

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2016





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FOREWORD

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

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

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

Nearly a quarter of a million men and women are currently listed on our Register. The UK has an ageing population, and with the number of registrants aged over 60 representing over a third of those on the Register, we must continue to work hard to maintain a talent pipeline to meet future skills requirements. We therefore welcome the joint initiatives that are underway to ensure that more people enter professional engineering careers and that those who are already

professionally registered remain so throughout their working life. This is a strategic imperative for the nation if we are to meet the engineering and technological needs of the future.

VISION:

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

MISSION:

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

WHAT WE DO, HOW WE DO IT AND WHY:



1. CHAIRMAN'S AND CEO'S STATEMENTS



CHAIRMAN'S STATEMENT



At a time of national and international change, the engineering community must work together to meet the new challenges and opportunities that lie ahead. In support of this, the Engineering Council will continue to underpin the systems and processes that ensure that our professionally registered engineers and technicians are skilled and competent to safeguard society.

In 2016 we continued to work towards our goals, as set out in the Strategic Plan. This included sharing, promoting and leading good practice across our strategic strands and core business. Ongoing close collaboration with institutions, volunteers and the wider engineering community were essential for this.

One of our key objectives for the year ahead will be in the remit of Professional Development. We will continue to support institutions in the development of appropriate frameworks, tools and processes to record continuing professional development. Our work on technicians will move into supporting the improvement of technician products and increasing the retention of registrants. As part of this work we are collaborating on a Pathways to professional registration project that will help technicians find their own most appropriate route to professional registration.

International activity will be busy over the next 12 months as we monitor global registration trends and continue to establish and maintain agreements that enable the international mobility of UK registrants.

The Engineering Council is a small but efficient team. Going into 2017 we will continue to consistently review and consolidate our processes and literature. This includes initiating a review of our flagship document the UK Standard for Professional Engineering Competence (UK-SPEC). We consistently strive to improve the way we do things and are heavily supported by many volunteers in our work. Without their commitment we could not deliver our goals.

Alongside national matters, the engineering community is pulling together to tackle an imminent engineering skills shortage and address a poor level of diversity and inclusion in the profession. Working in close collaboration with our Licensed Members and other engineering bodies, it is particularly important at this time that the Engineering Council continues to regulate, serve and promote the profession in 2017. We will endeavour to provide employers, government and wider society with the confidence that professionally registered engineers and technicians in the UK possess and maintain the knowledge, skills and commitment required to meet the engineering and technological needs of today and of future generations.

*Rear Admiral Nigel Guild
CB CEng FIET FIMarEST FIMA FREng*

CEO'S STATEMENT



2016 was another busy year for the Engineering Council, during which we contributed to numerous national and international initiatives, at the same time as continuing to improve the delivery of regulatory function.

With a continued focus on public benefit, one of our highlights was the publication of the Engineering Council's new *Guidance on security for engineers and technicians*. Following a well-attended launch at the House of Commons, the document was positively received by engineering professionals and the security community alike.

An important area of work has been around encouraging the professional engineering institutions to introduce the mandatory recording of continuing professional development (CPD). A new Professional Development Steering Group met for the first time in January helping us to develop a common approach across the profession.

The Government's renewed focus on Apprenticeships allowed us to conduct exploratory work around the provision of external quality assurance of Apprenticeship end point assessment for those schemes that lead to registration as an Engineering Technician. This collaborative project will continue into 2017. At the request of Engineering the Future, we have also started to develop a Pathways to professional registration interactive web page that will help technicians find their own most appropriate route to registration.

On the international side, we have continued to ensure that standards set in the UK are globally recognised. We have been involved in a number of global conferences and meetings with our international partners, promoting the adoption of an outcome based approach. In Europe we have provided ongoing support and advice to those who are looking to develop Common Training Principles. Collaboration on this initiative, led by the European Council of Engineers Chambers (ECEC), will ensure that UK engineers are not disadvantaged by any system that may be introduced.

In core business activities, alongside a rolling programme of improvement work to the national Register, the Engineering Council has also reviewed and revised its regulation on the reinstatement of lapsed members. This has all been a part of our drive to ensure that the Register is kept up to date, thereby providing public assurance. During the year we coordinated five-year licence reviews of 12 institutions, as well as six interim reviews, and six Professional Affiliate reviews. For this work we rely heavily on the voluntary support provided by an experienced and committed team of senior registrants. We were delighted to welcome eight new Liaison Officers in 2016.

We have continued to engage with the engineering community through both digital and traditional communications platforms. In addition to our published guidance, achievements include the launch of two videos; a new eNewsletter and engineering news page; a temporary web page in support of National Women in Engineering Day; and greater engagement on social media.

Internally there have been some organic changes. International activities merged with Policy and Standards work to form a Professional Standards department and we have welcomed six new members of staff who will support the delivery of the Engineering Council's objectives going forward. We have taken advantage of changing technology, whilst also testing our infrastructure security. We have reviewed and audited our internal systems and following a visit by ISO9001 assessors in January we were successfully recertified for three years.

I leave the Engineering Council at the end of January 2017 full of optimism. During my tenure we have firmly re-established the importance of delivering public benefit and strengthened our approach to ensuring that professionally active registrants maintain their competence. We have reviewed our standards and related guidance with strong support from all sectors, and we have seen the first signs of true global interest in emulating our outcomes-based approach with a number of other national bodies adopting UK-SPEC. I have no doubt that the organisation will continue to meet head on the challenges that 2017 will bring and that the delivery of public benefit will remain very much at its core.

Jon Prichard
CEng FICE FInstRE



2. HOW WE OPERATE

HOW WE ARE GOVERNED

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

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

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

HOW WE ARE FUNDED

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

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

The annual registration fees from Engineering Technicians, Incorporated Engineers, Chartered

Engineers and ICT Technicians support the work of the Engineering Council and EngineeringUK.

THE BOARD OF TRUSTEES

The Engineering Council is governed by a 22 member Board of Trustees, which is appointed in accordance with the Engineering Council's Bye-laws. Twelve of the members are appointed by the major professional engineering institutions, three by the smaller institutions and the remaining seven by EngineeringUK. The composition of the Board provides stakeholder representation through institution-nominated members, and the involvement of the wider profession through EngineeringUK nominees.

The Board is chaired by Rear Admiral Nigel Guild CB CEng FIET FIMarEST FIMA FREng and met on three occasions in 2016.

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

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

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

The following table presents the Board members.

No.	NOMINATED BY	BOARD MEMBER	TERM OF OFFICE ENDED	TERM OF OFFICE STARTED
1	BCS, The Chartered Institute for IT	Prof Kevin Jones CEng CITP CSci FIET FBCS		
2	Chartered Institution of Building Services Engineers	Mr George Adams CEng FCIBSE		
3	Institution of Chemical Engineers	Prof Jonathan Seville CEng FICHEM FEng		
4	Institution of Civil Engineers	EUR ING Bill Hewlett CEng FICE FIET		
5	Institution of Engineering & Technology	Mr Tom Ridgman CEng FIET		
6	Institution of Engineering & Technology	Ms Sam Hubbard IEng MIET		
7	Institute of Marine Engineering, Science & Technology	RA Nigel Guild (Chairman) CB CEng FIET FIMarEST FIMA FEng		
8	Institute of Materials, Minerals and Mining	EUR ING Dr Graham Woodrow CEng FIMMM		
9	Institution of Mechanical Engineers	Mr Rob Smith CEng FIMechE		
10	Royal Aeronautical Society	Prof Chris Atkin CEng FRAeS		
11	Society of Operations Engineers	Mr Alan Fitzpatrick CEng CEnv FSOE	June 2016	
		Mr Stephen Catte CEnv IEng HonFSOE		June 2016
12	Institution of Structural Engineers	Prof Roger Plank CEng MICE FStructE		
13	Group B Institutions	Mr Nigel Hendley CEng MICE Hon FCIWEM		
14	Group B Institutions	EUR ING Prof Simon Vaitkevicius CEng FIED		
15	Group C Institutions	Prof Ray Clark OBE CEng CEnv Hon FSEE	June 2016	
		George Marsh TD DL CEng FICE FInstRE		June 2016
16	EngineeringUK	Mr Doug Alexander		
17	EngineeringUK	Ms Yvonne Baker CEng MICHEM	June 2016	
		Dr Scott Steedman CBE CEng FICE FInstRE FEng		June 2016
18	EngineeringUK	Miss Carolyn Griffiths CEng FIMechE FEng		
19	EngineeringUK	Mr Chris Boyle BComm		
20	EngineeringUK	Col Martin Court CEng FIMechE		
21	EngineeringUK	Mr Paul Excell CEng FIET FBCS		
22	EngineeringUK	Mrs Jane Cannon MBE CEng FIET		

2. HOW WE OPERATE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

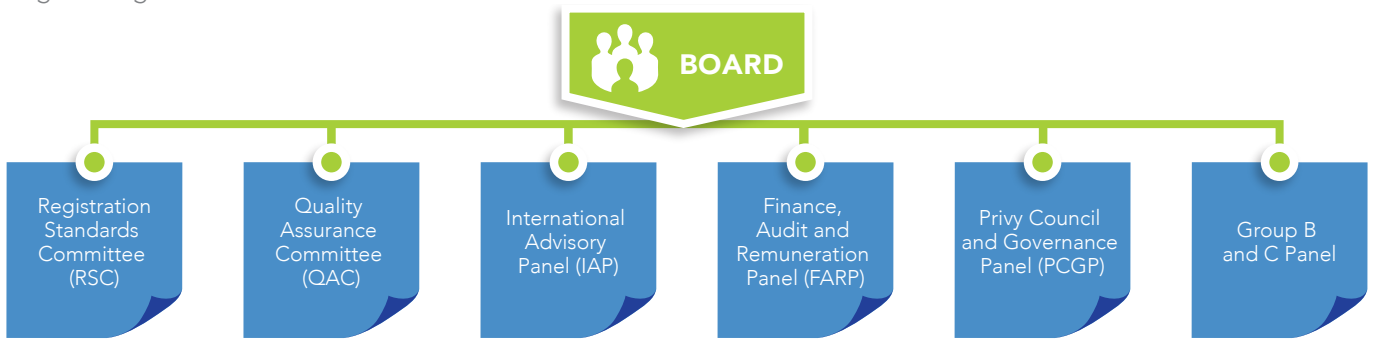
The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



THE ENGINEERING COUNCIL IS GOVERNED BY A 22 MEMBER BOARD OF TRUSTEES, WHICH IS APPOINTED IN ACCORDANCE WITH THE ENGINEERING COUNCIL'S BYE-LAWS. TWELVE OF THE MEMBERS ARE APPOINTED BY THE MAJOR PROFESSIONAL ENGINEERING INSTITUTIONS, THREE BY THE SMALLER INSTITUTIONS AND THE REMAINING SEVEN BY ENGINEERINGUK.

COMMITTEES AND PANELS

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



The **Registration Standards Committee (RSC)** has oversight of matters to do with the education, training and professional development of professional engineers and technicians. It is responsible for maintaining the standards of competence and commitment, and maintaining the underpinning knowledge and understanding requirements for professional registration. This includes publishing, and keeping under review, the Registration Code of Practice that aligns with the requirements set out in the UK Standard for Professional Engineering Competence (UK-SPEC), the ICT Technician Standard, and the standards for the accreditation of HE programmes and approved Apprenticeships. RSC comprises nominees from professional engineering institutions, including from academia and industry, which ensures that the Engineering Council is kept abreast of developments in education and professional development that relate to professional engineers and technicians. The committee met three times in 2016.

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 2016.

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 the European Federation of National Engineering Associations' (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 2016.

The **Finance, Audit and Remuneration Panel (FARP)** has responsibility for keeping the financial management of the Engineering Council under review. Through the delegated authority of the Board, it approves variations to expenditure and investment policy within established limits. The Panel advises the Board and CEO on financial services; monthly management accounts; remuneration; staff pensions; subscription and fees policies; the annual budget, report and accounts; risk assessment policy; audit reports; delegated financial authorities; marketing and promotions activity; and the business continuity plan. In addition to the Chair (who is also the Deputy Chair of the Board of Trustees), FARP comprises three current trustees and two other members with relevant knowledge and experience. The panel met three times in 2016.

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

2. HOW WE OPERATE

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 2016.

The **Group B and C Panel** provides a forum for the exchange of information

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

VOLUNTEER EFFORT

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

Volunteers Seminars were held in May and November in 2016. These were well attended, with more than 50 volunteers at each session.

