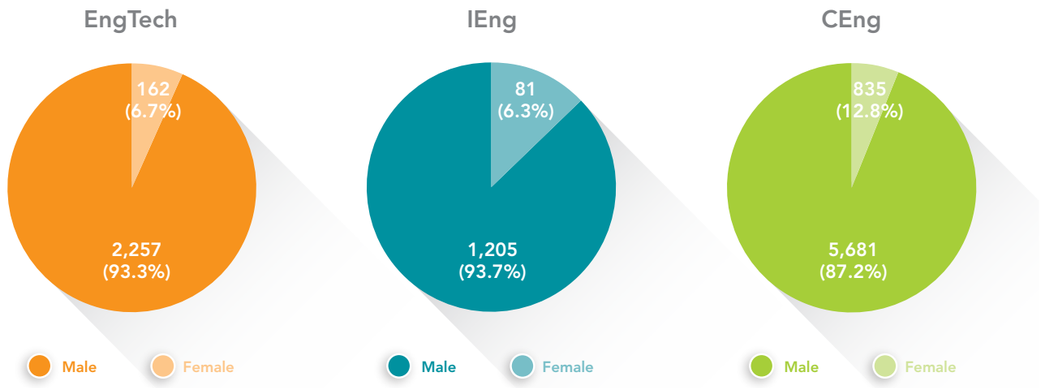
GENDER

Registrants overall are 94% male and 6% female, but since 2013 a growing number of female registrants can be seen in new final stage registrations.

NEW FINAL STAGE REGISTRATIONS – MALE VS FEMALE 2017



Female registrations account for 10.66% of the total number of new final stage registrations The percentage of new final stage female registrations has decreased by 0.18% in 2017, compared to 2016; there was an increase in the total number of new final stage registrations in 2017.

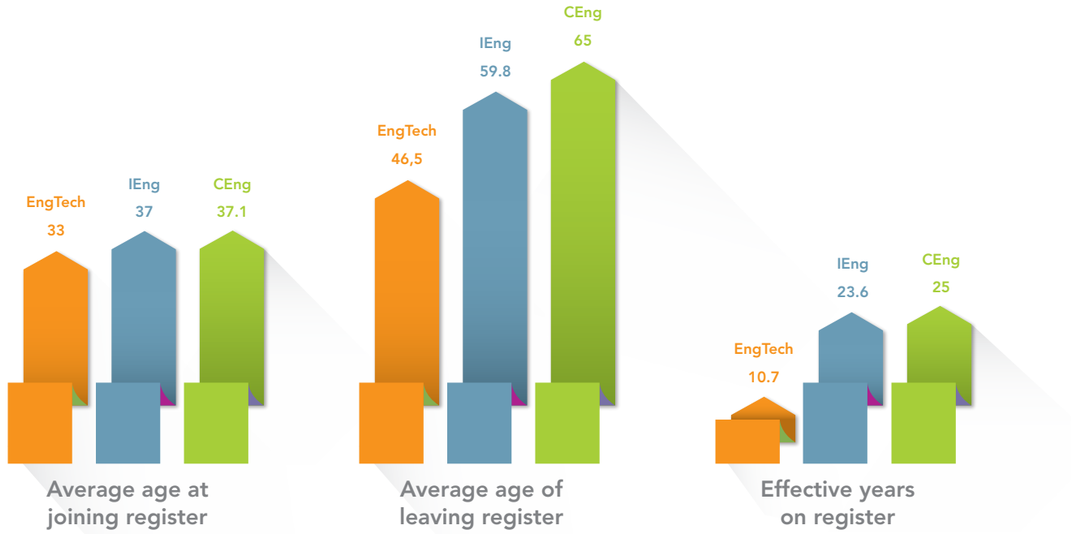


While 10.66% of new final stage registrants overall are female, when we look at new final stage registrations by title, this is higher among CEng new final stage registrants.

With the current focus on encouraging women to study engineering or consider engineering apprenticeships, there is clear potential to increase the percentage of new registrations for the EngTech and IEng titles.

