Engineering Council

Registered Charity No 286142

Annual Report and Financial Accounts 2022

Contents

Foreword

Operating under a Royal Charter, the Engineering Council is charged with regulating the UK engineering profession on behalf of society. We hold the national Register of those who have satisfied their peers of their competence and commitment as Engineering Technicians, Incorporated Engineers, Chartered Engineers and ICT Technicians. We set the education standards for engineering programmes that provide the underpinning knowledge and understanding required to practise engineering, as well as setting standards for professional development. We can only achieve this through the commitment of the entire professional engineering community, supported by academics and employers.

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

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

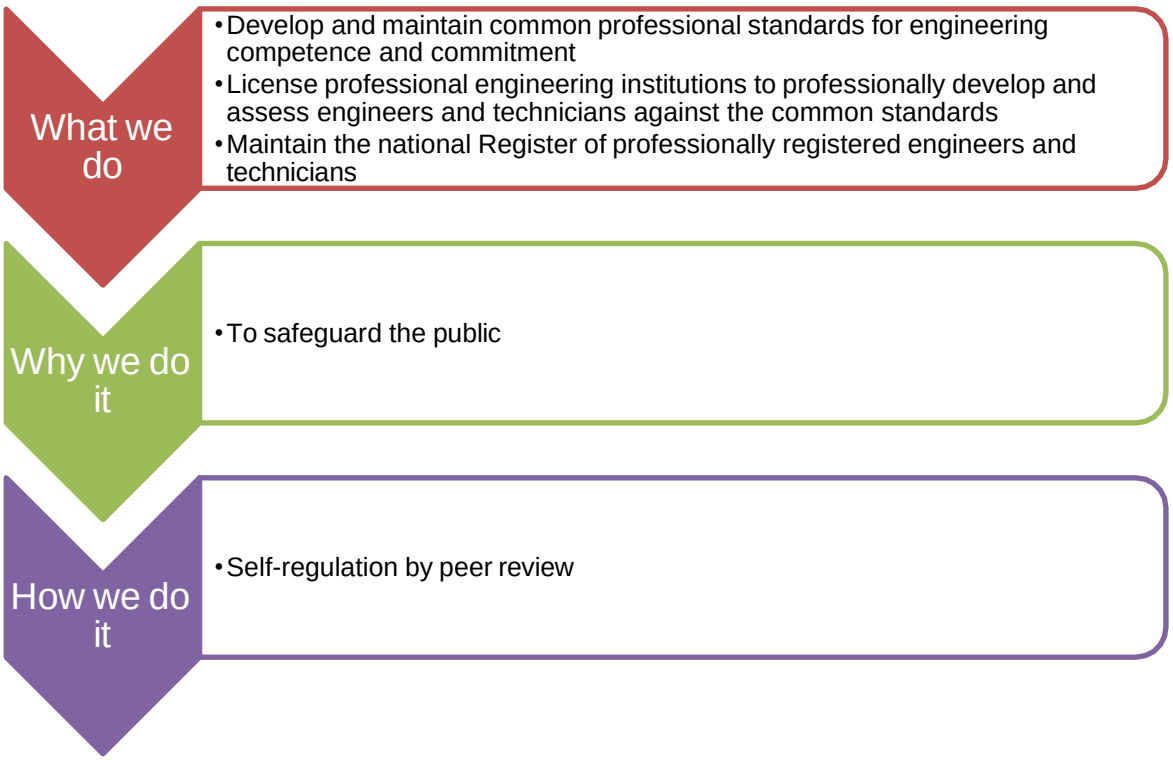
Vision:

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

Mission:

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

What we do, how we do it and why:



Chairman and CEO's statements

2022 marked the start of the Engineering Council's next 40 years of setting and maintaining standards, following its incorporation by Royal Charter in November 1981. The maintenance of standards for public benefit continues to be at the core of the Engineering Council's purpose as we move forward. The most recent Ipsos MORI Veracity Index shows engineers are second only to nurses as the most trusted profession, with 87% of those polled trusting engineers to tell the truth: a reputation we as a profession must continue to earn.

During 2022 we have published our 'Engineering Ethics' report (jointly with the Royal Academy of Engineering) and re-initiated our Registration Review, working to ensure our products and services remain relevant to an increasingly diverse future workforce of engineers and technicians. Continuing to facilitate the mobility of professional engineers, we signed Admissions Pathway Agreements with two Spanish professional bodies, agreed a new online applications process for European Engineer (EUR ING) status and provided signposting for refugee engineers. We have delivered a framework for and guidance on Recognised Standards, which fully or partially meet the requirements of our core UK Standard for Professional Engineering Competence and Commitment (UK-SPEC), including updates to our Regulations for Registration (RfR). One of these Recognised Standards is the Higher-Risk Buildings (HRB) Standard, a competence framework to support the new Building Safety regime; we have worked closely on this with relevant professional engineering institutions (PEIs) and expect to receive the first applications for licence extensions in early 2023.

While pandemic-related uncertainties did not entirely disappear in 2022, the Engineering Council has continued to operate effective flexible working arrangements, maintaining our governance arrangements and core functions through a hybrid model of in-person and remote meetings. Working Groups on Diversity & Inclusion and reasonable adjustments to the professional review process were established, as was an organisational Business Continuity Team. Business processes have remained fully operational, assured by our continued certification to the ISO 9001: 2015 quality standard.

There are around quarter of a million professionally registered engineers and technicians on the Engineering Council's Register, all of whom have voluntarily come forward to have their competence and commitment peer reviewed. Professional registration is a crucial means of maintaining society's trust in the profession, while embedding and enhancing a culture of ethical, sustainable behaviour among the engineering community.

The overarching goal of our 2025 Strategy 'Advancing Regulation' (published in July 2021) is 'To maintain the public's confidence in the engineering profession through wider promotion of the Engineering Council's regulatory work, its leadership role within the engineering community and a greater, more diverse and engaged registrant population'. This Strategy informs and structures our subsequent strategic outcomes, against which this Annual Review reports our key achievements during 2022.

2023 will see some changes in senior management, with a new CEO to be appointed in the first quarter of 2023 and a new Chair (Professor John Chudley, currently Vice Chair) taking up the role from our 2023 AGM in June; continuity will continue through our Board of Trustees and Executive Team.

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

Chris Atkin: As I come towards the end of what has been an extremely rewarding term as Chair of the Engineering Council, assuring the competence and commitment of engineering professionals, and the recognition of our standards for the profession domestically and internationally, is one of the most important tasks I have been able to contribute towards.

Alasdair Coates: It has been an honour and privilege to lead the Engineering Council as Chief Executive Officer over these last six years and retiring was a hard decision. I have been very fortunate to work with such a great team of staff, Trustees and stakeholder colleagues in delivering our strategic plans and helping to build the future strategic themes for the Engineering Council around Diversity & Inclusion, Digital Innovation, International and Engineering & Society.