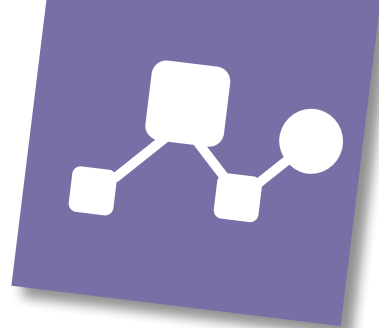
KEY MANAGEMENT PERSONNEL

Chief Executive Officer	Jon Prichard CEng FICE FInstRE
Operations Director & Deputy Chief Executive Officer	Paul Bailey BSc (Hons)
Head of Policy & Standards	Deborah Seddon BSc (Hons) MA (until 31 May 2016)
Head of Administration & Support	Gillian Paterson MA FCIPD
Head of International	Katy Turff CMgr MCMI (until 31 May 2016)
Head of Professional Standards	Katy Turff CMgr MCMI (from 1 June 2016)

Table of professional advisors

PROFESSIONAL ADVISOR	ORGANISATION	ADDRESS
Actuaries	Cartwright Benefit Consultants Ltd.	175 Kings Road, Reading, RG1 4EY
Auditors	haysmacintyre	26 Red Lion Square, London WC1R 4AG
Bankers	HSBC Bank plc	165 Fleet Street, London, EC4A 2DY
Financial Accountants	Kreston Reeves LLP	37 St Margaret's Street, Canterbury, CT1 2TU
Investment Managers	Baring Asset Management Ltd	155 Bishopsgate, London, EC2M 3XY
Insurance Brokers	Aon Consulting Ltd	Briarcliff House, Kingsmead, Farnborough, GU 14 7TE
Pension Administrators	Cartwright Benefit Consultants Ltd.	Boundary House, 4 Country Place, Chelmsford, Essex, CM2 0RP
Pension & Life Assurance Advisors	Jelf Group plc	Endeavour House, Crow Arch Lane, Ringwood, Hampshire, BH24 1HP
Solicitors – Pensions and general	Wedlake Bell LLP	52 Bedford Row, London, WC1R 9HF
Solicitors – Property	Bates Wells & Braithwaite London LLP (BWB)	10 Queen Street Place, London, EC4R 1BE
Solicitors – Governance	Bircham Dyson Bell	50 Broadway, Westminster, London, SW1H 0BL

3. STRATEGY AND PERFORMANCE IN 2016



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



STRAND 1. PROFESSIONAL DEVELOPMENT

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

Key tasks in 2016 – share good practices and review:

- Share good practice with respect to approval/accreditation of IPD schemes and provision of IPD.
- Share good practices with respect to systems for reviewing, evaluating and providing feedback on members' CPD records.
- Review the profession's support for potential registrants (including college and university students) to inform what more might be done.

Achievements in 2016

To support institutions, 24 meetings were held with professional engineering institutions to discuss the introduction of mandatory recording of continuing professional development (CPD) and the approval and accreditation of Initial Professional Development (IPD) schemes.

A new Professional Development Steering Group first met in January 2016 to steer IPD and CPD work. It sets the timeline for the introduction of mandatory recording of CPD and the introduction of sanctions, subsequently agreed by the Board.

The Steering Group organised a Professional Development seminar for institutions to share good practice of sampling processes and review the profession's approach to the approval and accreditation of IPD schemes. Engineering Council staff observed IPD accreditor training and a joint IPD accreditation visit to better understand current processes.

As part of work to support potential registrants, the Engineering Council met with Engineering Professors' Council (EPC) to discuss early development of students' competence by encouraging them to start recording CPD. As a result, EPC has developed a professional development hub for students.

STRAND 2. TECHNICIANS

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

Key tasks in 2016 –

Promote good practice:

- Share and assist in the development of good practice across all technician related programmes.
- Identify opportunities to improve the registration and retention process.
- Support the profession to exploit and increase EngTech and ICTTech registration, building on good practice.

The Registration Standards Committee (RSC) is accountable for the technicians strand, with activity being led by the Professional Standards department.

Achievements in 2016

The Engineering Council engaged with institutions over their offer to technician registrants through a survey, to establish current practices, and discussions at RSC and the Engineering and Apprenticeship Qualifications (EATQ) Forum. The Forum also explored the value proposition for technician members at a workshop.

The Engineering Council is represented on the Engineering the Future working group and is leading a group project to develop a Pathways to professional registration interactive web page. The resource will help technicians understand the routes to registration and support institutions in delivering seamless registration and progression pathways.

Development work has begun and the project will be delivered in 2017.

Following a Board mandate, an independent report explored whether Engineering Council licensing processes could be used to build a model for providing external quality assurance (EQA) of Apprenticeship end point assessment for schemes that lead to registration as an Engineering Technician. A task group continued to investigate the possibility with work continuing into 2017.

The Engineering Council has maintained and built on strategic external relationships with awarding organisations, education providers, employers, government and other stakeholders.

STRAND 3. INTERNATIONAL

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

Key tasks in 2016 –

Garner support:

- Review lessons learnt from the individual route pilot and promote to like-minded bodies.

Achievements in 2016

In ongoing work to ensure that standards set in the UK are globally recognised, a focus area in 2016 was individual route applications to help the Engineering Council's international partners understand this process and ensure that individuals registered by this route are recognised abroad.

A survey of professional engineering institutions in February found that each institution uses the learning outcomes of the Accreditation of Higher Education Programmes (AHEP) handbook as the benchmark to assess individual route applicants, demonstrating consistency across the profession. This significantly aids the route's promotion internationally. The individual route pilot was postponed due to limited resources but is due to proceed in 2017.

The organisation continued to support the development of Common Training Principles in Europe as a member of the working

group. Collaboration on the initiative, led by the European Council of Engineers Chambers (ECEC), will ensure that the results benefit UK engineers now and in the future.

The Engineering Council sits on the committee that is reviewing the European Federation of National Engineering Associations' (FEANI) products to assess how they relate to one another and opportunities to realign them. Relationships with European partners were strengthened and unaffected by national events.

CORE BUSINESS

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



PROFESSIONAL STANDARDS

In June 2016 the Policy and Standards and International departments were merged to form Professional Standards. For the purposes of the 2016 annual report, Policy and Standards work and International work is reported separately.

POLICY AND STANDARDS

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

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

Policy and Standards

Consultations, reviews and literature

The Engineering Council published a new *Guidance on security for engineers and technicians*, with a well-attended launch event at the House of Commons. It also contributed to several external

consultations, reports and reviews, including the Wakeham Review of STEM degrees and the employability of STEM graduates; a consultation around a new engineering university in Hereford; the Shadbolt Review on computer science degree accreditation; and a government-led Higher Education consultation on teaching excellence.

The organisation coordinated work around the professional review and reviewer training, a work stream resulting from the 21st Century PEI report. A working group investigated the requirements for reviewers in the Registration Code of Practice and opportunities for sharing good practice. In 2016, the group surveyed institutions for feedback and to

3. STRATEGY AND PERFORMANCE IN 2016

understand current practices. The resulting report and recommendations were accepted by the Board in December.

Higher education

The Engineering Accreditation Board (EAB) carried out six visits. During these, 13 professional engineering institutions reviewed 65 programmes to assess whether they met the educational requirements for becoming an Incorporated Engineer and/or Chartered Engineer.

EAB issued a survey of institutions to explore their accreditation practises, how many visits they carry out and what policy is in place for international visits. The resulting report will inform a review of EAB's policy and guidance.

The organisation contributed to a working group initiated by the Engineering Professors' Council (EPC), to pull together information about Degree Apprenticeships for engineering academics, resulting in a published toolkit. The organisation was also represented at the EPC Congress.

mycareerpath®

Work on mycareerpath®, the Engineering Council's online professional development recording system, included the launch of new monitoring and auditing functions to supplement existing functionality. Almost 50 institution staff received briefings on using mycareerpath® and the new functions.

Feedback from users led to further development work, including a 'quick CPD report' button, with final development work delivered by year end. In 2016 the 20,000th user account was created and, in total, 29 institutions were licensed to use the system by the end of the year.

The organisation attended several CPD events, including presenting on professional development at the annual conferences of INCOSE and the Women's Engineering Society.

Technicians

In 2016 much technician work focused around Apprenticeships, in response to external policy developments. The Engineering and Apprenticeship

Qualifications (EATQ) Forum continued to share good practice of activities around Apprenticeships and technicians, in preparation for an increase in apprentice numbers through Trailblazer Apprenticeships. Work included ensuring consistency in Apprenticeship assessment and the Forum explored the impact of the Apprenticeship levy.

Two surveys of professional engineering institutions gauged their understanding and engagement with Higher Apprenticeships and Degree Apprenticeships. Findings identified a need for guidance, which will feed into future revisions of the Engineering Council's standards documents.

The organisation contributed to the Education for Engineering (E4E) operations group and responded to reports such as the Post-16 Skills Plan. It continued to be involved in numerous national working groups and consultations, including with Apprenticeship employer group EEIAS, Gatsby and All-Parliamentary Group meetings on Apprenticeships.

INTERNATIONAL (OPERATIONAL)

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

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

Europe

The Engineering Council is a pro-active member of the General Assembly of the European Federation of National Engineering Associations (FEANI) and FEANI's Northern Group, attending National Members Forum, General Assembly and Executive Board meetings. Highlights in 2016 include hosting a visit of the Secretary General.

The organisation has been widely engaged in work on the

transparency and mutual evaluation exercise leading to the creation of the UK's National Action Plan regarding professional regulation in the UK. All EU Member States were required to submit their Plans by January 2016 and these were published in May. The EU Commission invited the UK, among other Member States, to review a selection of submitted action plans to evaluate whether they are robust. The Engineering Council was involved in this work.

Global

As the UK partner in the International Engineering Alliance (IEA), the Engineering Council continued its engagement on the three international Accords of Dublin, Washington and Sydney. In 2016 new (provisional and full) members were welcomed into the Washington and Sydney Accords.

As a founder member of the Agreement for International Engineering Technicians (AIET),

work continued in 2016 towards setting up an international register of engineering technicians, with mutual assessments of founder members initiated. The register will facilitate international mobility of engineering technicians by recognising professional competence against an international standard.

The Engineering Council was involved in numerous international conferences

and meetings during the year, raising the profile of professional engineers in the UK. These included presenting at a workshop in Kuala Lumpur organised by the British High Commission in Malaysia, in partnership with the Institution of Engineers Malaysia, and speaking at the China Association of Science and Technology (CAST) Symposium in Beijing on innovation and diversity. The organisation also took part in

events in New Delhi and Florida on the topic of accreditation.

The Engineering Council hosted a visit of the Botswana Engineers Registration Board to explore systems for accrediting engineers and shared its practices around licensing, registration, accreditation, standards and continuing professional development.

LICENSING AND QUALITY ASSURANCE

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

The Licensing department works closely with the institutions and almost 50 volunteer liaison officers. Engagement and maintaining strong relationships with stakeholders is essential for this. Licensing reports to and provides the secretariat for the Quality Assurance Committee (QAC).

In 2016 the team completed a higher than average number of reviews and a full programme of workshops and seminars despite department changes, including the retirement of the department head and recruitment and training of two staff members.

Licensed institutions:

The Engineering Council conducted 12 five-year licence reviews, compared with four in 2015. These included:

- Institution of Mechanical Engineers (IMechE)
- Chartered Institute of Plumbing and Heating Engineering (CIPHE)
- Institution of Railway Signal Engineers (IRSE)
- The Chartered Institute for IT (BCS)
- Royal Institution of Naval Architects (RINA)
- Society of Environmental Engineers (SEE)
- Institution of Structural Engineers (IStructE)
- Institution of Fire Engineers (IFE)

- Chartered Institution of Water and Environmental Management (CIWEM)
- Institution of Civil Engineers (ICE)
- Institution of Chemical Engineers (IChemE)
- Institute of Measurement and Control (InstMC)

In addition, six interim reviews were conducted:

- Energy Institute (EI)
- Royal Aeronautical Society (RAeS)
- Chartered Institution of Water and Environmental Management (CIWEM)
- British Institute of Non-Destructive Testing (BINDT)
- Chartered Institution of Building Services Engineers (CIBSE)
- Institute of Physics and Engineering in Medicine (IPEM)

The Engineering Council also coordinated a review of the Joint Board of Moderators, a multi-institutional committee that works together to carry out accreditation and approval of degrees and courses.