AGE

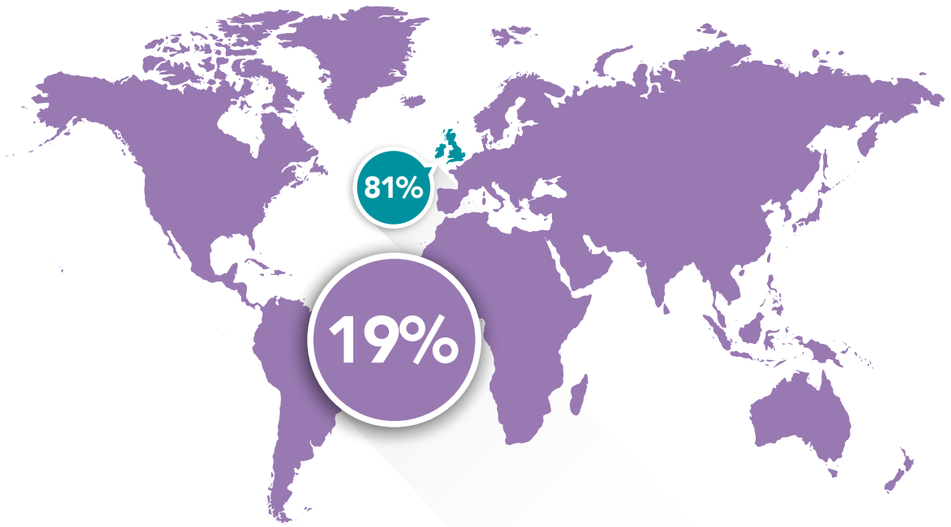
AVERAGE AGE AT JOINING AND LEAVING THE REGISTER IN 2017/AVERAGE NUMBER OF YEARS EFFECTIVE



The average CEng registrant leaves the Register aged 65, which is likely to indicate retirement from paid work (if not from involvement in the profession), after 25 years on the Register. The average IEng registrant leaves the Register aged 59.8 after 23.6 years. These figures suggest that, once they have achieved registration, the average IEng and CEng registrant remains registered for the rest of their career, suggesting that professional registration may be an effective tool in retaining members over the long term.

INTERNATIONAL

FINAL STAGE REGISTRANTS



While the majority of registrations continue to be held in the UK, almost a fifth of all registrations (18.61%) are held outside the UK, in a wide range of countries. This percentage has remained level from 2016, when 18.67% of registrations were held internationally.

9. TRUSTEES AND EXECUTIVE TEAM

MEMBERS OF THE BOARD

Rear Admiral Nigel Guild CB CEng FIET FIMarEST FIMA FREng (term of office ended June 2017)

CHAIRMAN – OUTGOING

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, stepping down at the AGM in 2017. He sits on the EngineeringUK Board and is a past President of the Institute of Marine Engineering, Science and Technology.

Professor Christopher Atkin CEng FRAeS

CHAIRMAN – INCOMING

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 became its President May 2016.

Christopher was elected as Chairman of the Engineering Council in June, taking up his post from the 2017 Annual General Meeting.

George Adams CEng FCIBSE

DIRECTOR OF ENERGY AND ENGINEERING, SPIE UK

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 past 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.

Doug Alexander

EXECUTIVE VICE PRESIDENT, ROYAL DUTCH SHELL GROUP

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.

Christopher Boyle BComm

DIRECTOR OF FINANCE AND CORPORATE SERVICES, ENGINEERINGUK

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.

Jane Cannon MBE CEng FIET (term of office ended November 2017)

DIRECTOR, SECURITY INDUSTRY ENGAGEMENT, HOME OFFICE

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.

Steve Catte IEng CEnv HonFSOE HonFIPlantE

RETIRED MECHANICAL ENGINEER

Steve Catte is a mechanical engineer. He started out in power generation at GEC-AEI before moving into the water industry and working for North West Water, Bechtel Water and United Utilities. He retired from United Utilities, where he was Senior Mechanical Engineer and Wastewater Treatment Standards Manager, in 2013.

Steve is very active with the Society of Operations Engineers (SOE) as a Trustee, member of the Membership and Professional Standards Committee, having formerly been its Chairman, and actively involved in registration assessments and Professional Review Interviews. He is also a Past President of the Institution of Plant Engineers. Steve joined the Engineering Council Board in 2016, in support of SOE and the engineering profession.

John Chudley CEng FIMarEST (term of office started June 2017)

DIRECTOR, CHUDLEY ASSOCIATES LTD

John knows first-hand about the opportunities vocational education and Higher Level Skills can offer. He began honing his skills as a Mechanical Engineering apprentice before progressing to higher education and completing a PhD in Marine Technology. Prior to establishing his own consultancy he held a number of senior positions in Higher Education and also within in the Civil Service, where he was employed as a Director of the National Apprenticeship Service and was instrumental in leading the development of Higher Apprenticeships. He has also acted as a Director and Board Member to a number of companies and organisations.

Having experience in industry, further and higher education, and a strong belief in the benefits and opportunities vocational education brings to young people, John is passionate about representing the profession and championing and valuing all routes into professional registration at all levels.

Colonel (Retired) Martin Court CEng FIMechE

PRINCIPAL SYSTEMS ENGINEERING CONSULTANT, JACOBS UK

Until 2015 Colonel (Retired) 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.

Paul Excell CEng FBCS FIET

CONSULTANT

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.

Terry Fuller CEng MICE MCIWEM (term of office started June 2017)

CHIEF EXECUTIVE OF CHARTERED INSTITUTION OF WATER AND ENVIRONMENTAL MANAGEMENT (CIWEM)

Terry is responsible for the delivery of the institution's strategic aims, services to members and the public interest. He has nearly 30 years experience as a river and coastal flood risk manager having delivered major projects in some of the world's most beautiful and challenging locations. Previously, Terry managed the rivers and coastal business for Jacobs Engineering and worked in their global business development group.