1. Registration statistics as of 31 December 2022

FIGURE 1: NEW TITLES ADDED TO THE REGISTER IN 2022 COMPARED TO 2021

	Interim			Final			Total		
	2021	2022	Change	2021	2022	Change	2021	2022	Change
EngTech	6	6	-	2,947	2,453	-16.8%	2,953	2,459	-16.7%
IEng	78	67	-14.1%	1,246	1,086	-12.8%	1,324	1,153	-12.9%
CEng	264	196	-25.8%	6,592	5,222	-20.8%	6,856	5,418	-21.0%
ICT*Tech*	-	-	-	209	185	-11.5%	209	185	-11.5%
Total	**348**	**269**	**-22.7%**	**10,994**	**8,946**	**-18.6%**	**11,342**	**9,215**	**-18.8%**

FIGURE 2: TOTAL NUMBER OF REGISTRANTS ON THE REGISTER IN 2022 COMPARED TO 2021

	Interim			Final			Total		
	2021	2022	Change	2021	2022	Change	2021	2022	Change
EngTech	126	120	-4.8%	23,252	23,215	-0.2%	23,378	23,335	-0.2%
IEng	1,172	1,118	-4.6%	24,708	23,882	-3.3%	25,880	25,000	-3.4%
CEng	5,334	5,058	-5.2%	172,896	170,691	-1.3%	178,230	175,749	-1.4%
ICT*Tech*	-	-	-	819	780	-4.8%	819	780	-4.8%
Total	**6,632**	**6,296**	**-5.1%**	**221,675**	**218,568**	**-1.4%**	**228,307**	**224,864**	**-1.5%**

FIGURE 3: LOSS OF TITLES ON THE REGISTER IN 2022 COMPARED TO 2021

	Interim			Final			Total		
	2021	2022	Change	2021	2022	Change	2021	2022	Change
EngTech	-14	-14	-	-2,566	-2,746	-7.0%	-2,580	-2,760	-7.0%
IEng	-131	-124	5.3%	-2,165	-2,077	4.1%	-2,296	-2,201	4.1%
CEng	-539	-492	8.7%	-7,977	-8,434	-5.7%	-8,516	-8,926	-4.8%
ICT*Tech*	-	-	-	-304	-256	15.8%	-304	-256	15.8%
Total	**-684**	**-630**	**7.9%**	**-13,012**	**-13,513**	**-3.9%**	**-13,696**	**-14,143**	**-3.3%**

An individual registrant can hold more than one designation or title (for example, such as Chartered Engineer (CEng) and Incorporated Engineer (IEng), or holding CEng with more than one institution), consequently there are more titles recorded on the Register than there are individual registrants.

Reinstatements in 2022

In 2022, there were 999 reinstatements to the Register. Reinstatements are registrations that have previously been suspended but have returned to the Register within the last three years.

New final titles by gender

For new final stage titles added to the Register over the last three years, the percentage of these titles held by women has broadly remained the same since 2021.

Looking at individual registration titles, the percentage of new final stage EngTech titles held by women has decreased from 7.9% in 2021 to 6.4 in 2022. IEng has shown a decrease in the number of titles from 93 in 2021 to 90 in 2022 but the percentage of new final stage titles held by women, has increased from 7.5% in 2021 to 8.3% in 2022. The number of new final stage CEng titles held by women has decreased in 2022 compared to 2020 by 5% (see Figure 4).

FIGURE 4: NEW FINAL STAGE TITLES BY YEAR, BY REGISTRATION TITLE, BY GENDER, 2020-2022

		EngTech	IEng	CEng	ICT*Tech*	Total	% of total new titles
2020	Male	2,483	1,099	4,936	461	8,979	87.5%
	Female	173	87	863	41	1,164	11.3%
	Gender not specified	31	15	48	27	121	1.2%
2021	Male	2,655	1,132	5,489	189	9,465	86.1%
	Female	234	93	999	14	1,340	12.2%
	Gender not specified	58	21	104	6	189	1.7%
2022	Male	2,294	995	4,387	170	7,846	87.7%
	Female	158	90	820	14	1,082	12.1%
	Gender not specified	1	1	15	1	18	0.2%

International registrations

FIGURE 5: INTERNATIONAL FINAL STAGE TITLES

	2022	2021
EngTech	1,274	1,355
IEng	2,525	2,635
CEng	41,689	41,897
ICT*Tech*	17	18
Total	45,505	45,905

2. Strategy and performance in 2022

We published our 2025 Strategy, 'Advancing Regulation' in July 2021. The goal of that Strategy is:

To maintain the public's confidence in the engineering profession through wider promotion of the Engineering Council's regulatory work, its leadership role within the engineering community and a greater, more diverse and engaged registrant population.

FIGURE 6: ENGINEERING COUNCIL'S 2025 STRATEGY

3. 2022 Activities and Achievements

Diversity & Inclusion

To identify and mitigate potential barriers to professional registration for neurodiverse applicants, we have set up a Working Group on reasonable adjustments to the professional review process; this will consider guidance for institutions on supporting applicants.

Following the introduction of the Approval and Accreditation of Qualifications and Apprenticeships (AAQA) standard, which enables a broad range of education programmes to be recognised through approval and accreditation, we held a workshop for professional engineering institutions (PEIs) to explore the use of AAQA.

In response to the war in Ukraine and to the needs of refugees more widely, we have set up signposting information on mobility and recognition for professional engineers, on behalf of the engineering community.

Digital Innovation

Work has begun on our Document and Information Management System (DIMS) project, to ensure we have the right systems in place to work effectively and innovatively; this includes considering how we collaborate with partners and volunteers.

Building on our online quarterly celebration of new registrants' achievement, we have redesigned our titles leaflets and Pocket Guide to Registration for digital use, promoting the value of professional registration.

International

Consulting with the Government on a range of issues, including trade agreements and the scope and implementation of the Professional Qualifications Act, we have reaffirmed the Engineering Council's role as the UK competent authority, representing the UK profession internationally.

We are actively engaged with colleagues across the world through the European Network for the Accreditation of Engineering Education (ENAEE), ENGINEERS EUROPE (formerly FEANI) and the ENGINET alliance, in addition to being the UK partner in the International Engineering Alliance (IEA), which oversees six international agreements on the recognition of standards for engineering education and professional engineering competence.

We signed Admissions Pathway Agreements with Spanish professional bodies AIPE and AQPE, which will facilitate the mobility and recognition of engineering professionals between the UK and Spain; further European agreements are in progress.

Engineering & Society

Having established the joint Engineering Ethics Reference Group (EERG) with the Royal Academy of Engineering, its 'Engineering Ethics: Maintaining society's trust in the engineering profession' report was published in February 2022, setting out a series of short, medium and long-term actions for the profession in further embedding an ethical culture.

Supporting the new Building Safety regime being established post-Grenfell, we have developed the Higher-Risk Buildings (HRB) Standard as a competence framework for engineers working in this safety-critical area, including a series of discipline-specific annexes for specialisms such as fire and building services.

Ensuring that our products – particularly our Standards of competence and commitment – remain relevant and contemporary, we have delivered a framework for and guidance on Recognised Standards, as well as re-initiating work on our Registration Review of titles.

We have contributed to the updated Engineering Subject Benchmark Statement, which now gives more emphasis to sustainability and Diversity & Inclusion, as well as reducing the environmental impact of accreditation visits through our risk-based approach.

4. Impact of Covid-19

Introduction

Following the outbreak of Covid-19 and the subsequent nationwide lockdown which started in March 2020 Engineering Council staff made a successful transition to working from home, and continued to do so, in the main, throughout 2020 and 2021. 2022 saw an increase in face-to-face meetings and a gradual return to the office as the Engineering Council started to develop and implement its Hybrid Working Policy. Throughout the whole period Engineering Council staff have continued to work closely with the PEIs and other bodies, particularly with respect to licensing, registration, and accreditation activities. All board, committee, panel and working group meetings have continued either face to face, hybrid or fully on-line.