In order to balance out the schedule of five-year reviews, a proposal to bring forward a selection of reviews was approved by QAC.

The Engineering Council held six Licensing workshops attended by over 100 institution staff and volunteers, representing 36 institutions. Workshops are designed to share good practice and develop engagement across the profession. Topics covered include the Registration Code of Practice, accreditation, mentoring, Individual Route, EngTech assessment and continuing professional development.

Professional Affiliates:

Reviews of five Professional Affiliates were carried out, including:

- Institute of Mathematics and its Applications (IMA)
- Institute of Refrigeration (IoR)
- Institute of Concrete Technology (ICT)
- Association of Cost Engineers (ACostE)
- The Chartered Quality Institute (CQI)

3. STRATEGY AND PERFORMANCE IN 2016

A further review of the Institute of Quarrying was conducted as part of its application to become a Professional Affiliate, which will be considered in January 2017.

The Engineering Council provided updates about the industry and internal activities at the annual Professional Affiliate Seminar, attended by representatives from 17 institutions.

Liaison Officers

Eight new Liaison Officers were appointed and trained. Several existing volunteers moved to work

with different institutions to spread best practice.

Two volunteer seminars were held with almost 60 attendees at each event. These were an opportunity for Liaison Officers and QAC members to receive updates on Engineering Council activities, clarify roles and encourage a consistent approach among volunteers.

Literature and further engagement

As part of ongoing process improvement, a revised Licensing Manual and a revised Professional Affiliate Manual were published.

The Annual License Report survey, in which institutions provide updates on their processes and any changes, was carried out online for the first time making it easier to complete.

The Engineering Council continued to foster strong relationships with the Science Council (SC) and Society for the Environment (SocEnv) registration departments by looking for opportunities to align work and observing proceedings of respective committee meetings.

REGISTRATION, ADMINISTRATION AND SUPPORT

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

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

The Engineering Council has seen some organic reorganisation to its structure with the merging of the International and Policy and Standards departments and the creation of a new International Affairs Manager role.

In January the Engineering Council was visited by ISO9001 assessors and successfully recertified for three years.

Registration

A key initiative of the Registration team in 2016 was closer engagement with professional engineering institutions to understand processes and develop a collaborative approach. The organisation met with staff at six institutions. Meetings were an opportunity to provide individual training sessions on the Register and the processes that support it.

A cleanse of international records was conducted as well as a rolling programme of improvement work

driven by institution feedback and internal initiatives to continually make the Register more efficient and easy to use. This work includes automating as many processes as possible to so they are quicker and less at risk from human error.

The organisation reviewed and revised its regulation on the reinstatement of lapsed members to the Register, in collaboration with the Privy Council and Governance Panel, and produced a guidance document.

GOVERNANCE

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

The Governance department provides guidance to institutions on general governance issues, as well as reviewing and considering proposed changes to institutions' Bye-laws and Royal Charters as a formal advisor to the Privy Council Office.

Registrant issues, complaints and misuse of titles are routinely monitored with eight incidents of a misuse of title and 13 complaints reported in 2016. These issues mainly fell into three broad categories:

professional review interview outcomes; professional conduct; and the protection of the status of engineers, including as counter-signatories to formal documents. All such matters are reported into

the Privy Council and Governance Panel (PCGP).

The Engineering Council provided advice to nine professional engineering institutions on

proposed amendments to their constitutional documents. The organisation also liaised on specific proposals, including the recognition of an institution's contextualised standard, aimed at electricians being formally recognised as a Recognised Standard.

Guidance and literature

In response to the Charity Commission's guidance on public benefit reporting, Guidance on Public Benefit was published and circulated. It advises institutions on how to prepare their statements on public benefit and the importance

of clearly stating their charitable status such as on websites and in annual reports and other governance documents.

The Statement of Ethical Principles document, first published in collaboration with the Royal Academy of Engineering in 2014, was reviewed by a task group chaired by PCGP member, Philip Corp. Subject to additional amendments, the revised draft was approved by the Board in December and will be circulated in 2017.

The Guidelines for Institution Code of Conduct document was revised to

include a clause regarding security, and later approved and issued to institutions. In addition, Guidance on Disciplinary Procedures and Internal Guidance Note on Professional Body Governing Documents underwent routine revisions.

The Board were pleased to note that in the 2016 Professional Associations Research Network (PARN) Professional Body Benchmarking Survey, the Engineering Council's governance framework benchmarked favourably among other charities, particularly in terms of size of governing body and management of volunteers.

MANAGEMENT INFORMATION SYSTEMS (MIS)

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

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

Significant improvements were made to Engineering Council IT capabilities in 2016, including improved access for staff working from home; progress on producing a business continuity plan that will be ready for testing in 2017; and significant upgrades to office and meeting room equipment, allowing staff and external visitors to benefit from more efficient ICT facilities.

Following two office moves in 2015, remediation work on the office network was completed to produce a consistent, manageable infrastructure.

An important focus has been internal and external penetration testing of Engineering Council systems by a specialist third party agency. The results of this ongoing work are being used to improve the security of the organisation's systems.

Projects

Infrastructure work began on the Engineering Council's new extranet site, **MyEngC**. Achievements in 2016 included building the user management system, which sets up access and security permissions; establishing the layout; and constructing all page templates. The project is due to be delivered in 2017.

Further improvements were made to the Engineering Council's online registrant search facility, **RegPlus**. These included introducing more filters to the search facility to make it easier to find required data, and more refined search results. The processes around web queries was refined and improved.

The Engineering Council's new **Qualifications and Programmes Database** will combine the existing Academic Courses Accreditation Database (ACAD) and Technicians Database. A prototype database has been constructed and tested. Going into 2017 the project team will review the work so far to ensure the resulting database will be fit for purpose and user friendly for institutions, Engineering Council staff and external users. Delivery is expected in 2018.

Improvement work continued on processes that support the **Register**, including updates to how and where historical data is stored, reconciliation processes and automated reinstatements. These functions will be implemented on the live Register in 2017.

MARKETING AND COMMUNICATIONS

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

Alongside its own projects, the Marketing and Communications team supports all the organisation's departments and reports to the Finance, Audit and Remuneration Panel (FARP).

Promotion

Two videos were launched in 2016; an animated video on the value of professional registration and the process of achieving it, and a case study film.

Alongside quarterly and annual statistical reporting, the Annual Report was redesigned and a new Annual Review document produced. An updated *Pocket Guide to Professional Registration*, print and digital versions, were also published.

Digital and communications

An engineering news page was developed and launched, featuring news and updates from the engineering community.

In May the Engineering Council's rebranded newsletter was launched as a digital, bi-monthly publication and two issues of the organisation's Higher Education Bulletin were published using a similar, new template.

Improvement work on the website included a new picture gallery of Board members and a new layout for case studies. A temporary web page was produced in support of National Women in Engineering Day with participation from the Board's three female members.

Relationship building with editors and journalists resulted in several journal articles about the organisation, registration and the new *Guidance on security for engineers and technicians*.

Social media and engagement

During 2016 the Engineering Council's Twitter account gained 4,000 new followers, reaching a total of 18,000. Activity highlighted the organisation's news, such as publishing new case studies and literature, and supported and promoted the engineering community's events and news, thereby increasing engagement with the profession.

Engagement on the company's LinkedIn account resulted in over 500 new followers, and on YouTube Engineering Council videos were viewed over 4,300 times.

The organisation engaged with employers, institutions and other engineering bodies throughout the year through events and working groups, including collaboration on the Royal Academy of Engineering's Diversity and Inclusion Leadership Group initiative.

Two workshops were held, on membership retention and social media. A communications group, comprising communications staff from institutions and organised by the Engineering Council, met twice to share campaign activities and good practice.



4. PLANS FOR 2017

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

- To maintain internationally recognised standards of competence and commitment as described in UK-SPEC and the ICTTech Standard;
- To seek and promote excellence in the licensing of competent institutions through effective and efficient processes;

- To continue to develop, improve and digitise key processes.

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

For 2017, the Strategic Theme is 'Evidential Improvement' with an emphasis on both customer results (e.g. satisfaction) and people results (including staff development, leadership and management).

STRATEGIC STRANDS

Professional Development

Work undertaken in 2016 on Professional Development will continue into 2017, where the Engineering Council will be focusing on how we can establish and share good practice for the support of potential registrants. This will include supporting and developing appropriate frameworks, tools and processes for both the institutions and individual registrants.

Technicians

The organisation's work on Technicians will move into 'improving the product' where the Engineering Council will look to support the improvement of technician products across the profession increasing retention of technician registrants. This important and timely activity will include understanding to what degree technician registration is valued by employers and registrants.

International

Work in the third strategic strand, International, will move into the area of mobilising support as the Engineering Council continues to assist in the development of common approaches to individual route assessment and registration.

Core Business

To help underpin the top level 2017 Strategic Plan strands, the Engineering Council will also ensure that it delivers the core business, taking due note of the capability and capacity of the organisation.

5. RISK AND COMPLIANCE



HOW THE ENGINEERING COUNCIL MANAGES RISK

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

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

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

actions, a judgement is then made as to what extent the impact of the Gross Risk is reduced, thereby reflecting what the Net Risk is.

RISK AND COMPLIANCE

The Trustees assessed the major risks to which the Engineering Council was exposed in accordance with SORP 2015 and were satisfied that systems were in place to mitigate the Engineering Council's exposure to major risks.

During 2016, the Board agreed a revised Risk Policy & Procedure contained the following key principles that outline the Engineering Council's approach to risk management:

- a. As the Engineering Council'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 Bye-laws;
- c. There should be an open and receptive approach to mitigating risk;
- d. The Finance, Audit & Remuneration Panel (FARP) advises the Board on risk management and advises on compliance to the risk management process. The Risk Register is reported to the Board via FARP who will advise whether they believe the risk management process and policy has been complied with.

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

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

The new policy introduced the element of **Risk Appetite** to its risk management procedure.

The Engineering Council's Risk Appetite Statement describes the level of risk that the organisation is prepared to accept in pursuit of its strategic objectives. This Statement informs the Engineering Council'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 Engineering Council's approach is to minimise exposure to reputational, compliance and financial risk, whilst accepting that a certain level of risk has to be taken to achieve its strategic objectives. Acceptance of risk is subject to ensuring that risks and potential benefits are fully considered and understood before activities are undertaken and that sensible measures are in place to mitigate risk.

RISK ASSURANCE FRAMEWORK

RISKS



FIRST LINE OF DEFENCE

BUSINESS OPERATIONS: PERFORMING DAY TO DAY RISK MANAGEMENT ACTIVITY

Operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

SECOND LINE OF DEFENCE

OVERSIGHT FUNCTIONS: SETTING DIRECTION, DEFINING POLICY AND PROVIDING ASSURANCE

Internal governance (compliance, risk management, quality, IT and other control departments) monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organisation.

THIRD LINE OF DEFENCE

INDEPENDENT ASSURANCE: CHALLENGING THE LEVELS OF ASSURANCE PROVIDED BY BUSINESS OPERATIONS AND OVERSIGHT FUNCTIONS

An independent internal audit function will, through a risk-based approach to its work, provide assurance to the Engineering Council Board and Executive Team. This assurance will cover how effectively the organisation assesses and manages its risks and will include assurance on the effectiveness of the first and second lines of defence. It encompasses all elements of an institution's risk management framework (from risk identification, risk assessment and response, to communication of risk related information) and all categories of organisational objectives: strategic, ethical, operational, reporting and compliance.

EXECUTIVE TEAM

ENGINEERING COUNCIL BOARD

INTERNAL AND EXTERNAL AUDITING

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

internal Process Improvement Team (PIT), which also manages the internal audit team. In addition, PIT monitors the internal audit process, reviews internal audit reports and follows up on both ISO9001 and internal audit non-conformances and root cause analysis. All findings are recorded in the Internal Audit

Log as requested by the Executive Team. The Engineering Council successfully recertified against the ISO 9001:2008 quality standard in January 2016 and in 2017 will be finalising plans to transition to ISO9001:2015 in the first half of 2018.



6. FINANCIAL REVIEW

The areas of activity funded during 2016 are set out in section 4, **'Strategy and performance in 2016'**; the budget also covers the operational and governance costs of the organisation. A detailed breakdown of expenditure appears in notes 5-10 to the Financial Statements. FARP regularly scrutinises the organisation's expenditure to ensure that the work of the Engineering Council remains cost-effective.