Throughout his career, having benefited from the support of fellow professionals and providing support as a mentor, supervising engineer and as a board member, he has the opportunity to apply this experience to raise the status of professional registration and promote engineering to a diverse range of new talent.

Carolyn Griffiths CEng FIMechE FREng

SENIOR RAIL PROFESSIONAL

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.

Nigel Hendley CEng MICE Hon FCIWEM (term of office ended 2017)

MANAGING DIRECTOR, HENDLEY ASSOCIATES

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.

EUR ING Bill Hewlett CEng FICE FIET

TECHNICAL DIRECTOR, COSTAIN

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.

Sam Hubbard IEng MIET (term of office ended June 2017)

CONTROL, ELECTRICAL AND INSTRUMENTATION LEAD ENGINEER, URENCO UK

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, representing the IET. She considers it a great opportunity and experience to work with multiple engineering bodies and institutions to support the delivery of the Engineering Council's work.

Professor Kevin Jones CEng CITP CSci FIET FBCS

EXECUTIVE DEAN, FACULTY OF SCIENCE AND ENGINEERING, PLYMOUTH UNIVERSITY

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).

George Marsh TD DL CEng FICE FInstRE

RETIRED CIVIL ENGINEER

George Marsh has spent most of his career with construction company Galliford, including ten years as CEO. Subsequently he has worked as non-executive Chairman of a number of construction businesses. He served in the Territorial Army Royal Engineers for 30 years, commanding the Specialist RE TA, and is currently a Board Member of the West Midland Reserve Forces and Cadets Association. George is a Deputy Lieutenant of West Midlands.

George has served on various ICE committees and industry bodies and has particular interests in sustainability, skills and best practice in construction. Formerly Chair and Pro-Chancellor of Coventry University, he is currently a governor of The Schools of King Edward VI in Birmingham.

George joined the Engineering Council Board in 2016 wishing to contribute to the Engineering Council as the Group C Institutions' representative.

Professor Roger Plank CEng MICE FIStructE

DIRECTOR, VULCAN SOLUTIONS

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.

Michelle Richmond CEng FIET (term of office started June 2017)

DIRECTOR OF MEMBERSHIP AND PROFESSIONAL DEVELOPMENT, INSTITUTION OF ENGINEERING AND TECHNOLOGY (IET)

Michelle's previous roles in industry include positions with Siemens Plessey Radar, Nokia, Matra Marconi Space and a PA Consulting spin off company Ubinetics. Her prime fields of interest are radar and telecommunications.

Michelle is a non-executive Director of the Micro:bit Education Foundation and the SFIA Foundation. She is an ex-officio member of the Engineering Council's Finance, Audit and Remuneration Panel and a previous trustee. Promoting and setting professional standards is a major driving force for her.

Tom Ridgman CEng FIET

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

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.

Professor Jonathan Seville CEng FIChemE FREng

DEAN OF ENGINEERING AND PHYSICAL SCIENCES, UNIVERSITY OF SURREY

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 was the Institution's President in 2016.

Rob Smith CEng FIMechE

ENERGY APPLICATIONS MANAGER, TONNAGE GLOBAL BUSINESS UNIT, LINDE GAS

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.

Dr Scott Steedman CBE CEng FICE FInstRE FREng

DIRECTOR OF STANDARDS, BRITISH STANDARDS INSTITUTION

Dr Scott Steedman is a fellow of St Catharine's College and was a lecturer in Engineering at Cambridge University from 1983 to 1990, before moving into industry roles. These included as Director of Engineering at Sir Alexander Gibb & Partners Ltd, Director of Civil Engineering at WhitbyBird and Director of Group Strategy at High Point Rendel. Scott has been a consultant to the US Army Corps of Engineers for twenty years and a non-executive Member of the Board of the Port of London Authority between 2009 and 2015. Since 2012, he has been Director of Standards at the British Standards Institution (BSI), responsible for the UK National Standards Body.

Scott joined the Engineering Council Board in 2016 and is committed to the transformation of the engineering sector in terms of innovation capability, use of knowledge and improved professional development.

EUR ING Professor Simon Vaitkevicius CEng FIED

DIRECTOR, LINCS TRAINING

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.

EUR ING Dr Graham Woodrow CEng FIMMM

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

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

Jon Prichard CEng FICE FInstRE

CHIEF EXECUTIVE OFFICER – OUTGOING

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. In January 2017, Jon became Chief Executive at the Institution of Chemical Engineers (IChemE).

Alasdair Coates BEng(Hons) MSc CEng FICE MCIHT CMIOSH

CHIEF EXECUTIVE OFFICER – INCOMING

Alasdair became Chief Executive Officer of the Engineering Council in March 2017.