An assessment of the impact of Covid-19 and the ensuing lockdown on the organisation and its operations was undertaken in June 2020 and resulted in a change of assessment of the relevant risk item on the Trustees Risk Register.

The impact assessment has been reviewed and updated annually since the start of the pandemic, and the risk to the business is now considered minimal, with the organisation evidencing its ability to continue to deliver its strategic and business plans with hybrid working in place.

The impact assessment reported in the 2020 and 2021 Annual Reports has been updated below in regards to 2022 activity.

Risks Financial risk – **Income** – the organisation does not believe that Covid-19 has had or will have an impact on its income. Its main income stream is the annual grant from EngineeringUK. This grant is agreed by the Board of EngineeringUK, (which includes the CEOs of the three largest engineering institutions), in July of the preceding year. The agreement to pay the Engineering Council an operational grant to run the organisation's key activities, such as maintaining the Register of professionally qualified engineers and technicians, is laid out in the organisation's Royal Charter. In terms of the sustainability of this revenue stream, evidence shows that registration is valued by individuals, particularly in times of economic uncertainty, when new professional registrations tend to increase rather than decrease, highlighting the value that registration brings in demonstrating individuals' competence and commitment to either a current or prospective employer. Engineering Council is not reliant on income from sources such as donations, grants, fund raising or commercial arrangements (such as events or publications). **Impact – minimal**

Financial Risk – International Fee Income – As staff were not set up to print, receive post or send post out from home, during periods of national lockdown, there were minor delays initially in the receipt of some international fee income.

2022 Update: the organisation returned to partial office-based working in 2021 which continued in 2022 fully addressing this risk. **Impact – minimal**

Financial Risk – **Costs** – Engineering Council has not incurred additional costs due to Covid-19, to the contrary during 2021 and 2022 the organisation has continued to see a decrease in some costs particularly those associated with hosting/attendance at physical meetings (catering, travel, and subsistence costs) as many meetings continue to be held either partly or fully remote. **Impact - minimal**

Financial Risk – Reserves – the organisation held free reserves of £3.2m at the end of 2022, in the form of cash in the bank and an investment fund with Cazenove. Whilst the organisation does not draw an income from its investment fund and reinvests any gains back into the fund, it has the reassurance that there will be funds available should it need to draw on them.

The fund was set up with Cazenove in May 2022 and made a small unrealised loss of £11.8k up to the 31 December 2022.

The organisation will continue to closely monitor the reserves situation and will keep its planned expenditure from reserves under constant review, in particular, in view of the medium-high risk of the fund. **Impact - minimal**

Financial Risk – **Pension Scheme** – at its last triennial valuation at the end of 2021, the Scheme was in surplus on a technical provisions' basis by £988K vs £327K in 2018. Therefore, the Engineering Council agreed to pay a contribution towards the Scheme's running costs of £112k in 2022, and it was agreed that

the organisation has no obligation to make any additional contributions to the Scheme at this time. As a result, we do not anticipate any impact to the organisation from Covid-19 in relation to the Scheme in 2022. **Impact - minimal**

Operational Risk – **Business Plan** – all staff are continuing to work predominately from home, with partial office-based work resuming in 2022. The organisation has continued to work effectively and has delivered on its strategic and business plan objectives as expected. Board, panel, and committee meetings have all been held as scheduled, some using Zoom but increasingly in the later part of 2022, hybrid meetings were set up where attendees have the choice of attending in person or virtually. There continues to be little negative impact of remote working on delivery of the new 2025 Strategy and the supporting business plan and we have continued to deliver core business process with no interruption resulting from Covid-19 in 2022. Staff and supplier payments are made promptly, and new registrations and data reconciliations continue to be processed, including a full year end reconciliation at the end of 2022. **Impact - minimal**

Operational Risk – Staff wellbeing – ensuring staff have been able to cope as well as possible has been a key priority, particularly given the prolonged time spent in lockdown in previous years. Regular individual, team, departmental and full office meetings have been held to ensure staff are able to keep in contact not just on projects and the day-to-day matters but on the wider business operations. A very successful all staff away day was held in early 2023 focusing on team building and cross departmental collaboration. The organisation has an Employee Assistance Programme in place, to offer support and advice to staff.

A review of working arrangements continued throughout 2022 with the development of a Hybrid Working Policy which sets out the return to partial office-based work and is planned to be implemented in early 2023. **Impact - minimal**

The organisation did not feel it necessary to take advantage of the Government support offered to businesses as a result of the pandemic. All staff were fully deployed throughout the lockdowns and had access to the equipment and systems required to carry out their roles. The organisation believes that the robustness of its business planning and financial management allowed activities to continue uninterrupted and extreme measures were not required. Our IT systems have been sufficiently robust and well developed to allow all staff to work effectively from home with minimum disruption to business activities. The Management Panel continues to monitor both the finances and business processes on a monthly basis and reports regularly on them to the Trustees.

We believe that with the implementation of its new Hybrid Working Policy, the organisation is well placed to continue to successfully deliver on its 2025 Strategy and all its core business activities.

5. Risk and compliance

How the Engineering Council manages risk

The Engineering Council maintains a risk management policy which forms part of the EngC's internal control and governance arrangements. The policy explains the EngC's underlying approach to risk management including how the organisation views, identifies, assesses, and manages risk. It also describes the process the Board uses to manage the Engineering Council's risk management process and evaluate the effectiveness of the internal control procedures.

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.

The Trustee Risk Register is supported by several Functional Risk Registers, each covering the main activities of the Board's Committees and Panels, and which identify risks that could have an impact on the organisation's ability to deliver its strategic objectives in those areas. These registers are reviewed at each of the Committee/Panel meetings with the Management Panel undertaking a holistic review every quarter.

Role of the Executive Team and Management Panel

Day to day management of individual risks is the responsibility of the appropriate Executive Team member or volunteer(s) where decisions are delegated to them as recorded in the Risk Register. The Risk Register is regularly reviewed by the Executive Team and relevant volunteers and on a by-exception basis. The Management Panel reviews the Risk Register at each meeting and reports any concerns about risk and their management to the Board. The Risk Register is reviewed once a year by the Board. Should any other risk emerge during 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.

As part of the Business Planning process, all key tasks will record risks, opportunities and issues that may affect the achievement of expected outputs in either Functional Risk Registers or the Projects Risk & Opportunities Register and Issues Register.

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 Charity Commission guidance and were satisfied that systems were in place to mitigate the Engineering Council's exposure to major risks.

The organisation's Risk Policy & Procedure (January 2021) 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 Management Panel (MP) manages the EngC's Risk and Opportunity Management Process.
e. The Finance, Audit & Remuneration Panel (FARP) advises the Board on risk assurance.
f. The Risk Register is reported to the Board via MP.
g. 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.
h. 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 must 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.

As of 31 December 2022, there were **three** **MEDIUM** Net Risks on the Trustees Risk Register as follows:

1. **Risk that reviews of the profession or competing regulatory drivers will result in the EngC's regulatory function and its registers being removed or developed by an alternative body.**

MITIGATION

- Professional Engineering Committee (PEC) meetings.
- Particpation on the Uff missing 3 million working group
- Liaison with PEI
- CEOs.
- Chair and secretarial support of the Competence Working
- Group 1 of the Hackitt review.