During 2016, the Engineering Council administered an in-house payroll function, while all other accounting functions continued to be outsourced to KrestonReeves LLP who was appointed in December 2009. Cartwright Benefit Consulting Ltd carried out the pension scheme administration.

The inclusion of the Engineering Council Pension Scheme under FRS102 has reduced staff costs by £419,000 (2015 – £395,000), increased direct costs by £136,000 (2015 – £97,000) and resulted in an actuarial gain on the scheme of £795,000 (2015 – £140,000). The overall effect of applying FRS102 is to increase Net Income for the year by £283,000 (2015 – £298,000) and to increase the net movement in funds by £1,078,000 (2015 – £438,000). No significant comment is made with respect to the Net Income as the grant mechanism ensures that the required funding is provided.

ENGINEERING COUNCIL PENSION SCHEME

The Trustees of the Engineering Council Pension Scheme met three times during 2016. The Engineering Council, as the Principal Employer, made a deficit plan payment of £450,000 (£425,000 in 2015) to the Scheme, in accordance with the ten-year schedule of contributions, agreed by the Trustees and the Employer in December 2013.

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

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

RESERVES POLICY

In 2016 the Engineering Council held funds of £2,501,378 (£1,805,743 – 2015) as follows:

Unrestricted general funds – The Engineering Council's policy is to maintain a level of unrestricted reserves, in accordance with accepted good practice, that equate to approximately six months of operating costs. In 2016 that figure was £1.25M (£1.2M – 2015). In calculating the amount of reserves it should hold FARP also reviewed the key financial risks to the organisation and identified that the Wakeham review of STEM degrees and graduate employability constituted a key risk due to a high degree of turbulence within the HE/apprentice area. The uncertainty has resulted in the suggestion that the engineering profession should take on unfunded quality assurance and accreditation activity. This situation was not expected to stabilise in the short term and should the additional activity materialise it would require the establishment of a new staff complement, with office space. It was therefore felt prudent to hold an additional sum of £400k in reserves against this risk materialising.

Restricted funds – A reserve equivalent to one year's recovery plan contributions to the defined benefit pension scheme was maintained, in 2016 this figure was £450K (£425K – 2015). The general fund, as shown in the financial statements, includes an unrecognised surplus of £539,000 (2015 deficit – £539,000), due to an excess of assets over liabilities in the scheme this year. The figure as calculated under FRS102 is in respect of the Council's share 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. Additionally the organisation continues to hold a small restricted fund of £18,772 – 2016 (£18,850 – 2015) in respect of the Gateways Knowledge Partnership funding.

Disregarding the above and the tangible fixed assets for reserves policy purposes, the charity’s general fund was £2,226,961 (2015 – £2,151,150); a figure not materially different from nine months’ expenditure. The majority of the reserves are held in investments in accordance with the Investment Policy, with the remainder held in cash.

Investment Policy and Returns –
The Trustees considered the most appropriate policy for investing funds and agreed that a mix of equity based trusts, gilts and cash holdings

best met the Engineering Council’s requirements for both income and capital growth. The Engineering Council’s investment policy is based on securing low-risk investment with easily liquidated assets.

The Barings Targeted Return Fund invests across asset classes and through both direct holdings as well as in-house and third party funds. The Targeted Return Fund does not invest directly in companies which manufacture tobacco products. Additionally, Barings’ own range of pooled funds does not invest in prostitution or pornography stocks. The fund is a Charity Commission approved Common Investment Fund that aims to achieve an absolute return based on CPI+ 5% rather than being compared against other funds. The investment manager’s fees are absorbed in the value of the fund and are therefore not separately identifiable.

FARP reviews the fund performance at each of its meetings and the fund manager attends FARP once a year to discuss fund performance. The fund manager’s report for 2016 follows.

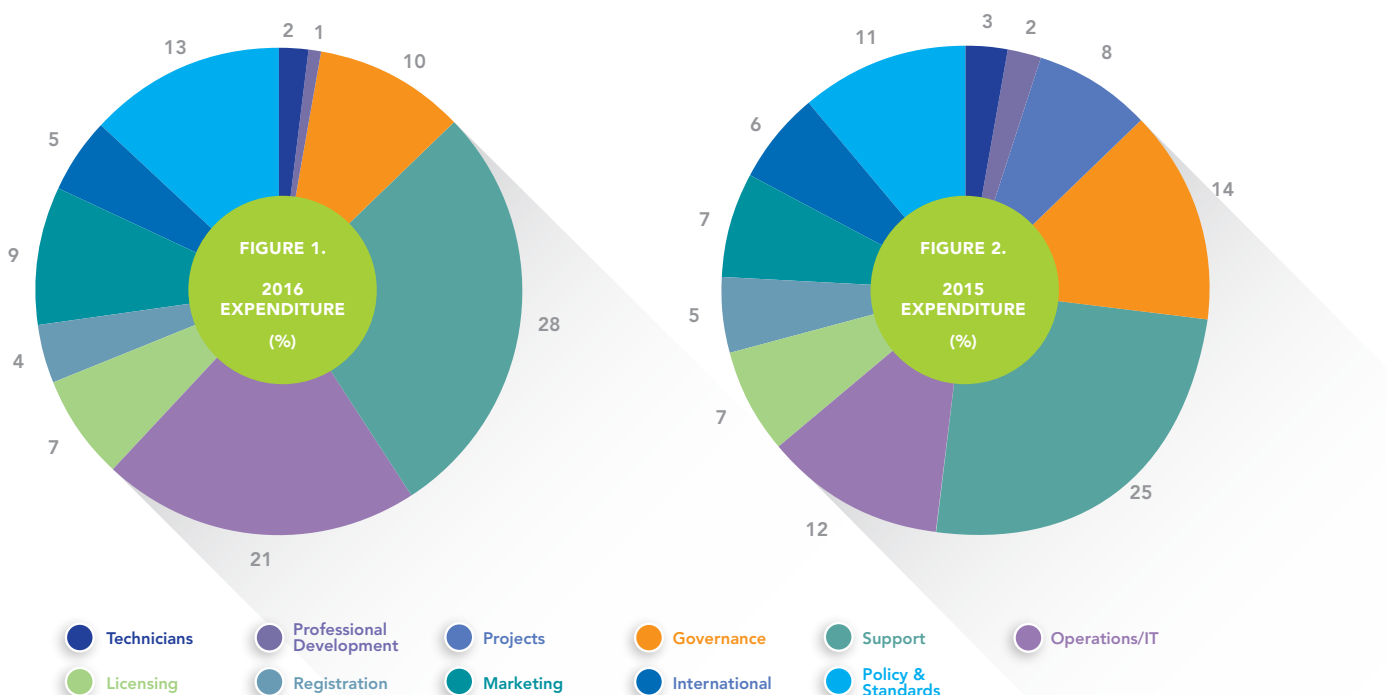
‘During 2016, the Targeted Return Fund returned 6.1% against its

benchmark (CPI +5%) of 5.7%. Over the year equity markets shrugged off the various political risks; Brexit, Donald Trump, and Renzi losing his referendum all came and went without disrupting the global economic recovery. The Fund’s exposure to equity markets, both within the UK and Internationally therefore contributed to the positive return. Fixed Income exposure was focussed on areas which would also benefit from economic recovery, so that the exposure to high yield and corporate bonds also made a positive contribution. The Fund was able to benefit partially from the weakness of Sterling post the Brexit vote, however as the Fund has a minimum exposure to Sterling of 60% (and the Fund does not own this many sterling assets) we naturally had to hedge some of the overseas assets which pared back the return for the year.’

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

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

EXPENDITURE ON CHARITABLE ACTIVITIES



7. PUBLIC BENEFIT REPORT



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

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

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

WHAT IS THE ENGINEERING COUNCIL THERE TO ACHIEVE?

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

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 2016 TO CARRY OUT THOSE PURPOSES FOR THE PUBLIC BENEFIT?

Against the principles of public benefit

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

TABLE 1. PRINCIPLES OF PUBLIC BENEFIT

SERIAL	PRINCIPLE OR FACTOR	ASSESSMENT
1	<i>There must be an identifiable benefit or benefits</i>	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	<i>It must be clear what the benefits are</i>	See specific public benefits in Table 2, serials 1-11.
1b	<i>The benefits must be related to the aims (i.e. objects)</i>	The object is pursued in conjunction with the Engineering Council's Licensed Member institutions through the core functions of registration and accreditation to consistent standards. The end result public benefits (1 above) are generated by qualified registrants and institution members working in private and public sector industries and services.
1c	<i>Benefits must be balanced against any detriment or harm</i>	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	<i>Benefit must be to the public, or to a section of the public</i>	Benefits of sound engineering are to the public generally, and, in varying degrees, to all mankind.
2a	<i>The beneficiaries must be appropriate to the aims</i>	Yes
2b	<i>Where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by:</i> <ul style="list-style-type: none"> ■ <i>Geographical or other restrictions</i> ■ <i>Ability to pay any fees charged</i> 	Individual registrants, totalling more than 222,000, receive particular benefits in addition to the general public benefits at 2 above. Discussed at 2d below. Registration is conditional on meeting academic and other standards of competence – an integral part of achieving the overall public benefit. Moreover, registration is voluntary, not a statutory 'licence to practise'. Annual registration fees range from £14 for Engineering Technician to £28 for Chartered Engineer, reducible to £8 and £12 respectively for individual cases of hardship. See also Table 2, serial 11. In conclusion, members of the public wishing to become registrants are not unreasonably restricted on either count.
2c	<i>People in poverty must not be excluded from the opportunity to benefit</i>	Covered in 2 and 2b above.
2d	<i>Any private benefits must be incidental</i>	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.

7. PUBLIC BENEFIT REPORT

As per specific activities and benefits:

TABLE 2. ACTIVITIES AND BENEFITS

SERIAL	ENGINEERING COUNCIL ACTIVITY	INSTITUTION ACTIVITY	EFFECT	PUBLIC BENEFIT
1	Set and maintain standards of professional competence in four categories: Engineering Technician, Incorporated Engineer, Chartered Engineer, ICT Technician	Contribute to defining standards, in conjunction with industry and academia; promote standards	Coherent, relevant national standards, adopted by Quality Assurance Agency (QAA)	Defined learning progression for existing and prospective engineers, technicians and craftspersons; benefit to industry and commerce and thus to national economy
2	Define generic standards of professional conduct and ethics	Tailor standards to own field; require all members to observe standards in institution code of conduct. May provide advice facility to members	Members observe standards	Positive contribution to safety, sustainability, the environment, industrial effectiveness and public confidence
3	Require institutions to have complaints and disciplinary procedures; appellate body in defined circumstances	Produce and operate complaints and disciplinary procedures in support of (2)	Reported breaches of standards by members dealt with fairly and transparently	Public confidence in profession; a degree of redress for complainants
4	License institutions to register qualified individuals through defined procedures	Promote registration and institution membership; assess and register qualified individuals	Evidence of the professional competence and commitment of individual engineers and technicians	Assists employers and clients in recruiting or engaging individuals; public confidence
5	License institutions to accredit academic courses and approve professional development courses for engineers	Accredit and approve courses (often jointly)	Identifies courses leading to exemplifying qualifications for individual registration	Raises and maintains the quality of engineering education; helps to inform curriculum design and promote innovative methods of teaching; assists students in selecting courses and career options; encourages education in economically important fields; attracts foreign students to UK universities, enhancing the universities' reputation and financial position; supports industry in developing high quality programmes that support professional registration

SERIAL	ENGINEERING COUNCIL ACTIVITY	INSTITUTION ACTIVITY	EFFECT	PUBLIC BENEFIT
6	License institutions to approve vocational qualifications and programmes for technicians; host a technician working group to develop initiatives and share good practice	Approve Vocational Qualifications (VQs) and Apprenticeship programmes	Links existing VQs and Apprenticeship programmes to Engineering Technician standard	Informs awarding organisations and Apprenticeship developers of suitability of VQs and apprenticeship programmes for registration; allows individuals with approved VQs and Apprenticeships to register as Engineering Technicians via a streamlined route
7	State requirement for individual CPD (part of (2))	Facilitate and monitor members' CPD	Members maintain competence	Contributes to (2), (4) and (5)
8	Conduct periodic review of licensed institutions	Operate internal quality assurance procedures	Licence requirements and standards maintained and applied consistently	Underpins (2-6)
9	Represent UK in negotiating international agreements for mutual recognition of qualifications; advise government departments	Advise and support members; admit and register qualified individuals educated overseas; form alliances with overseas institutions	Increased employment and working mobility of engineers and technicians	UK firms can compete and operate more effectively overseas, to the benefit of UK economy; overseas recognition of and demand for UK professional recognition enhances reputation of UK; increased recognition of UK engineering qualifications provides greater encouragement for individuals to seek the knowledge and competence to achieve them
10	Train institution volunteers in registration and accreditation procedures (eg interviewing, mentoring, assessment)	Identify volunteers from among members; cascade training to further volunteers	Contributes to (4, 5, 8)	Contributes to (4, 5, 8)
11	Charge individual registration fees	Charge individual membership fees	Financial viability of bodies	All bodies charge reduced fees for some of: student members, young members, technician members, non-corporate (unqualified) members, members temporarily not working, retired members