Alasdair has more than 30 years' experience in the planning, design, management and implementation of infrastructure projects, Working for Husband and Company Consulting Engineers, Sir William Halcrow & Partners in 1987 and Water & Utilities Business Group. Following Halcrow Group's acquisition by CH2M IN 2011, Alasdair was the International Operations Director, Transportation, before joining Network Rail.

Alasdair is a Fellow and active member of the Institution of Civil Engineers (ICE), has also been a member and meeting secretary of his local Chartered Institution of Highways and Transportation (CIHT) committee and has been a Chartered Engineer for 30 years. He is also a Chartered Member of the Institution of Occupational Safety & Health (IOSH).

Paul Bailey MRAeS MInstP

DEPUTY CEO AND OPERATIONS DIRECTOR

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. In between he 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 Marshalls 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.

Gillian Paterson MA FCIPD

HEAD OF ADMINISTRATION

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.

Katy Turff CMgr MCMI

HEAD OF PROFESSIONAL STANDARDS

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 1-39 was approved by the Trustees on 21 June 2018 and signed on their behalf by the Chairman of the Board, Professor Christopher Atkin CEng FRAeS.

"I LOOK FORWARD TO THE OPPORTUNITY OF BEING THE ENGINEERING COUNCIL'S CHAIRMAN AND WORKING TO REINFORCE THE TRUST THAT SOCIETY HAS IN OUR REGISTERED ENGINEERS AND TECHNICIANS. I LOOK TO BUILD ON THE ORGANISATION'S EXISTING STRENGTHS AND RELATIONSHIPS AND ALSO HOPE TO BUILD MOMENTUM AROUND PUBLIC ATTITUDES TO ENGINEERING EDUCATION."

Professor Christopher Atkin CEng FRAeS

10. TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

- give a true and fair view of the state of the charity's affairs as at 31 December 2017 and of the charity's net movement in funds 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.

BASIS FOR OPINION

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ENGINEERING COUNCIL (CONTD)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity 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.

haysmacintyre

Statutory Auditor

10 Queen Street Place
London
EC4R 1AG

Date: 21 June 2018

haysmacintyre 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 2017

	NOTE	RESTRICTED FUNDS 2017	UNRESTRICTED FUNDS 2017	TOTAL FUNDS 2017	TOTAL FUNDS 2016
		£	£	£	£
Income from					
Charitable activities	2	**465,000**	**2,558,533**	**3,023,533**	2,977,550
Other trading activities	3	**–**	**10,556**	**10,556**	11,931
Investments	4	**–**	**65,520**	**65,520**	47,625
Total income		**465,000**	**2,634,609**	**3,099,609**	3,037,106
Expenditure on					
Raising funds	3	**–**	**517**	**517**	1,682
Charitable activities	7	**465,000**	**2,085,596**	**2,550,596**	2,645,257
Total expenditure		**465,000**	**2,086,113**	**2,551,113**	2,646,939
Net income before investment gains		**–**	**548,496**	**548,496**	390,167
Net gains on investments	12	**–**	**110,549**	**110,549**	49,468
Net income before other recognised gains and losses		**–**	**659,045**	**659,045**	439,635
Derecognition of pension surplus	20	**–**	**(836,000)**	**(836,000)**	(539,000)
Actuarial gains on defined benefit pension schemes	20	**–**	**405,000**	**405,000**	795,000
Net movement in funds		**–**	**228,045**	**228,045**	695,635
Reconciliation of funds:					
Total funds brought forward		**18,772**	**2,482,606**	**2,501,378**	1,805,743
Total funds carried forward		**18,772**	**2,710,651**	**2,729,423**	2,501,378

All activities relate to continuing operations.

The notes on pages 46 to 63 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2017

	NOTE	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	11		**176,062**		255,645
Investments	12		**1,889,258**		1,718,556
			2,065,320		1,974,201
Current assets					
Debtors	13	**257,709**		245,041	
Cash at bank and in hand		**665,654**		479,336	
		923,363		724,377	
Creditors Amounts falling due within one year	14	**(259,260)**		(197,200)	
Net current assets			**664,103**		527,177
Net assets including pension scheme liabilities			**2,729,423**		2,501,378
Charity funds					
Restricted funds	16		**18,772**		18,772
Unrestricted funds	16		**2,710,651**		2,482,606
Total funds	16		**2,729,423**		2,501,378

The financial statements were approved by the Trustees on 21 June 2018 and signed on their behalf, by:

Mr Douglas Alexander
Chairman of the Finance,
Audit and Remuneration Panel

Professor Christopher Atkin CEng FRAeS
Chairman of the Board

The notes on pages 46 to 63 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	2017	2016
		£	£
Cash flows from operating activities			
Net cash provided by operating activities	18	**242,968**	119,174
Cash flows from investing activities			
Dividends, interest and rents from investments		**5,367**	47,625
Purchase of tangible fixed assets		**(1,864)**	(135,586)
Purchase of investments		**(60,153)**	(47,598)
Net cash used in investing activities		**(56,650)**	(135,559)
Change in cash and cash equivalents in the year		**186,318**	(16,385)
Cash and cash equivalents brought forward		**479,336**	495,721
Cash and cash equivalents carried forward		**665,654**	479,336

The notes on pages 45 to 62 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

1.1 Legal status

The Engineering Council is an unincorporated charity registered with the Charity Commission. The registered office is 5th Floor, Woolgate Exchange, 25 Basinghall Street, London, EC2V 5HA.