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

MITIGATION:

- Project Team managing transition.
- Legal advisors to be engaged with ongoing work.
- Key staff trained, both Foundation and Practitioner level.

3. **Risk of attack by virus or hacker, or systems failure, or staff/volunteer unintentional breach resulting in corruption or deletion of electronic data.**

MITIGATION:

- Keeping IT suppliers reviewed and changed with professional advice. Firewall audit undertaken. Clean rule book established on virtual servers. Third-party virus screening of e-mails provided by Vipre. Appropriate backup procedures and software reinstallation procedures implemented. Staff/volunteer awareness regarding spoofing emails etc.

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 was successfully recertified against the ISO 9001:2015 quality management standard in January 2022.

6. Financial review

The areas of activity funded during 2022 are set out in section 3 - **2022 Activities and Achievements**. A detailed breakdown of expenditure for the year appears in notes 7-13 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 £112,000 (2021 - £108,000), increased direct costs by £185,000 (2021 - £124,000) and resulted in an actuarial loss on the scheme of £893,000 (2021 – gain of £540,000). The overall effect of applying FRS102 is thus to decrease income for the year by £73,000 (2021 – decrease of £15,000) and to decrease the net movement in funds by £966,000 (2021 – increase of £525,000).

Engineering Council Pension Scheme

The Trustees of the Engineering Council Pension Scheme met three times during 2022. The Engineering Council, as the Principal Employer, made contribution towards scheme running costs of £112,000, as opposed to £108,000 made in 2021. This change resulted from the triennial valuation, at 31 December 2018, showed a past service surplus of £327K compared to the deficit disclosed by the 2015 valuation of £1.2M. The principal factors affecting the change in the deficit were the deficit reduction contributions made by the Employer and the value placed on the liabilities, which was lower than in the previous year due mainly to the increase in the corporate bond yield.

Following the recent triennial valuation at 31 December 2021, when the Scheme reported a surplus on a technical provisions' basis of £988K, the Trustees and the Employer have agreed that an annual contribution towards the Scheme running costs will continue to be made until the next triennial valuation which is due at 31 December 2024.

Reserves

In 2022 the Engineering Council held funds of £3,163,483 (£3,030,886 – 2021) as follows:

Unrestricted general funds - The Engineering Council's policy is to maintain a level of unrestricted reserves, in accordance with accepted good practice, of a minimum of six months of operating budget. In 2022 six months operating budget was £1.48M (£1.47M – 2021). In calculating the level of reserves it should hold, the FARP also reviewed the key financial risks to the organisation and identified changes to funding mechanism and/or a shortfall in the annual operating grant, which could result in a lack of funds for Engineering Council operations. Consequently, a minimum reserve of six months operating budget was deemed appropriate.

Disregarding the tangible fixed assets for reserves policy purposes, the charity's general fund was £3,031,652 (2021 - £2,839,683); a figure not materially different from twelve months' expenditure.

At its October 2022 meeting FARP agreed the principle of utilising reserves in excess of six months' operating costs to fund projects that supported the organisation's strategic plan, but only on condition that a minimum of six months' operating costs be retained at all times.

Restricted funds

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 £112k (£108k – 2021).

The general fund, as shown in the financial statements, includes an unrecognised surplus of £1.065M (2021 surplus - £2.031M), 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.

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

Investment Policy and Returns

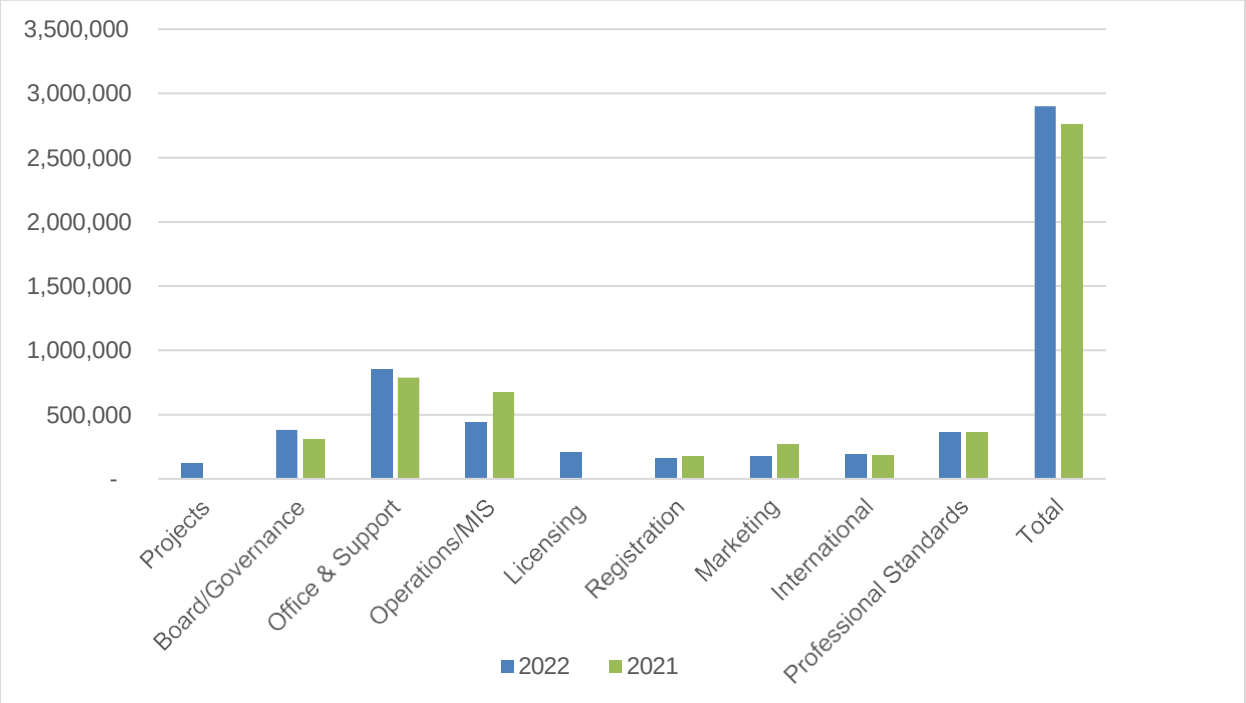
Up to the end of August 2021, the Engineering Council's reserves were held in the Barings Targeted Return Fund which invested across asset classes and through both direct holdings as well as in-house and third-party funds. Following receipt of the notification form Barings Asset Management of their intention to close the Targeted Return Fund with effect from 31 August 2021, it was necessary for the organisation to identify new investment fund managers. Following a full tender process, the Trustees appointed Cazenove Capital to replace Barings Asset Management.

FARP reviews the fund performance at each of its meetings and the fund manager attends FARP at least once a year to discuss fund performance. Cazenove fund managers attended FARP in October 2022 to outline the transition of the Engineering Council's funds into the Charity RMAF (Responsible Multi-Asset Fund) portfolio and to report on its performance, positioning and outlook for the remainder of 2022 and beyond.

Expenditure on charitable activities

The following graph sets out the amounts spent on key areas of activity in 2022 and 2021.