8. REGISTRATION STATISTICS AT YEAR END

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

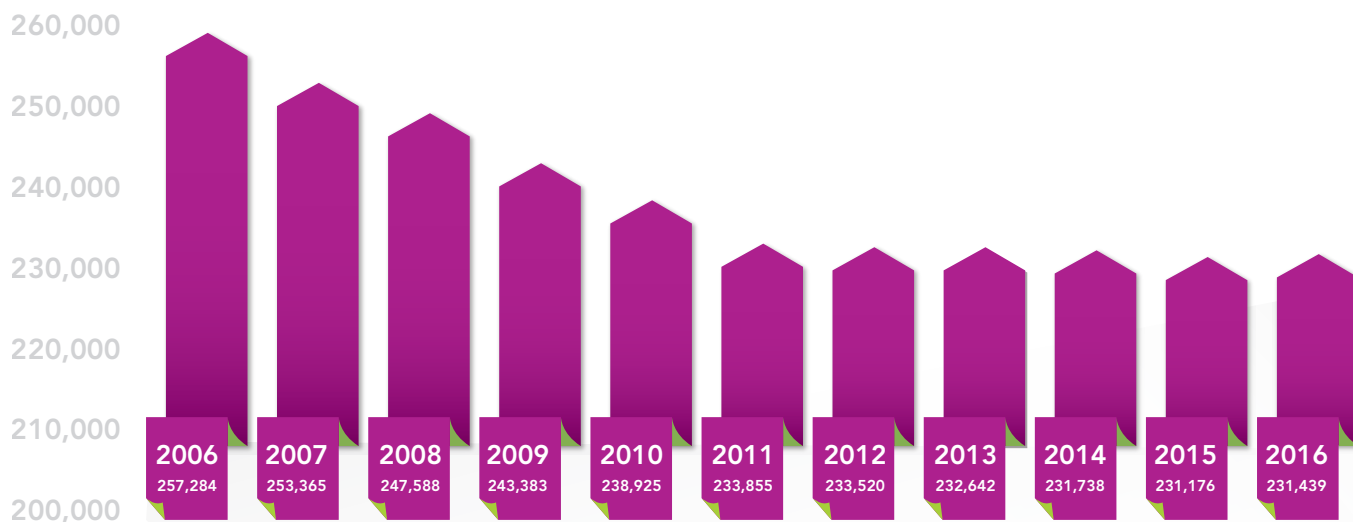
At year end, there were 231,439 men and women professionally registered as Engineering Technicians, Incorporated Engineers, Chartered

Engineers or ICT Technicians. In addition, there were 8,558 engineers and technicians on the National Register classified as Interim

Registrants, having registered their intention to work towards one of these professional titles.

TOTAL MEMBERSHIP REGISTRATIONS

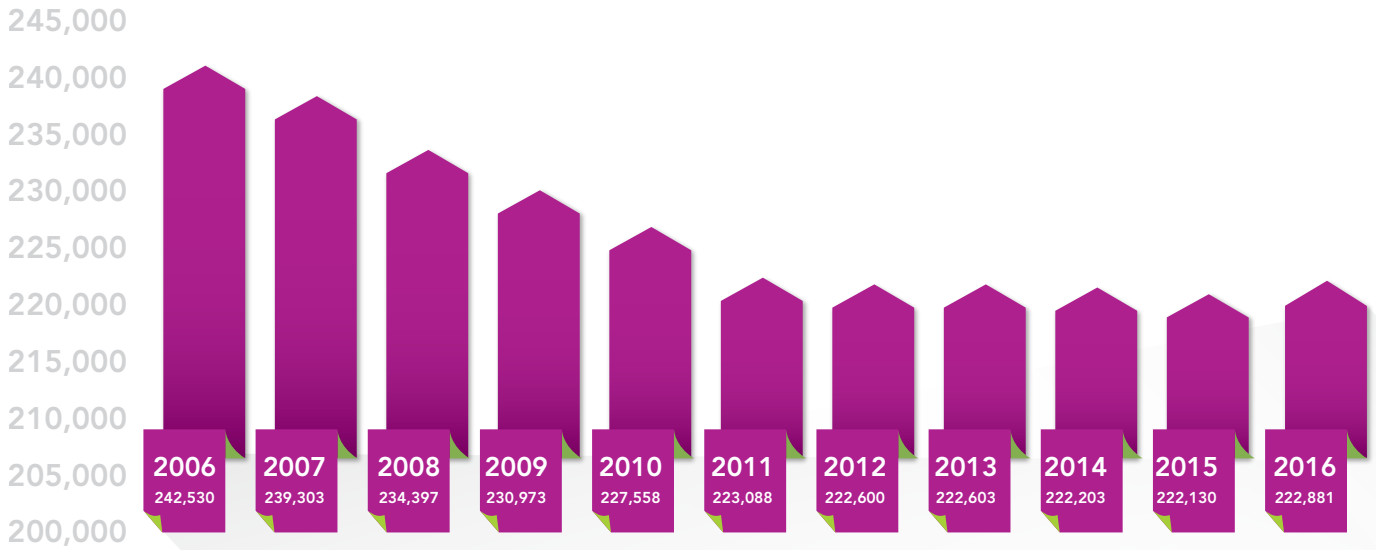
TOTAL NUMBER OF REGISTRATIONS IN MEMBERSHIP (BY FEE PAYMENT) INTERIM AND FINAL STAGE – ALL TITLES – 2006-2016



In recent years the total number of registrations (interim and final) have continued to level off (following a steady decline), however 2016 saw a small increase of **0.11%** – a net increase of **263**.

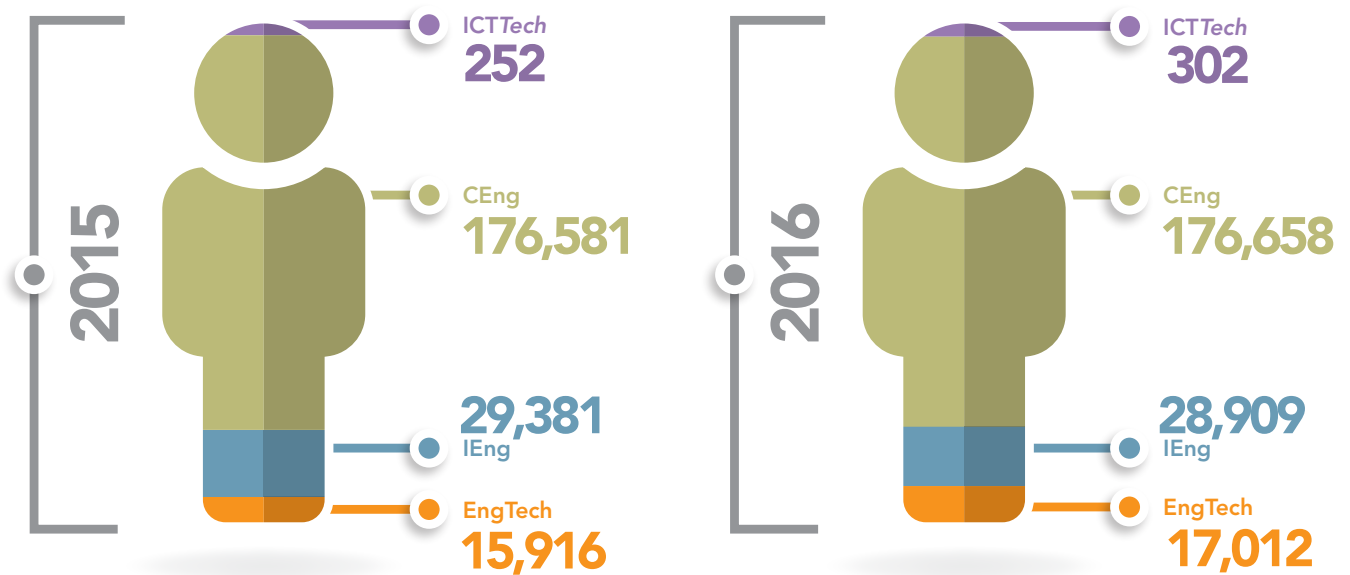
FINAL STAGE REGISTRATIONS

ALL TITLES 2006-2016



Final stage registration totals increased by **0.34%** from 222,130 in 2015 to **222,881** in 2016.

BY TITLE

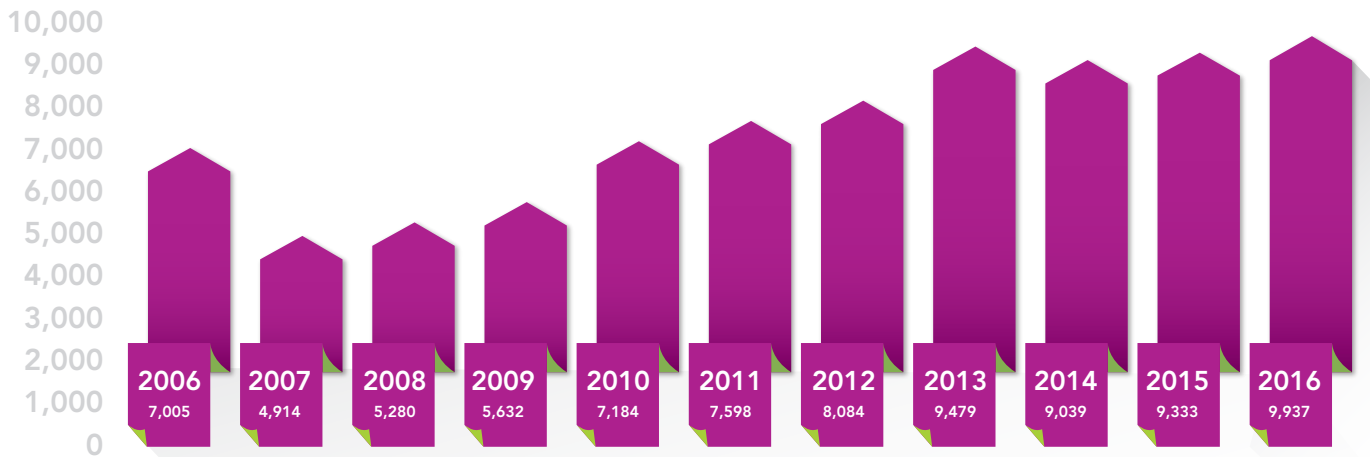


Final stage EngTechs increased by **6.89%** compared to the previous year, final stage total also increased (0.04%) as did final stage ICTTech registrations (19.84%). Final stage IEng total fell by **1.61%**.

8. REGISTRATION STATISTICS AT YEAR END

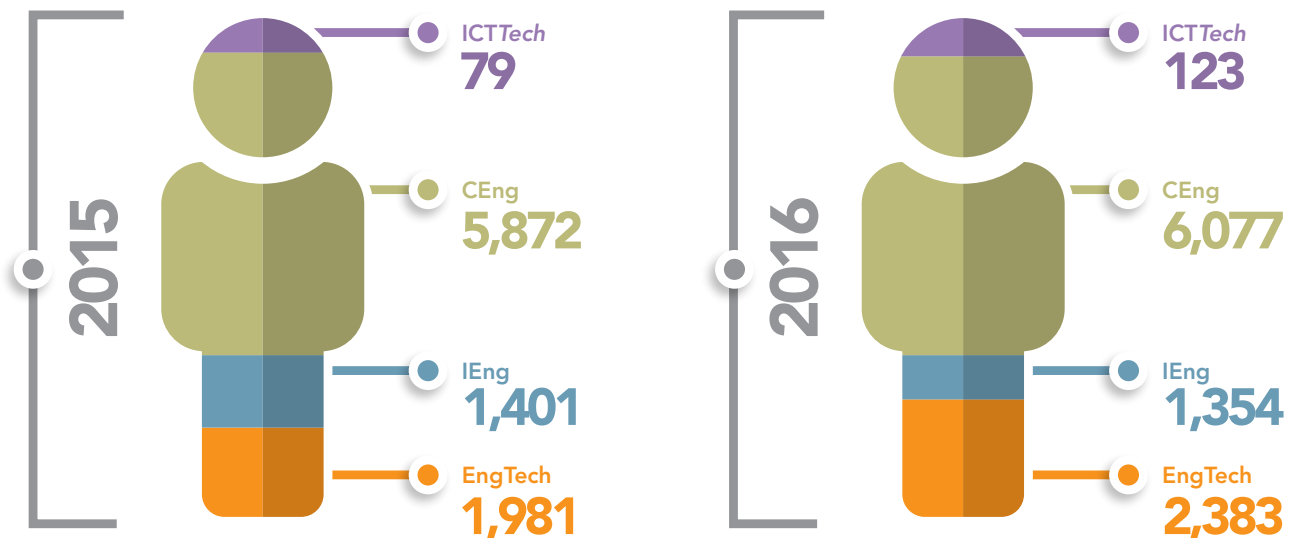
NEW FINAL STAGE REGISTRATIONS

ALL TITLES – 2006-2016



The number of new final stage registrations increased by **6.47%** compared to 2015.