1.2 Basis of preparation of financial statements

The 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 the Charities SORP (FRS 102) published 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 financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: 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 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

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

1.3 Going concern

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

1.4 Income

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.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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.

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 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.

1.14 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.

1.15 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.

1.16 Critical accounting estimates and areas of judgement

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined benefit pension scheme

In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

The charity also contributes to the Engineering Council Pension Scheme. The scheme is a defined benefit scheme in accordance with section 28 of FRS 102. Service costs, curtailments, settlement gains and losses, net financial returns and remeasurement gains and losses are included in the Statement of Financial Activities in the year to which they relate.

Changes in the assets and liabilities of the scheme in the year are disclosed and allocated as follows:

- Changes relating to current or past service costs and gains and losses on settlements and curtailments and pension finance costs arising from changes in the net of the interest costs and expected return on assets, are allocated to the relevant activity heading based on staff costs of employees within the scheme.
- Pension finance charges arising from similar changes are recognised as expenditure.
- Remeasurement gains and losses are recognised as other recognised gains and losses.

The assets, liabilities and movements in the surplus or deficit of the scheme are calculated by qualified independent actuaries as an update to the latest full actuarial valuation.

Details of the scheme assets and liabilities and major assumptions are shown in note 20.

Tangible fixed assets

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that accrual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Although tangible fixed assists are significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically, no changes have been required.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

1.17 Pensions

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

The Engineering 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. This has been estimated for the purposes of FRS102 based on the results of the funding Actuarial Valuation, adjusted for the different assumptions and taking into consideration subsequent cash flows.

Further details regarding the scheme are disclosed in note 20.

The Engineering 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.

1.18 Taxation

The charity is exempt from tax on its charitable activities.

1.19 Value Added Tax

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

2. INCOME FROM CHARITABLE ACTIVITIES

	RESTRICTED FUNDS 2017	UNRESTRICTED FUNDS 2017	TOTAL FUNDS 2017	TOTAL FUNDS 2016
	£	£	£	£
Grants	465,000	2,389,913	2,854,913	2,770,304
FEANI income	–	67,753	67,753	84,408
Miscellaneous income	–	315	315	–
Admin fee to EngineeringUK	–	44,452	44,452	69,221
Professional services	–	27,100	27,100	27,700
MCP licence fees	–	29,000	29,000	25,917
	465,000	2,558,533	3,023,533	2,977,550
Total 2016	465,000	2,527,550	2,977,550	

3. OTHER TRADING ACTIVITIES

	RESTRICTED FUNDS 2017	UNRESTRICTED FUNDS 2017	TOTAL FUNDS 2017	TOTAL FUNDS 2016
	£	£	£	£
Trading income	–	10,556	10,556	11,931
Stamp purchases	–	517	517	1,682
Net income from other trading activities	–	10,039	10,039	10,249

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

In 2017, all £10,039 (2016: £10,249) of other trading activities was attributable to unrestricted funds.

4. INVESTMENT INCOME

	RESTRICTED FUNDS 2017	UNRESTRICTED FUNDS 2017	TOTAL FUNDS 2017	TOTAL FUNDS 2016
	£	£	£	£
Interest from fixed asset investments	–	60,153	60,153	47,598
Bank interest receivable	–	367	367	27
Interest from fixed asset investments	–	5,000	5,000	–
	–	65,520	65,520	47,625
Total 2016	–	47,625	47,625	

5. DIRECT COSTS

	RESTRICTED FUNDS 2017	UNRESTRICTED FUNDS 2017	TOTAL FUNDS 2017	TOTAL FUNDS 2016
	£	£	£	£
Pension expense (note 10)	–	39,000	39,000	136,000
Project spend	–	29,669	29,669	25,268
Recruitment and temporary staff	–	50,860	50,860	71,829
Training	–	20,423	20,423	13,278
Conference fees	–	–	–	2,819
Computer and information systems costs	–	201,043	201,043	275,901
Advertising	–	52,042	52,042	77,867
Travel and subsistence	–	107,649	107,649	86,962
Subscriptions and meetings	–	102,375	102,375	82,242
Accommodation costs	–	230,485	230,485	228,351
Wages and salaries (note 9)	465,000	980,765	1,445,765	1,381,137
	465,000	1,814,311	2,279,311	2,381,654
Total 2016	450,078	1,931,576	2,381,654	