FIGURE 7: 2022 & 2021 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 2021 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

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*	Confirmed.
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 £19 for Engineering Technician to £39 for Chartered Engineer, reducible to £8.40 and £17.60 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

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
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 (e.g., interviewing, mentoring, assessment)	Identify volunteers from among members; cascade training to further volunteers	Contributes to (4, 5, 8)	Contributes to (4, 5, 8)
11	Charge individual registration fees	Charge individual membership fees	Financial viability of bodies	All bodies charge reduced fees for some of student members, young members, technician members, non-corporate (unqualified) members, members temporarily not working, retired members

8. How we operate

How we are governed

The Engineering Council, whose registered office is 5th Floor, 10 Lower Thames St, London EC3R 6EN 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 Engineers Europe (previously FEANI) and the International Engineering Alliance; operation of the engineering profession's national Register; and support for the promotion of registration by professional engineering institutions.

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

The Engineering Council does not engage any external fundraisers nor raises funds from the general public and as such no complaints have been received in this respect.

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 chaired by Prof Chris Atkin CEng FRAeS FREng met on three occasions in 2022.

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

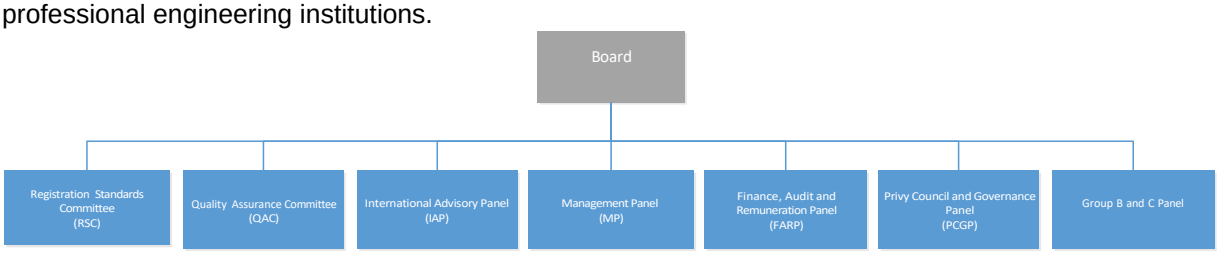
and Induction of Charity Trustees. Further trustee training, including GDPR training, is undertaken as appropriate.

The following table presents changes to Board members during 2021.

	Nominated by	Board Member	Term of Office ended	Term of Office started
1	BCS, The Chartered Institute for IT	Mr Alastair Revell		
2	Chartered Institution of Building Services Engineers	Mr Andrew Rowe		
3	Institution of Chemical Engineers	Dr Rob Best CEng FIChemE		
4	Institution of Civil Engineers	Mrs Emer Murnaghan		
5	Institution of Engineering & Technology	Mr James Baker CEng FIET		
6	Institution of Engineering & Technology	Ms Michelle Richmond CEng FIET		
7	Institute of Marine Engineering, Science & Technology	John Chudley CEng FIMarEST		
8	Institute of Materials, Minerals and Mining	Mr Jim Shields		
9	Institution of Mechanical Engineers	Mr Mike McLoughlin CEng FIMechE		
10	Royal Aeronautical Society	Prof Chris Atkin CEng FRAeS FREng		
11	Society of Operations Engineers	Mr Stephen Catte CEnv IEng HonFSOE	June 2022	
11	Society of Operations Engineers	Prof. Steve Burnage CEng CEnv FIMechE FSOE IMAAEES		June 2022
12	Institution of Structural Engineers	Mr Phil Nelson CEng FIStructE		
13	Group B Institutions	Terry Fuller CEng MICE MCIWEM		
14	Group B Institutions	Mr Neil Phelps IEng MIED		
15	Group C Institutions	Mr Tony Gibson CEng MNucI MIET MAPM MINCOSE		
16	EngineeringUK	Mr David Short CEng FRAeS MIET		
17	EngineeringUK	Ms Ann Watson		
18	EngineeringUK	Matt Gantley		
19	EngineeringUK	Ms Estelle Clark CQP FCQI FRSA		
20	EngineeringUK	Mrs Josephine Parker MBE CEng FCIWEM FICE F!Water		
21	EngineeringUK	Capt Mike Rose RN CEng MIMarEST		
22	EngineeringUK	Ms Ann Francke		

Committees and Panels

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



The **Registration Standards Committee (RSC)** has oversight of matters to do with the education, training and professional development of professional engineers and technicians. It is responsible for maintaining the standards of competence and commitment and maintaining the underpinning knowledge and understanding requirements for professional registration. This includes publishing, and keeping under review, the Registration Code of Practice that aligns with the requirements set out in the UK Standard for Professional Engineering Competence (UK-SPEC), the ICT Technician Standard, and the standards for the accreditation of HE programmes and approved apprenticeships. RSC comprises nominees from professional engineering institutions, including from academia and industry, which ensures that the Engineering Council is kept abreast of developments in education and professional development that relate to professional engineers and technicians. The committee met three times in 2022.

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 2022.

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 Engineers Europe (previously 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 2022.

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 and delegated financial authorities. 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 2022.

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 2022.

The **Management Panel (MP)** is responsible for day-to-day operational decision making and management of the organisation. The Panel is chaired by the CEO and comprises of the CEO, the Deputy CEO/Operations Director, Head of Professional Standards and the Head of Administration & Support and meets approximately every four to six weeks. Its standing agenda includes IT and Management Information Systems, project management/project reporting, risk management, business planning, HR, finance, quality management and business continuity.

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 with our volunteers continuing to provide the same level of support through the pandemic.

Two remote volunteers' seminars were held in 2022. One in May and one in November, both were well attended.

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 considers 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
Alasdair Coates BEng (Hons) MSc CEng FICE MCIHT CMIOSH

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

Head of Professional Standards
Katy Turff CMgr MCMI

Professional Advisors

Service	Organisation	Address
Actuaries & Pension Administrators	Cartwright Benefit Consultants Ltd.	Marlborough House, Victoria Road, Chelmsford, Essex, CM1 1LN
Auditors	Haysmacintyre LLP	10 Queen Street Place, London EC4R 1AG
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	Cazenove Capital	1 London Wall Place, London, EC2Y 5AU
Lawyers	Veale Wasbrough Vizards LLP	Narrow Quay House, Narrow Quay, Bristol BS1 4QA

9. 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.

The above Trustees' Report on pages 1-24 was approved by the Trustees on 22 June 2023 and signed on their behalf by the Chairman of the Board:

Prof Chris Atkin CEng FRAeS FREng

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

Opinion
We have audited the financial statements of The Engineering Council for the year ended 31 December 2022 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2022 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.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information
The 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.