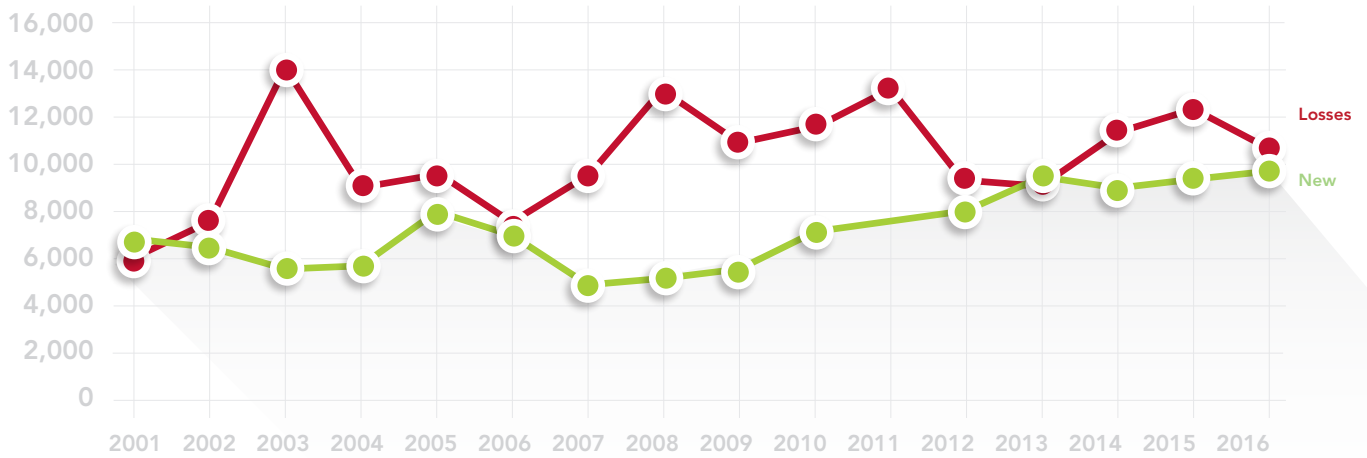
BY TITLE – 2015-2016



2016 saw the highest number of new final stage EngTech registrations since records began at **2,383**. This is nearly a **30%** increase on the previous year's total. New final stage CEng registrations also increased by **3.49%** compared to 2015. There were **123** final stage ICTTech registrations up **79** from the previous year. New final stage IEng registrations fell by **3.35%**.

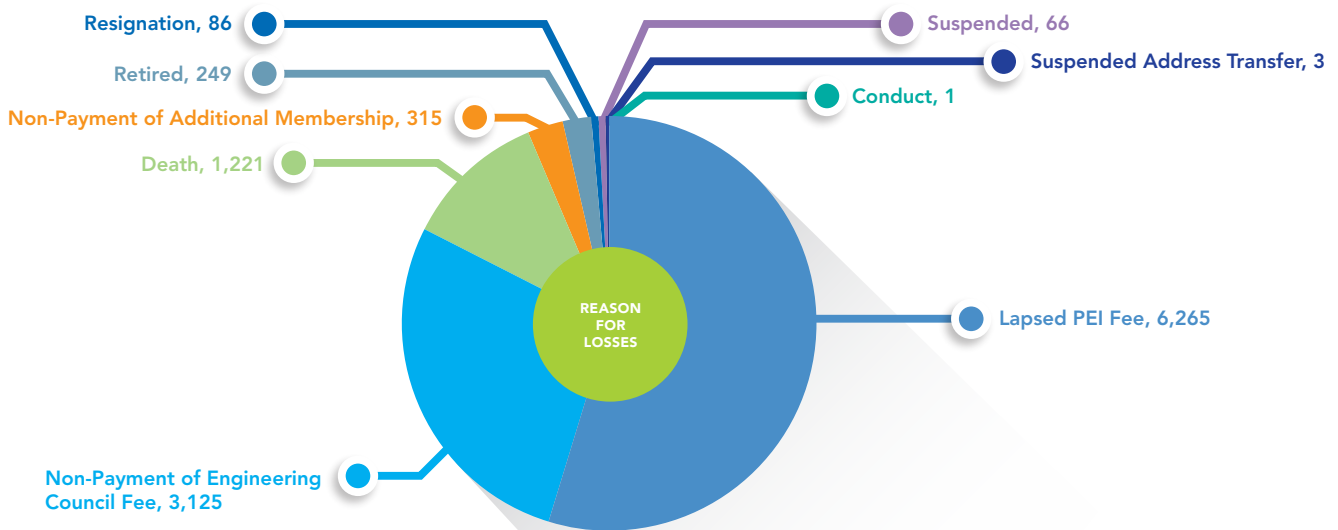
REMOVALS FROM THE REGISTER

NEW REGISTRATIONS VS LOSSES – FINAL STAGE ONLY ALL TITLES – 2001-2016



There were **1,395** more final stage removals from the Register than there were new registrations. EngTech and ICTTech were the only titles to have more new registrations than losses (**940** and **43** respectively). This has been a continual trend for EngTech since 2012.

REASON FOR LOSSES

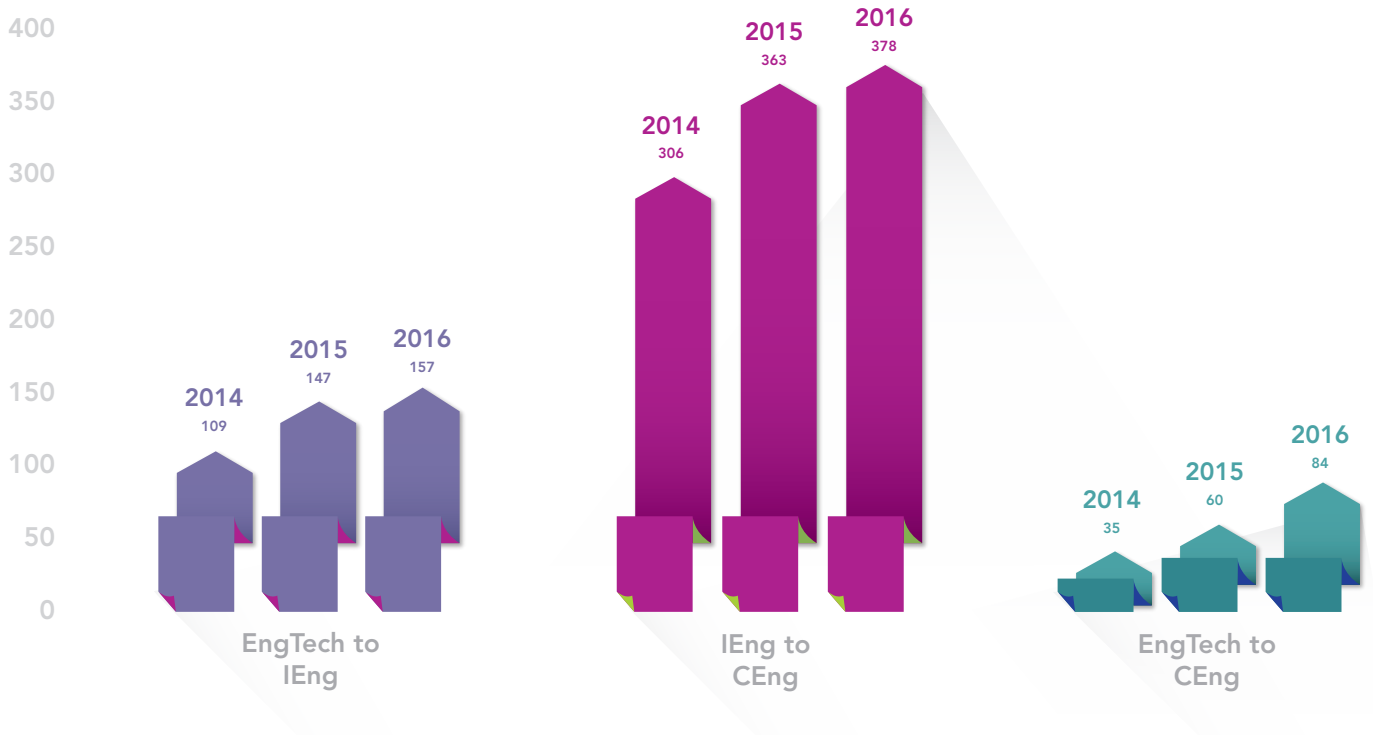


85.65% of registrations removed from the Register in 2016 were due to non-payment of institution membership fee, non-payment of additional membership fee and non-payment of registration subscription. This is an increase to the previous year when just over half of all removals were due to non-payment of fees.

8. REGISTRATION STATISTICS AT YEAR END

PROGRESSION

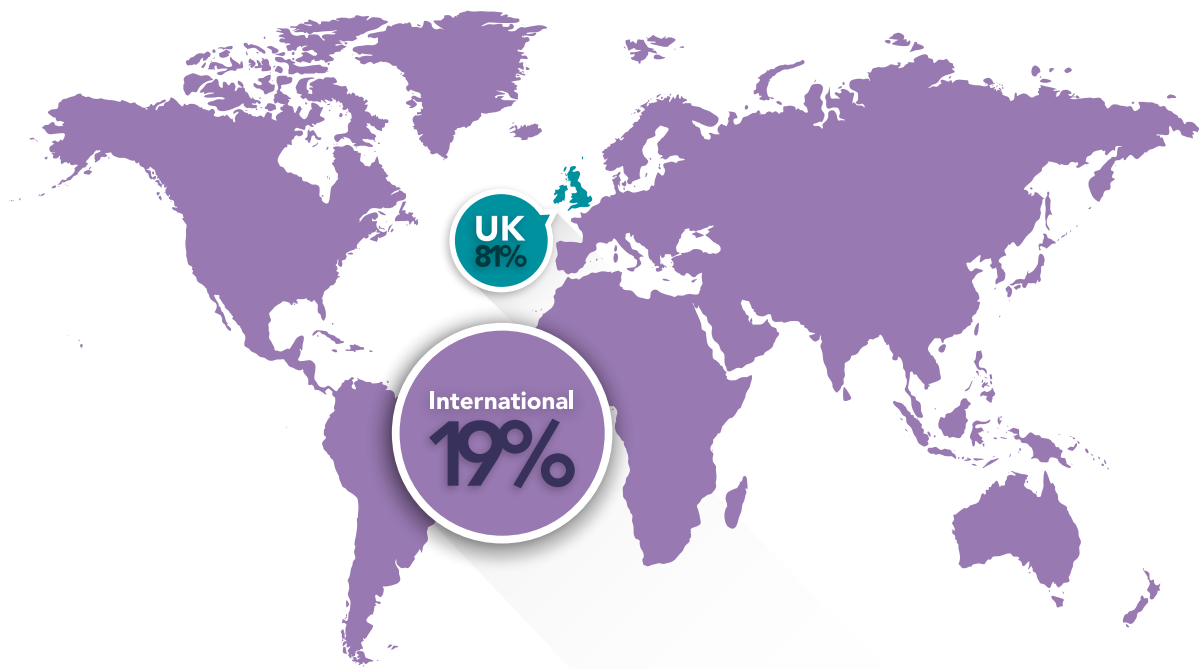
REGISTRATION PROGRESSION 2013, 2014, 2015 AND 2016



There was an increase in the number of registrants progressing through the Register in 2016 compared to the previous year. **157** progressed from EngTech to IEng, **378** progressed from IEng to CEng and **84** progressed from EngTech to CEng.