6. SUPPORT COSTS

	RESTRICTED FUNDS 2017	UNRESTRICTED FUNDS 2017	TOTAL FUNDS 2017	TOTAL FUNDS 2016
	£	£	£	£
General support				
Telephone	–	**11,547**	**11,547**	7,554
Printing, stationery and office supplies	–	**38,740**	**38,740**	36,554
Maintenance of equipment	–	**19,376**	**19,376**	15,709
Sundries	–	**7,110**	**7,110**	5,602
Rental of office equipment	–	**4,232**	**4,232**	3,222
Bank charges	–	**4,103**	**4,103**	4,258
Accountancy	–	**5,180**	**5,180**	4,250
Legal and professional fees	–	**16,119**	**16,119**	18,304
Insurance	–	**46,496**	**46,496**	48,191
Application fees	–	**2,866**	**2,866**	26,529
Office move costs	–	**285**	**285**	2,689
Exchange rate variance	–	**59**	**59**	979
Depreciation	–	**81,447**	**81,447**	52,313
Governance				
Accountancy	–	**21,411**	**21,411**	23,136
Auditors' remuneration	–	**12,314**	**12,314**	14,313
	–	**271,285**	**271,285**	263,601
Total 2016	**2,370**	**261,233**	**263,603**	

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	ACTIVITIES UNDERTAKEN DIRECTLY 2017	SUPPORT COSTS 2017	TOTAL 2017	TOTAL 2016
			£	£
Charitable activities	**2,279,311**	**271,285**	**2,550,596**	2,645,257
Total 2016	**2,381,654**	**263,603**	**2,654,257**	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
– owned by the charity	**81,447**	52,314
Auditor's remuneration – excluding VAT	**10,470**	10,170
Operating lease rentals	**130,474**	130,474

During the year, no Trustees received any remuneration (2016: £NIL).
During the year, no Trustees received any benefits in kind (2016: £NIL).
8 Trustees received reimbursement of expenses amounting to £3,837 in the current year, (2016: 14 Trustees £4,822).

9. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	**1,122,847**	1,045,792
Social security costs	**122,322**	112,777
Pensions – contributions to defined contribution scheme	**200,596**	191,568
Pensions – operating costs of defined benefit scheme	**–**	31,000
	1,445,765	1,381,137
Pensions – Administrative expenses	**80,000**	121,000
Adjustment to recognise full value of defined benefit pension scheme	**(41,000)**	–
	1,484,765	1,502,137

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

2017	2016
No.	No.
27	26

The number of higher paid employees was:

	2017	2016
	No.	No.
In the band £60,001-£70,000	1	2
In the band £70,001-£80,000	1	–
In the band £80,001-£90,000	–	1
In the band £90,001-£100,000	1	–
In the band £110,001-£120,000	1	–
In the band £140,001-£150,000	–	1
	4	4

Employers pension contributions totalling £29,298 (2016: £40,611) were paid to higher paid employees.

The total employment benefits including employer pension contributions of the key management personnel were £420,566 (2016: £507,919).

10. PENSION EXPENSE

	2017	2016
	£	£
Interest on scheme liabilities	(334,000)	(437,000)
Interest on scheme assets	339,000	422,000
Administrative expenses	(80,000)	(121,000)
Adjustment to recognise full value of defined benefit pension scheme	41,000	–
	(34,000)	(136,000)

11. TANGIBLE FIXED ASSETS

	FIXTURES & FITTINGS	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	TOTAL
	£	£	£	£
Cost				
At 1 January 2017	196,280	27,146	280,257	503,683
Additions	–	–	1,864	1,864
Disposals	–	–	(6,475)	(6,475)
At 31 December 2017	196,280	27,146	275,646	499,072
Depreciation				
At 1 January 2017	50,800	24,985	172,253	248,038
Charge for the year	39,256	1,053	41,138	81,447
On disposals	–	–	(6,475)	(6,475)
At 31 December 2017	90,056	26,038	206,916	323,010
Net book value				
At 31 December 2017	106,224	1,108	68,730	176,062
At 31 December 2016	145,480	2,161	108,004	255,645

12. FIXED ASSET INVESTMENTS

	LISTED SECURITIES
	£
Market value	
At 1 January 2017	1,718,556
Additions	60,153
Revaluations	110,549
At 31 December 2017	1,889,258
Historical cost	1,548,335

All investments are held in the UK.