Responsibilities of trustees for the financial statements
As explained more fully in the trustees' responsibilities statement [set out on page 24], 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Charities Act 2011 and its Royal Charter, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and the application of FRS102, income tax and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to application of controls around authorisation of expenditure and payments. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Review of minutes of meetings;
- Identifying and testing journals, in particular journal entries posted as part of the year end process; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Use of our report

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 charity's 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's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP
Statutory Auditors
[date]

10 Queen Street Place
London
EC4R 1AG

Haysmacintyre LLP 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 2022

	Note	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	*Total funds 2021 £*
Income from:					
Charitable activities		**112,261**	**2,816,345**	**2,928,606**	*2,919,111*
Other trading activities		**-**	**9,626**	**9,626**	*6,595*
Investments		**-**	**33,108**	**33,108**	*37,913*
Total income		**112,261**	**2,859,079**	**2,971,340**	*2,963,619*
Expenditure on:					
Raising funds		**-**	**1,604**	**1,604**	*258*
Charitable activities	7	**112,261**	**2,786,116**	**2,898,377**	*2,764,919*
Total expenditure		**112,261**	**2,787,720**	**2,899,981**	*2,765,177*
Net income before net (losses)/gains on investments		**-**	**71,359**	**71,359**	*198,442*
Net (losses)/gains on investments		**-**	**(11,762)**	**(11,762)**	*40,244*
Net movement in funds before other recognised gains/(losses)		**-**	**59,597**	**59,597**	*238,686*
Other recognised gains/(losses):					
Actuarial (losses)/gains on defined benefit pension schemes		**-**	**(893,000)**	**(893,000)**	*540,000*
Derecognition of pension surplus		**-**	**966,000**	**966,000**	*(525,000)*
Net movement in funds		**-**	**132,597**	**132,597**	*253,686*
Reconciliation of funds:					
Total funds brought forward		**-**	**3,030,886**	**3,030,886**	*2,777,200*
Net movement in funds		**-**	**132,597**	**132,597**	*253,686*
Total funds carried forward		**-**	**3,163,483**	**3,163,483**	*3,030,886*

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 31 to 53 form part of these financial statements.

Balance sheet
as at 31 December 2022

	Note		2022 £		*2021 £*
Fixed assets					
Tangible assets	14		**131,831**		*191,203*
Investments	15		**2,103,914**		*-*
			2,235,745		*191,203*
Current assets					
Debtors	16	**86,923**		*88,861*	
Cash at bank and in hand		**1,188,156**		*3,033,313*	
		1,275,079		*3,122,174*	
Creditors: amounts falling due within one year	17	**(347,341)**		*(282,491)*	
Net current assets			**927,738**		*2,839,683*
Net assets including pension scheme liabilities			**3,163,483**		*3,030,886*
Charity funds					
Restricted funds	18		**-**		*-*
Unrestricted funds	18		**3,163,483**		*3,030,886*
Total funds			**3,163,483**		*3,030,886*

The financial statements were approved and authorised for issue by the Trustee on 22 June 2023 and signed on their behalf by:

Prof Chris Atkin CEng FRAes

The notes on pages 31 to 53 form part of these financial statements.

Statement of cash flows
for the year ended 31 December 2022

	2022 £	*2021* *£*
Cash flows from operating activities		
Net cash used in operating activities	**257,964**	*341,553*
Cash flows from investing activities		
Dividends, interests and rents from investments	**1,539**	*58*
Purchase of tangible fixed assets	**(746)**	*(13,086)*
Proceeds from sale of investments	**1,331,407**	*2,094,172*
Purchase of investments	**(3,447,083)**	*(37,855)*
Gains on sale of investments	**11,762**	*(40,244)*
Net cash (used in)/provided by investing activities	**(2,103,121)**	**2,003,045**
Change in cash and cash equivalents in the year	**(1,845,157)**	**2,344,598**
Cash and cash equivalents at the beginning of the year	**3,033,313**	*688,715*
Cash and cash equivalents at the end of the year	**1,188,156**	*3,033,313*

The notes on pages 31 to 53 form part of these financial statements

Notes to the financial statements
for the year ended 31 December 2022

1. General information

The Engineering Council is an unincorporated charity registered with the Charity Commission. The registered office is 10 Lower Thames Street, London, EC3R 6EN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

2.2 Going concern

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

2.3 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.

2.4 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.

Charitable activities are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity, all incurred in achieving the charity's objectives.

All expenditure is inclusive of irrecoverable VAT.

2. Accounting policies (continued)

2.5 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Fixtures and 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 in included in "Disposals during the year" as appropriate.

2.6 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 the 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 presented as ‘Gains/(Losses) on investments’ in the Statement of financial activities.

2.7 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 institution with whom the funds are deposited.

2.8 Operating leases

Rentals paid 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.

2.9 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.

2.10 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.

2. Accounting policies (continued)

2.11 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 in the Statement of financial activities as a finance cost.

2.12 Financial instruments

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

2.13 Foreign currencies

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

2.14 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustee 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.

2. Accounting policies (continued)

2.15 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 24.

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.

2.16 Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.17 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.

Notes to the financial statements
for the year ended 31 December 2022

3. Critical accounting estimates and areas of judgment

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 24.

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.

Notes to the financial statements
for the year ended 31 December 2022

4. Income from charitable activities

	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £
Grants	112,261	2,703,711	**2,815,972**
FEANI income	-	69,581	**69,581**
Miscellaneous income	-	3	**3**
Admin fee from EngineeringUK	-	16,500	**16,500**
Professional services	-	8,500	**8,500**
MCP license fees	-	18,500	**18,500**
	112,261	2,816,795	**2,929,056**

Prior year - 2021

	Restricted funds 2021 £	*Unrestricted funds 2021 £*	*Total funds 2021 £*
Grants	*108,255*	*2,650,696*	*2,758,951*
FEANI income	*-*	*81,027*	*81,027*
Miscellaneous income	*-*	*30*	*30*
Admin fee from EngineeringUK	*-*	*26,125*	*26,125*
Professional services	*-*	*19,408*	*19,408*
MCP license fees	*-*	*33,570*	*33,570*
	108,255	*2,810,856*	*2,919,111*

Notes to the financial statements
for the year ended 31 December 2022

5. Other trading activities

	Unrestricted funds 2022 £	Total funds 2022 £
Trading income	9,626	**9,626**
Stamp purchases	(1,604)	**(1,604)**
	8,022	**8,022**

Prior year - 2021

	Unrestricted funds 2021 £	*Total funds 2021 £*
Trading income	*6,595*	*6,595*
Stamp purchases	*(258)*	*(258)*
	6,337	*6,337*

Trading income comprises professional stamps and replacement registration certificates.

6. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £
Interest from fixed asset investments	32,184	**32,184**
Bank interest receivable	924	**924**
	33,108	**33,108**

Prior year - 2021

	Unrestricted funds 2021	*Total funds 2021*
	£	*£*
Interest from fixed asset investments	*37,855*	*37,855*
Bank interest receivable	*58*	*58*
	37,913	*37,913*

7. Analysis of expenditure by activities

	Activities undertaken directly 2022	**Support costs 2022**	**Total funds 2022**
	£	**£**	**£**
Charitable activities	2,615,940	282,437	**2,898,377**

Prior year - 2021

	Activities undertaken directly 2021	*Support costs 2021*	*Total funds 2021*
	£	*£*	*£*
Charitable activities	*2,482,001*	*282,918*	*2,764,919*

Notes to the financial statements
for the year ended 31 December 2022

8. Direct costs

	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £
Pension expense (note 12)	-	185,000	**185,000**
Project spend	-	34,160	**34,160**
Recruitment and temporary staff	-	47,339	**47,339**
Training	-	14,812	**14,812**
Computer and information systems costs	-	189,078	**189,078**
Marketing	-	7,307	**7,307**
Travel and subsistence	-	21,017	**21,017**
Subscriptions and meetings	-	92,311	**92,311**
Accomodation costs	-	252,271	**252,271**
Wages and salaries (note 11)	112,261	1,654,138	**1,766,399**
	112,261	2,497,433	**2,609,694**