INTERNATIONAL

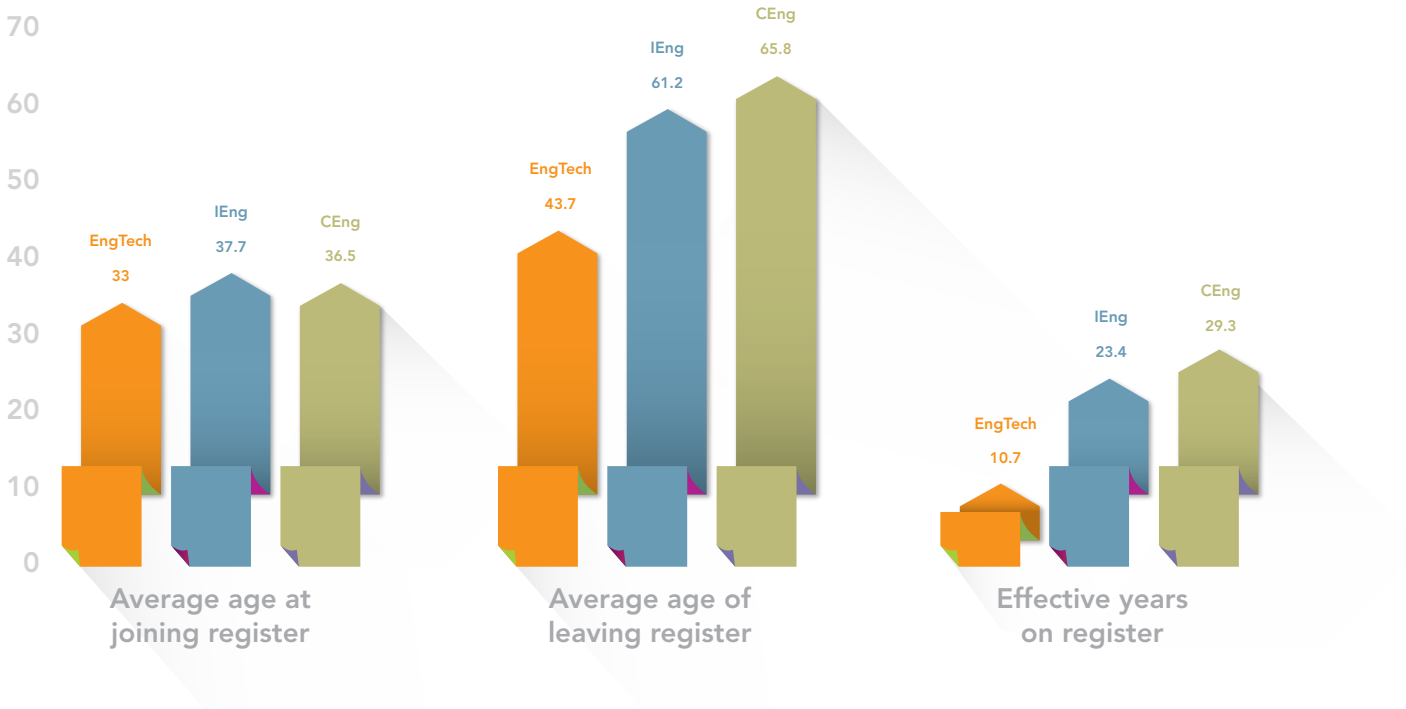
FINAL STAGE REGISTRANTS



Overseas registrations represent **18.67%** of the total.

AGE

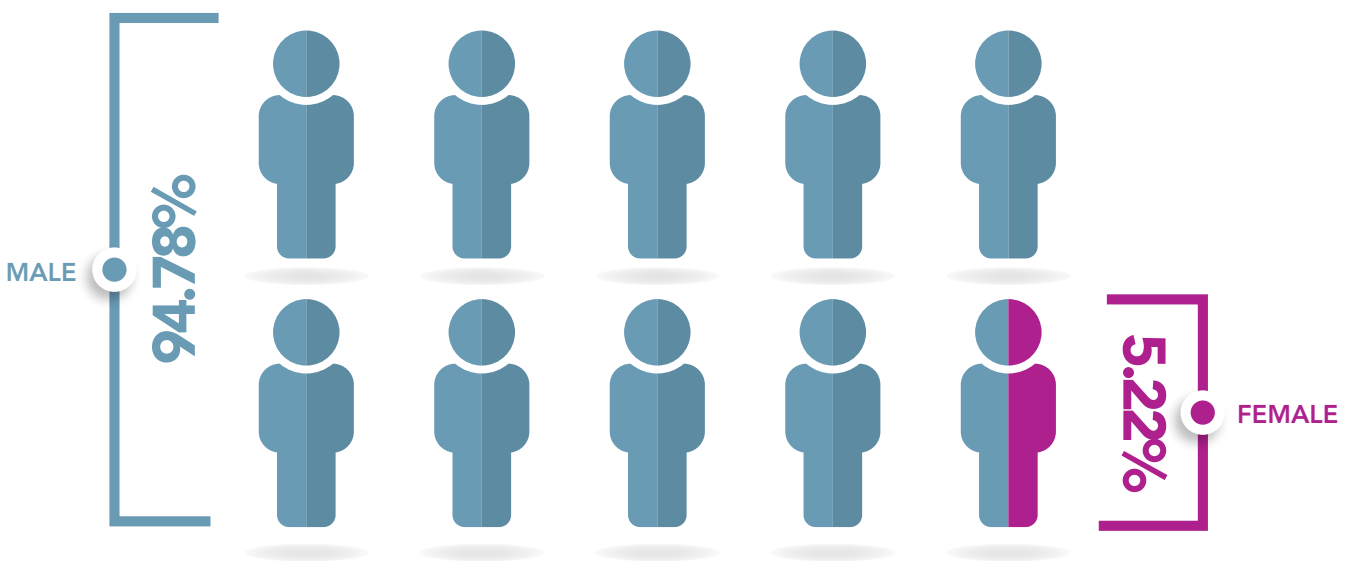
AVERAGE AGE AT JOINING AND LEAVING THE REGISTER IN 2016/AVERAGE NUMBER OF YEARS EFFECTIVE



The average age of registrants joining the Register in 2016 (across all titles) was **35.7**. Those registered as EngTechs remain (on average) on the Register for **10.7** years, IEngs for **23.4** years and CEngs for **29.3** years.

GENDER

FINAL STAGE REGISTRATIONS – MALE VS FEMALE 2016



The Register has seen a year on year increase in the number of female registrations over the last 30 years. The number of new final stage female registrations increased by **19.24%** compared to 2015. In addition **10.79%** of all new final stage registrations in 2016 were female up from **9.63%** in 2015.

9. TRUSTEES AND EXECUTIVE TEAM



MEMBERS OF THE BOARD



CHAIR OF BOARD

Rear Admiral Nigel Guild CB CEng FIET FIMarEST FIMA FREng

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

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



DIRECTOR OF ENERGY AND ENGINEERING, SPIE UK

George Adams CEng FCIBSE

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

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



EXECUTIVE VICE PRESIDENT, ROYAL DUTCH SHELL GROUP

Doug Alexander

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

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



PROFESSOR OF AERONAUTICAL ENGINEERING AT CITY UNIVERSITY, LONDON

Professor Christopher Atkin CEng FRAeS

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

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



DIRECTOR OF FINANCE AND CORPORATE SERVICES, ENGINEERINGUK

Christopher Boyle BComm

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

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



**DIRECTOR, SECURITY INDUSTRY
ENGAGEMENT, HOME OFFICE**

Jane Cannon MBE CEng FIET

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

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



**RETIRED MECHANICAL
ENGINEER**

Steve Catte IEng CEnv HonFSOE HonFIPlantE

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

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



**PRINCIPAL SYSTEMS
ENGINEERING CONSULTANT,
JACOBS UK**

Colonel (Retired) Martin Court CEng FIMechE (nominating body EngineeringUK)

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

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



CONSULTANT

Paul Excell CEng FBCS FIET

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

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



SENIOR RAIL PROFESSIONAL

Carolyn Griffiths CEng FIMechE FREng

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

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



**MANAGING DIRECTOR,
HENDLEY ASSOCIATES**

Nigel Hendley CEng MICE MCIWEM

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

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



**TECHNICAL DIRECTOR,
COSTAIN**

EUR ING Bill Hewlett CEng FICE FIET

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

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



**CONTROL, ELECTRICAL AND
INSTRUMENTATION LEAD
ENGINEER, URENCO UK**

Sam Hubbard IEng MIET

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

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

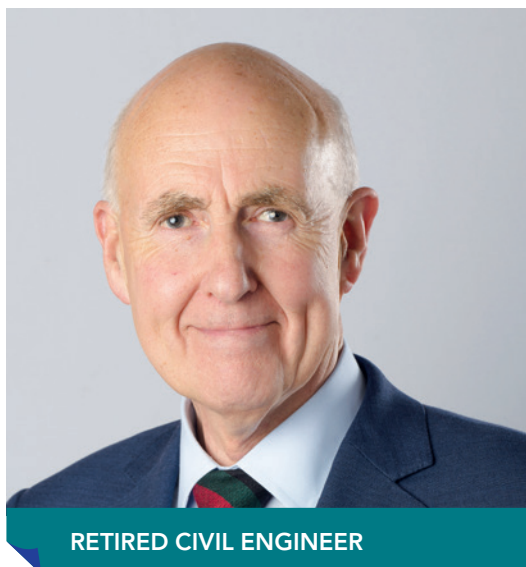


**EXECUTIVE DEAN, FACULTY OF
SCIENCE AND ENGINEERING,
PLYMOUTH UNIVERSITY**

Professor Kevin Jones CEng CITP CSci FBCS FIET

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

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



RETIRED CIVIL ENGINEER

George Marsh TD DL CEng FICE FInstRE

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

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

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

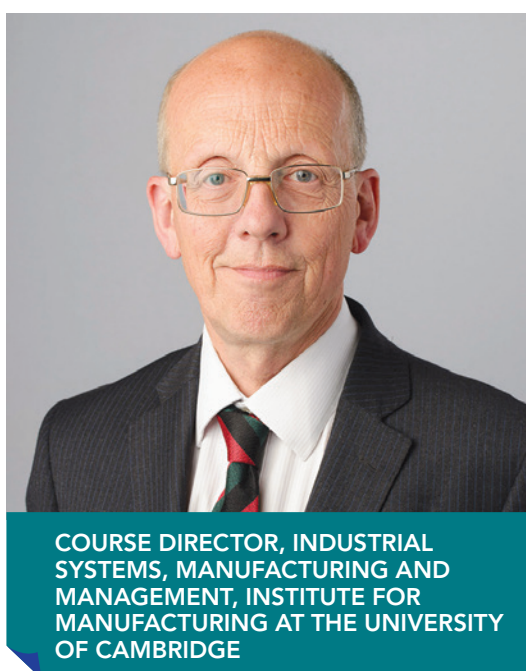


DIRECTOR, VULCAN SOLUTIONS

Professor Roger Plank CEng MICE FIStructE

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

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



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

Tom Ridgman CEng FIET

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

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



**DEAN OF ENGINEERING
AND PHYSICAL SCIENCES,
UNIVERSITY OF SURREY**

Professor Jonathan Seville CEng FIChemE FREng

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

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



**ENERGY APPLICATIONS
MANAGER, TONNAGE GLOBAL
BUSINESS UNIT, LINDE GAS**

Rob Smith CEng FIMechE

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

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



**DIRECTOR OF STANDARDS,
BRITISH STANDARDS
INSTITUTION**

Dr Scott Steedman CBE CEng FICE FInstRE FREng

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

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



DIRECTOR, LINCS TRAINING

EUR ING Professor Simon Vaitkevicius CEng FIED

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

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



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

EUR ING Dr Graham Woodrow CEng FIMMM

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

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

EXECUTIVE TEAM



CHIEF EXECUTIVE OFFICER

Jon Prichard CEng FICE FInstRE

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

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



**DEPUTY CEO AND
OPERATIONS DIRECTOR**

Paul Bailey MRAS MInstP

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



**HEAD OF ADMINISTRATION
AND SUPPORT**

Gillian Paterson FCIPD

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



HEAD OF INTERNATIONAL

Katy Turff CMgr MCMl

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

The above Trustees' Report on pages 1-42 was approved by the Trustees on 15 June 2017 and signed on their behalf by the Chairman of the Board:

Rear Admiral Nigel Guild CB CEng FIET FIMarEST FIMA FREng

"THE ENGINEERING COUNCIL IS A SMALL BUT EFFICIENT TEAM. GOING INTO 2017 WE WILL CONTINUE TO CONSISTENTLY REVIEW AND CONSOLIDATE OUR PROCESSES AND LITERATURE."