13. DEBTORS

	2017	2016
	£	£
Trade debtors	**7,916**	2,372
Amounts owed by group undertakings	**12,663**	50,513
Other debtors	**165,010**	61,620
Prepayments and accrued income	**72,120**	130,536
	257,709	245,041

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	**40,559**	37,518
Other taxation and social security	**63,397**	911
Other creditors	**1,414**	1,365
Accruals and deferred income	**153,890**	157,406
	259,260	197,200

15. FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Financial assets measured at fair value through income and expenditure	**1,889,258**	1,718,556
Financial assets measured at amortised cost	**710,326**	548,607
	2,599,584	2,267,163
Financial liabilities measured at amortised cost	**(186,578)**	(196,289)

Financial assets measured at fair value through income and expenditure comprise fixed asset investments.

Financial assets measured at amortised cost comprise cash at bank and in hand, accrued income, trade debtors, intercompany balances and season ticket loans.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

16. STATEMENT OF FUNDS

Statement of funds – current year

	BALANCE AT 1 JANUARY 2017	INCOME	EXPENDITURE	TRANSFERS IN/(OUT)	GAINS	BALANCE AT 31 DECEMBER 2017
	£	£	£	£	£	£
Unrestricted funds						
General fund	**2,482,606**	**2,634,609**	**(2,086,113)**	**(431,000)**	**110,549**	**2,710,651**
Pension reserve	**–**	**–**	**–**	**431,000**	**(431,000)**	**–**
	2,482,606	**2,634,609**	**(2,086,113)**	**–**	**(320,451)**	**2,710,651**
Restricted funds						
Engineering Gateway project	**18,772**	**–**	**–**	**–**	**–**	**18,772**
Pension fund grant	**–**	**465,000**	**(465,000)**	**–**	**–**	**–**
	18,772	**465,000**	**(465,000)**	**–**	**–**	
Total of funds	**2,501,378**	**3,099,609**	**(2,551,113)**	**–**	**(320,451)**	**2,729,423**

Statement of funds – prior year

	BALANCE AT 1 JANUARY 2016	INCOME	EXPENDITURE	TRANSFERS IN/(OUT)	GAINS	BALANCE AT 31 DECEMBER 2016
	£	£	£	£	£	£
Unrestricted funds						
General fund	2,323,523	2,587,106	(2,194,491)	(283,000)	49,468	2,482,606
Pension reserve	(539,000)	–	–	283,000	256,000	–
	1,784,523	2,587,106	(2,194,491)	–	305,468	2,482,606
Restricted funds						
Engineering Gateway project	18,850	–	(78)	–	–	18,772
Pension fund grant	–	450,000	(450,000)	–	–	–
HEFCE project	2,370	–	(2,370)	–	–	–
	21,220	450,000	(452,448)	–	–	18,772
Total of funds	1,805,743	3,037,106	(2,646,939)	–	305,468	2,501,378

Pension reserve

This represents the movement on the defined benefit pension scheme. At the end of the year the scheme was in surplus, however, this was de-recognised since it is deemed non recoverable.

Engineering Gateway project

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

Pension fund grant

This represents the grant from EngineeringUK which was paid into the defined benefit pension scheme as a lump-sum contribution following consultation with the actuaries.

Summary of funds – current year

	BALANCE AT 1 JANUARY 2017	INCOME	EXPENDITURE	TRANSFERS IN/(OUT)	GAINS	BALANCE AT 31 DECEMBER 2017
	£	£	£	£	£	£
General fund	2,482,606	2,634,609	(2,086,113)	–	(320,451)	2,710,651
Restricted funds	18,772	465,000	(465,000)	–	–	18,772
	2,501,378	3,099,609	(2,551,113)	–	(320,451)	2,729,423

Summary of funds – prior year

	BALANCE AT 1 JANUARY 2016	INCOME	EXPENDITURE	TRANSFERS IN/(OUT)	GAINS	BALANCE AT 31 DECEMBER 2016
	£	£	£	£	£	£
General fund	1,784,523	2,587,106	(2,194,491)	–	305,468	2,482,606
Restricted funds	21,220	450,000	(452,448)	–	–	18,772
	1,805,743	3,037,106	2,646,939)	–	305,468	2,501,378

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Analysis of new assets between fund – current year

	RESTRICTED FUNDS 2017	UNRESTRICTED FUNDS 2017	TOTAL FUNDS 2017
	£	£	£
Tangible fixed assets	–	176,062	176,062
Fixed asset investments	–	1,889,258	1,889,258
Current assets	18,772	904,591	923,363
Creditors due within one year	–	(259,260)	259,260
	18,772	2,710,651	2,729,423

Analysis of new assets between fund – prior year

	RESTRICTED FUNDS 2016	UNRESTRICTED FUNDS 2016	TOTAL FUNDS 2016
	£	£	£
Tangible fixed assets	–	255,645	255,645
Fixed asset investments	–	1,718,556	1,718,556
Current assets	18,772	705,605	724,377
Creditors due within one year	–	(197,200)	(197,200)
	18,772	2,482,606	2,501,378

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

	2017	2016
	£	£
Net income for the year (as per Statement of Financial Activities)	**659,045**	439,635
Adjustment for		
Depreciation charges	**81,447**	52,314
Losses on investments	**(110,549)**	(49,468)
Dividends, interest and rents from investments	**(5,367)**	(47,625)
Increase in debtors	**(12,668)**	(15)
Increase in creditors	**62,060**	7,333
Defined benefit pension scheme movement	**(431,000)**	(283,000)
Net cash provided by operating activities	**242,968**	119,174

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash in hand	**665,654**	479,336
Total	**665,654**	479,336

20. PENSION COMMITMENTS

The charity operates a Defined benefit pension scheme.