Prior year - 2021

	Restricted funds 2021 £	*Unrestricted funds 2021 £*	*Total funds 2021 £*
Pension expense (note 12)	-	*124,000*	*124,000*
Project spend	-	*5,339*	*5,339*
Recruitment and temporary staff	-	*25,798*	*25,798*
Training	-	*17,176*	*17,176*
Computer and information systems costs	-	*170,377*	*170,377*
Marketing	-	*22,954*	*22,954*
Travel and subsistence	-	*3,691*	*3,691*
Subscriptions and meetings	-	*100,251*	*100,251*
Accomodation costs	-	*191,343*	*191,343*
Wages and salaries (note 11)	*108,255*	*1,712,817*	*1,821,072*
	108,255	*2,373,746*	*2,482,001*

Notes to the financial statements
for the year ended 31 December 2022

9. Support costs

	Unrestricted funds 2022 £	Total funds 2022 £
General support		
Telephone	10,907	**10,907**
Printing, stationery and office supplies	43,903	**43,903**
Maintenance of equipment	25,670	**25,670**
Sundries	5,386	**5,386**
Rental of office equipment	7,859	**7,859**
Bank charges	5,208	**5,208**
Accountancy	3,300	**3,300**
Legal and professional	11,725	**11,725**
Insurance	42,955	**42,955**
Application fees	11,027	**11,027**
Office move costs	6,392	**6,392**
Depreciation	60,118	**60,118**
Governance	**234,450**	**234,450**
Accountancy	26,019	**26,019**
Auditors' remuneration	13,819	**13,819**
	274,288	**274,288**

Support costs are allocated in full to the only charitable activity of the charity.

Prior year - 2021

	Unrestricted funds 2021	*Total funds 2021*
	£	*£*
General support		
Telephone	*9,694*	*9,694*
Printing, stationery and office supplies	*49,624*	*49,624*
Maintenance of equipment	*15,515*	*15,515*
Sundries	*2,031*	*2,031*
Rental of office equipment	*14,043*	*14,043*
Bank charges	*4,478*	*4,478*
Accountancy	*4,680*	*4,680*
Legal and professional fees	*23,175*	*23,175*
Insurance	*48,411*	*48,411*
Application fees	*6,622*	*6,622*
Office move costs	*5,563*	*5,563*
Depreciation	*62,695*	*62,695*
	246,531	*246,531*
Governance		
Accountancy	*23,473*	*23,473*
Auditors' remuneration	*12,914*	*12,914*
	282,918	*282,918*

10. Auditor's remuneration

	2022	*2021*
	£	*£*
Fees payable to the charity's auditor for the audit of the charity's annual accounts - excluding VAT	**13,819**	*12,914*

Notes to the financial statements
for the year ended 31 December 2022

11. Staff costs

	2022 £	*2021 £*
Wages and salaries	**1,424,471**	*1,429,556*
Social security costs	**166,365**	*153,275*
Contribution to defined contribution pension schemes	**360,563**	*362,241*
	1,951,399	*1,945,072*

Included within wages and salaries is an ex-gratia termination payment of £12,943 (2021: £15,000), which was paid in full during the year.

The average number of persons employed by the charity during the year was as follows:

	2022 No.	*2021 No.*
	30	*33*

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022 No.	*2021 No.*
In the band £60,001 - £70,000	**-**	*1*
In the band £80,001 - £90,000	**1**	*-*
In the band £100,001 - £110,000	**1**	*1*
In the band £140,001 - £150,000	**-**	*1*
In the band £160,001 - £170,000	**1**	*-*

Employers pension contributions totalling £58,999 (2021: £63,024) were paid to higher paid employees.

,The total employment benefits of the key management personnel were £463,658 including employer's national insurance contributions of £42,857 (2021 - £508,317, including employer's national insurance contributions of £44,614).

12. Pension expense

	2022 £	*2021 £*
Interest on pension scheme liabilities	**261,000**	*187,000*
Interest on scheme assets	**(261,000)**	*(187,000)*
Administrative expenses	**185,000**	*124,000*
	185,000	*124,000*

Notes to the financial statements
for the year ended 31 December 2022

13. Trustee's remuneration and expenses

During the year, no Trustees received any remuneration or other benefits *(2021 - £NIL)*.

During the year ended 31 December 2022, expenses totalling £2,809 were reimbursed or paid directly to 9 Trustees *(2021 - £1,204 to 4 Trustees)* for travel expenses incurred.

14. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2022	**444,399**	**33,341**	**313,842**	**791,582**
Additions	**-**	**-**	**746**	**746**
At 31 December 2022	**444,399**	**33,341**	**314,588**	**792,328**
Depreciation				
At 1 January 2022	**271,084**	**30,763**	**298,532**	**600,379**
Charge for the year	**49,623**	**1,296**	**9,199**	**60,118**
At 31 December 2022	**320,707**	**32,059**	**307,731**	**660,497**
Net book value				
At 31 December 2022	**123,692**	**1,282**	**6,857**	**131,831**
At 31 December 2021	*173,315*	*2,578*	*15,310*	*191,203*

Notes to the financial statements
for the year ended 31 December 2022

15. Fixed asset investments

	Listed investments £
Cost or valuation	
Additions	**3,447,083**
Disposals	**(1,331,407)**
Revaluations	**(11,762)**
At 31 December 2022	**2,103,914**
Net book value	
At 31 December 2022	**2,103,914**

16. Debtors

	2022 £	*2021 £*
Due within one year		
Trade debtors	**13,616**	*45,972*
Other debtors	**5,170**	*2,503*
Prepayments and accrued income	**68,137**	*40,386*
	86,923	*88,861*

17. Creditors: Amounts falling due within one year

	2022 £	*2021 £*
Trade creditors	**17,289**	*43,850*
Amounts owed to group undertakings	**63,377**	*18,998*
Other taxation and social security	**63,377**	*61,821*
Other creditors	**13,832**	*19,147*
Accruals and deferred income	**189,466**	*138,675*
	347,341	*282,491*

Notes to the financial statements
for the year ended 31 December 2022

18. Statement of funds

Statement of funds - current year

	Balance at 1 January 2022 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 December 2022 £
Unrestricted funds					
General Funds	**3,030,886**	**2,859,079**	**(2,787,720)**	**61,238**	**3,163,483**
Restricted funds					
Pension fund grant	**-**	**112,261**	**(112,261)**	**-**	**-**
Total of funds	**3,030,886**	**2,971,340**	**(2,899,981)**	**61,238**	**3,163,483**

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

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.

18. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January 2021 £	*Income £*	*Expenditure £*	*Gains/ (Losses) £*	*Balance at 31 December 2021 £*
Unrestricted funds					
General Funds	*2,777,200*	*2,855,364*	*(2,656,922)*	*55,244*	*3,030,886*
Restricted funds					
Pension fund grant	*-*	*108,255*	*(108,255)*	*-*	*-*
Total of funds	*2,777,200*	*2,963,619*	*(2,765,177)*	*55,244*	*3,030,886*

19. Summary of funds

Summary of funds - current year

	Balance at 1 January 2022 £	**Income £**	**Expenditure £**	**Gains/ (Losses) £**	**Balance at 31 December 2022 £**
General funds	**3,030,886**	**2,859,079**	**(2,787,720)**	**61,238**	**3,163,483**
Restricted funds	**-**	**112,261**	**(112,261)**	**-**	**-**
	3,030,886	**2,971,340**	**(2,899,981)**	**61,238**	**3,163,483**

Summary of funds - prior year

	Balance at 1 January 2021 £	*Income £*	*Expenditure £*	*Gains/ (Losses) £*	*Balance at 31 December 2021 £*
General funds	*2,777,200*	*2,855,364*	*(2,656,922)*	*55,244*	*3,030,886*
Restricted funds	*-*	*108,255*	*(108,255)*	*-*	*-*
	2,777,200	*2,963,619*	*(2,765,177)*	*55,244*	*3,030,886*

Notes to the financial statements
for the year ended 31 December 2022

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	131,831	**131,831**
Fixed asset investments	2,103,914	**2,103,914**
Current assets	1,275,079	**1,275,079**
Creditors due within one year	(347,341)	**(347,341)**
Total	3,163,483	**3,163,483**

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £	*Total funds 2021 £*
Tangible fixed assets	*191,203*	*191,203*
Current assets	*3,122,174*	*3,122,174*
Creditors due within one year	*(282,491)*	*(282,491)*
Total	*3,030,886*	*3,030,886*

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	*2021 £*
Net income for the year (as per Statement of Financial Activities)	**59,597**	*238,686*
Adjustments for:		
Depreciation charges	**60,118**	*68,928*
Dividends, interests and rents from investments	**(1,539)**	*(58)*
Decrease in debtors	**1,938**	*82,259*
Increase/(decrease) in creditors	**64,850**	*(63,262)*
Pension adjustments	**73,000**	*15,000*
Net cash provided by operating activities	**257,964**	*341,553*

Notes to the financial statements
for the year ended 31 December 2022

22. Analysis of cash and cash equivalents

	2022	*2021*
	£	*£*
Cash in hand	**1,188,156**	*3,033,313*
Total cash and cash equivalents	**1,188,156**	*3,033,313*

23. Analysis of changes in net debt

	At 1 January 2022	Cash flows	At 31 December 2022
	£	**£**	**£**
Cash at bank and in hand	**3,033,313**	**(1,845,157)**	**1,188,156**
	3,033,313	**(1,845,157)**	**1,188,156**

Notes to the financial statements
for the year ended 31 December 2022

24. Pension commitments

The charity operates a defined benefit pension scheme.

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

The full actuarial valuation as at 31 December 2018 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 member's expected benefits is the projected unit method.

Following consultation with the actuaries, The Engineering Council made a lump-sum contribution of £105,000 in March 2019.

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 2022 this was 4.80% (2021 - 1.90%).

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 Engineering UK 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 100% (2021 - 100%). On withdrawal from the Scheme by Engineering Council or closure, assets would be segregated in a similar proportion.

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

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

	2022	**20**21
Discount rate	4.80%	1.90%
Retail price inflation	3.60%	3.60%
Future salary increases	3.50%	3.50%

The assets in the scheme and the expected rates of return were:

	2022	*2021*
	£	*£*
Equities	**2,368,740**	*3,216,600*
Bonds	**8,290,590**	*12,705,570*
Cash	**107,670**	*160,830*
	10,767,000	*16,083,000*

The actual return on scheme assets was £(4,650,000) *(2021 - £513,000).*

Notes to the financial statements
for the year ended 31 December 2022

The amounts recognised in the Balance sheet are as follows:

	2022 £	*2021 £*
Present value of funded obligations	**(9,702,000)**	*(14,052,000)*
Unrecognised past service cost	**10,767,000**	*16,083,000*
Surplus in scheme	**1,065,000**	*2,031,000*
Adjustment for non-recoverable surplus	**(1,065,000)**	*(2,031,000)*
Net assets	**-**	*-*

The charity has an unrecognised surplus of £1,065,000 *(2021 - £2,031,000)* in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future of through refunds from the plan.

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

	2022 £	*2021 £*
Interest on obligation	**(261,000)**	*(187,000)*
Expected return on scheme assets	**261,000**	*187,000*
Administrative expenses	**(185,000)**	*(124,000)*
Total amount recognised in the Statement of financial activities	**(185,000)**	*(124,000)*

The actuarial loss on the scheme at year end was £893,000 *(2021 - gain £540,000)*.

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

	2022 £	*2021 £*
Opening defined benefit obligation	**14,052,000**	*14,634,000*
Interest cost	**261,000**	*187,000*
Actuarial losses/(gains)	**(4,018,000)**	*(214,000)*
Benefits paid	**(593,000)**	*(555,000)*
Closing defined benefit obligation	**9,702,000**	*14,052,000*

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

	2022	*2021*
	£	*£*
Opening fair value of scheme assets	**16,083,000**	*16,140,000*
Expected return on assets	**261,000**	*187,000*
Actuarial gains/(losses)	**(4,911,000)**	*326,000*
Contributions by employer	**112,000**	*109,000*
Benefits paid	**(593,000)**	*(555,000)*
Administrative expenses	**(185,000)**	*(124,000)*
	10,767,000	*16,083,000*

The charity contributed £112,000 to its Defined benefit pension scheme in 2022 expecting to increase annually on 1 January at 3.6% per annum

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

	2022	2021
Equities and property	22%	20%
Bonds	77%	79%
Cash	1%	1%

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 2022 were £175,302 *(2021 - £238,986*).

25. Operating lease commitments

At 31 December 2022 the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022	*2021*
	£	*£*
Not later than 1 year	**148,264**	*145,741*
Later than 1 year and not later than 5 years	**162,809**	*303,864*
	311,073	*449,605*

26. 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 2022, the following transactions took place between the parties arising from the above:

EngineeringUK provided a grant to the Engineering Council of £2,703,711 (2021 - £2,650,696) to fund its operation plus £112,261 (2021 - £108,255) for the pension scheme.

To cover administration costs, The Engineering Council charged EngineeringUK £16,500 (2021 - £26,125) in the year.

On 31 December 2022, Engineering Council owed EngineeringUK the sum of £63,377 (2021 £18,998). This amount is disclosed within creditors falling due within one year.

There were no other related party transactions in the current or the prior year.

Notes to the financial statements
for the year ended 31 December 2022

27. Comparative statement of financial activities

	Restricted funds 2021 £	*Unrestricted funds 2021 £*	*Total funds 2021 £*
Income from:			
Charitable activities	*108,255*	*2,810,856*	*2,919,111*
Other trading activities	-	*6,595*	*6,595*
Investments	-	*37,913*	*37,913*
Total income	*108,255*	*2,855,364*	*2,963,619*
Expenditure on:			
Raising funds	-	*(258)*	*(258)*
Charitable activities	*(108,255)*	*(2,656,664)*	*(2,764,919)*
Total expenditure	*(108,255)*	*(2,656,922)*	*(2,765,177)*
Net income before investment gains/(losses)	-	*198,442*	*198,442*
Net gains/(losses) on investments	-	*40,244*	*40,244*
Net income before other recognised gains and losses	-	*238,686*	*238,686*
Derecognition of pension surplus	-	*540,000*	*540,000*
Actuarial gains on defined benefit pension scheme	-	*(525,000)*	*(525,000)*
Net movement in funds	-	*253,686*	*253,686*
Reconciliation of funds:			
Total funds brought forward	-	*2,777,200*	*2,777,200*
Total funds carried forward	-	*3,030,886*	*3,030,886*