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

	2017	2016
Discount rate at 31 December	**2.40%**	2.60%
Retail price inflation	**3.40%**	3.50%
Future pension increases	**3.30%**	3.40%

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 £465,000 in March 2017.

20. PENSION COMMITMENTS (CONTINUED)

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 2017 this was 2.40% (2016 – 2.60%).

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 and ex-Engineering Council staff is estimated to be approximately 100% (2016 – 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 assets in the scheme and the expected rates of return were:

	FAIR VALUE AT 31 DECEMBER 2017	FAIR VALUE AT 31 DECEMBER 2016
	£	£
Equities and property	**3,230,640**	2,729,000
Bonds	**12,153,360**	10,779,550
Cash	**–**	136,450
Total market value of assets	**15,384,000**	13,645,000

The actual return on scheme assets was £842,000 (2016 – £2,393,000).

The amounts recognised in the Balance sheet are as follows:

	2017	2016
	£	£
Present value of funded obligations	**(14,009,000)**	(13,106,000)
Fair value of scheme assets	**15,384,000**	13,645,000
Assets / (liabilities) in scheme	**1,375,000**	539,000
Adjustment for non-recoverable surplus	**(1,375,000)**	(539,000)
Net asset	**–**	–

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

	2017	2016
	£	£
Interest on obligation	**(334,000)**	(437,000)
Expected return on scheme assets	**339,000**	422,000
Adjustment to recognise full value of defined benefit pension scheme	**41,000**	–
Administrative expenses	**(80,000)**	(121,000)
Administrative expenses	**–**	–
Total	**(34,000)**	(136,000)
Total actuarial gain	**405,000**	795,000

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

	2017	2016
	£	£
Opening defined benefit obligation	**13,106,000**	12,125,000
Interest cost	**359,000**	437,000
Actuarial losses	**136,000**	1,176,000
Benefits paid	**(579,000)**	(632,000)
Adjustment to recognise full defined benefit obligation	**987,000**	–
Closing defined benefit obligation	**14,009,000**	3,106,000

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

	2017	2016
	£	£
Opening defined benefit obligation	**13,645,000**	11,586,000
Expected return on assets	**364,000**	422,00
Actuarial gains and (losses)	**541,000**	1,971,000
Contributions by employer	**465,000**	419,000
Administrative expenses	**(80,000)**	(121,000)
Benefits paid	**(579,000)**	(632,000)
Adjustment to recognise full value of scheme assets	**1,028,000**	–
	15,384,000	13,645,000

The charity expects to contribute £465,000 to its Defined benefit pension scheme in 2018.

20. PENSION COMMITMENTS (CONTINUED)

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

	2017	2016
Equities and property	**21.00%**	20.00%
Bonds	**79.00%**	79.00%
Cash	**– %**	1.00%

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

Defined benefit pension schemes

	2017	2016	2015	2014	2013
	£	£	£	£	£
Defined benefit obligation	**(14,009,000)**	(13,106,000)	(12,125,000)	(12,717,000)	(11,574,000)
Scheme assets	**15,384,000**	13,645,000	11,586,000	11,740,000	10,506,000
Surplus/(deficit)	**1,375,000**	539,000	(539,000)	(977,000)	(1,068,000)
Experience adjustments on scheme liabilities	**(136,000)**	1,176,000	(361,000)	(1,079,000)	(1,440,000)
Experience adjustments on scheme assets	**541,000**	1,971,000	(221,000)	935,000	644,000

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 2017 were £200,553 (2016: £193,290).

21. OPERATING LEASE COMMITMENTS

At 31 December 2017 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£	£
Amounts payable:		
Within 1 year	**159,421**	159,421
Between 1 and 5 years	**212,816**	372,237
Total	**372,237**	531,658

22. 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 2017, the following transactions took place between the parties arising from the above:

EngineeringUK provided a grant to the Engineering Council of £2,389,913 (2016 – £2,230,304) to fund its operations plus £465,000 (2016 – £450,000) for the pension scheme.

To cover administration costs, the Engineering Council charged EngineeringUK £44,644 (2016 – £66,996) in the year.

On 31 December 2017, the EngineeringUK owed Engineering Council the sum of £12,663 (2016 – 50,513).
This amount is disclosed within debtors falling due within one year.