Rear Admiral Nigel Guild CB CEng FIET FIMarEST FIMA FREng

10. TRUSTEES' REPORT AND FINANCIAL STATEMENTS



FOR THE YEAR ENDED 31 DECEMBER 2016

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ENGINEERING COUNCIL

We have audited the financial statements of the Engineering Council for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Responsibilities Statement set out in the Trustees' Report, the Trustees are responsible for the preparation of financial statements, which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2016, and of its net movement in funds, for the year then ended;

- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- Have been prepared in accordance with the requirements of the Charities Act 2011.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- The information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

haysmacintyre

Chartered Accountants
Statutory Auditors
26 Red Lion Square
London
WC1R 4AG

haysmacintyre

31 July 2017
haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTE	RESTRICTED FUNDS 2016	UNRESTRICTED FUNDS 2016	TOTAL FUNDS 2016	TOTAL FUNDS 2015
		£	£	£	£
Income from					
Charitable activities	4	450,000	2,527,550	2,977,550	2,835,857
Other trading activities	2	–	11,931	11,931	10,421
Investments	3	–	47,625	47,625	51,037
Total income		450,000	2,587,106	3,037,106	2,897,315
Expenditure on					
Raising funds	2	–	1,682	1,682	3,198
Charitable activities	5	452,448	2,192,809	2,645,257	2,563,838
Total expenditure		452,448	2,194,491	2,646,939	2,567,036
Net income/(expenditure) before investment gains/(losses)					
		(2,448)	392,615	390,167	330,279
Net gains/(losses) on investments	12	–	49,468	49,468	(14,217)
Net income/(expenditure) before other recognised gains and losses		(2,448)	442,083	439,635	316,062
Actuarial gains on defined benefit pension schemes	20	–	795,000	795,000	140,000
Derecognition of pension surplus	20	–	(539,000)	(539,000)	–
Net movement in funds		(2,448)	698,083	695,635	456,062
Reconciliation of funds					
Total funds brought forward		21,220	1,784,523	1,805,743	1,349,681
Total funds carried forward		18,772	2,482,606	2,501,378	1,805,743

All activities relate to continuing operations.

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

BALANCE SHEET AS AT 31 DECEMBER 2016

	NOTE	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	11		255,645		172,373
Investments	12		1,718,556		1,621,490
			<u>1,974,201</u>		<u>1,793,863</u>
Current assets					
Debtors	13	245,041		245,026	
Cash at bank and in hand		479,336		495,721	
		<u>724,377</u>		<u>740,747</u>	
Creditors					
Amounts falling due within one year	14	(197,200)		(189,867)	
Net current assets					
			<u>527,177</u>		<u>550,880</u>
Total assets less current liabilities					
			<u>2,501,378</u>		<u>2,344,743</u>
Defined benefit pension scheme liability	20		-		(539,000)
Net assets including pension scheme liabilities					
			<u>2,501,378</u>		<u>1,805,743</u>
Charity funds					
Restricted funds	16		18,772		21,220
Unrestricted funds	16				
- Unrestricted funds excluding pension liability		2,482,606		2,323,523	
- Pension reserve		-		(539,000)	
- Total unrestricted funds		<u>2,482,606</u>		<u>1,784,523</u>	
Total funds	16		<u>2,501,378</u>		<u>1,805,743</u>

The financial statements were approved by the Trustees on 15 June 2017 and signed on their behalf, by:



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



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

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

STATEMENT OF CASH FLOWS

	NOTE	2016	2015
		£	£
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>119,174</u>	<u>123,491</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		47,625	51,037
Purchase of tangible fixed assets		(135,586)	(186,396)
Purchase of investments		(47,598)	(51,036)
Net cash used in investing activities		<u>(135,559)</u>	<u>(186,395)</u>
Change in cash and cash equivalents in the year		(16,385)	(62,904)
Cash and cash equivalents brought forward		<u>495,721</u>	<u>558,625</u>
Cash and cash equivalents carried forward		<u><u>479,336</u></u>	<u><u>495,721</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

1.1 Legal status

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

1.2 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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). (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

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

1.3 Going concern

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

1.4 Fund accounting

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

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

1.5 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 from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Membership fees are recognised in the year to which they relate.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

1.6 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.

Support costs include governance costs and other support costs. Governance activities comprise organisational administration and compliance with constitutional and statutory requirements. Costs include direct costs of external audit, legal fees and other professional advice.

All resources expended are inclusive of irrecoverable VAT.

1.7 Tangible fixed assets and depreciation

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

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

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

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

1.8 Investments

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

1.9 Interest receivable

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

1.10 Operating leases

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

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

1.11 Debtors

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

1.12 Cash at Bank and in hand

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

1.13 Foreign currencies

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

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

Exchange gains and losses are recognised in the Statement of Financial Activities.

1.14 Liabilities and provisions

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

1.15 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.

1.16 Pensions

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

The Engineering Council fully adopts Financial Reporting Standard 102 (FRS102) and the impact of this standard has been reflected throughout the financial statements.

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

In accordance with FRS102, the balance sheet includes the surplus or deficit in the scheme. This has been estimated for the purposes of FRS102 based on the results of the funding Actuarial Valuation, adjusted for the different assumptions and taking into consideration subsequent cash flows.

Further details regarding the scheme are disclosed in note 20.

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

1.17 Taxation

The charity is exempt from tax on its charitable activities.

1.18 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.

1.19 Critical accounting estimates and areas of judgement

Estimates and judgements 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 Trustees consider the following items to be an area subject to estimation and judgement:

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

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

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

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

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

Tangible fixed assets

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that accrual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Although tangible fixed assets 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.

2. OTHER TRADING ACTIVITIES

	RESTRICTED FUNDS 2016	UNRESTRICTED FUNDS 2016	TOTAL FUNDS 2016	TOTAL FUNDS 2015
	£	£	£	£
Trading income	–	11,931	11,931	10,421
Stamp purchases	–	1,682	1,682	3,198
Net income from other trading activities	–	10,249	10,249	7,223

Trading income comprises professional stamps, replacement registration certificates and sale of ties and lapel pins. In 2016, all £10,249 (2015: £7,223) of other trading activities was attributable to unrestricted funds.

3. INVESTMENT INCOME

	RESTRICTED FUNDS 2016	UNRESTRICTED FUNDS 2016	TOTAL FUNDS 2016	TOTAL FUNDS 2015
	£	£	£	£
Interest from fixed asset investments	–	47,598	47,598	51,036
Bank interest receivable	–	27	27	1
	–	47,625	47,625	51,037

Total investment income was £47,625 (2015: £51,037) of which £47,625 (2015: £51,037) was to unrestricted funds and £Nil (2015: £Nil) was to restricted funds.

4. INCOME FROM CHARITABLE ACTIVITIES

	RESTRICTED FUNDS 2016	UNRESTRICTED FUNDS 2016	TOTAL FUNDS 2016	TOTAL FUNDS 2015
	£	£	£	£
Grants	450,000	2,320,304	2,770,304	2,677,722
FEANI income	–	84,408	84,408	78,136
Miscellaneous income	–	–	–	23,134
Admin fee to EngineeringUK	–	69,221	69,221	16,653
Professional services	–	27,700	27,700	14,412
MCP licence fees	–	25,917	25,917	25,800
	450,000	2,527,550	2,977,550	2,835,857

Total income from charitable activities was £2,977,550 (2015: £2,835,857) of which £2,527,550 (2015: £2,388,082) was to unrestricted funds and £450,000 (2015: £447,775) was to restricted funds.

5. EXPENDITURE ON CHARITABLE ACTIVITIES

	ACTIVITIES UNDERTAKEN DIRECTLY 2016	SUPPORT COSTS 2016	TOTAL 2016	TOTAL 2015
	£	£	£	£
Charitable activities	2,381,654	263,603	2,645,257	2,563,838

Total resources expended on charitable activities was £2,645,257 (2015: £2,563,838), of which £2,195,179 (2015: £2,128,646) was unrestricted and £450,078 (2015: £435,192) was restricted.

6. DIRECT COSTS

	RESTRICTED FUNDS 2016	UNRESTRICTED FUNDS 2016	TOTAL FUNDS 2016	TOTAL FUNDS 2015
	£	£	£	£
Pension expense (note 10)	–	136,000	136,000	97,000
Project spend	78	25,190	25,268	49,779
Recruitment and temporary staff	–	71,829	71,829	54,135
Training	–	13,278	13,278	10,481
Conference fees	–	2,819	2,819	773
Computer and information systems costs	–	275,901	275,901	230,534
Advertising	–	77,867	77,867	37,579
Travel and subsistence	–	86,962	86,962	85,337
Subscriptions and meetings	–	82,242	82,242	78,389
Accommodation costs	–	228,351	228,351	196,824
Redundancy	–	-	-	54,611
Wages and salaries (note 9)	450,000	931,137	1,381,137	1,347,268
	450,078	1,931,576	2,381,654	2,242,710

7. SUPPORT COSTS

	RESTRICTED FUNDS 2016	UNRESTRICTED FUNDS 2016	TOTAL FUNDS 2016	TOTAL FUNDS 2015
	£	£	£	£
General support				
Telephone	–	7,554	7,554	10,814
Printing, stationery and office supplies	–	36,554	36,554	43,867
Maintenance of equipment	–	15,709	15,709	12,052
Sundries	–	5,602	5,602	8,115
Rental of office equipment	–	3,222	3,222	5,252
Bank charges	–	4,258	4,258	3,835
Accountancy	–	23,136	23,136	22,755
Legal and professional fees	2,370	15,934	18,304	29,901
Insurance	–	48,191	48,191	50,038
Application fees	–	26,529	26,529	6,876
Office move costs	–	2,689	2,689	62,482
Exchange rate variance	–	979	979	(23)
(Profit)/loss on disposal of fixed assets	–	-	-	9,760
Depreciation	–	52,313	52,313	37,654
Governance				
Accountancy	–	4,250	4,250	4,100
Auditors' remuneration	–	14,313	14,313	13,650
	2,370	261,233	263,603	321,128

8. NET INCOME/EXPENDITURE

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
Owned by the charity	52,314	37,654
Auditor's remuneration excluding VAT	14,313	13,650
Operating lease rentals	130,474	86,728

During the year, no Trustees received any remuneration (2015: £NIL).

During the year, no Trustees received any benefits in kind (2015: £NIL).

14 Trustees received reimbursement of expenses amounting to £4,822 in the current year, (2015: 18 Trustees £11,531).

9. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	1,045,792	1,026,134
Social security costs	112,777	114,631
Pensions contributions to defined contribution scheme	191,568	176,503
Pensions operating costs of defined benefit scheme	152,000	99,000
Redundancy and termination costs	–	54,611
	<u>1,502,137</u>	<u>1,470,879</u>

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

	2016	2015
	£	£
	<u>26</u>	<u>23</u>

The number of higher paid employees was:

	2016	2015
	No.	No.
In the band £60,001 £70,000	2	1
In the band £80,001 £90,000	1	1
In the band £140,001 £150,000	1	1
	<u>4</u>	<u>3</u>

Employers pension contributions totalling £40,611 (2015: £30,855) were paid to higher paid employees.

The total employment benefits including employer pension contributions of the key management personnel were £461,520 (2015: £548,693).

10. PENSION EXPENSE

	2016	2015
	£	£
Interest on scheme liabilities	(437,000)	(421,000)
Interest on scheme assets	422,000	393,000
Administrative expenses	(121,000)	(69,000)
	<u>(136,000)</u>	<u>(97,000)</u>

11. TANGIBLE FIXED ASSETS

	FIXTURES & FITTINGS	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	TOTAL
	£	£	£	£
Cost				
At 1 January 2016	171,484	27,146	169,467	368,097
Additions	24,796	–	110,790	135,586
At 31 December 2016	<u>196,280</u>	<u>27,146</u>	<u>280,257</u>	<u>503,683</u>
Depreciation				
At 1 January 2016	14,673	23,797	157,254	195,724
Charge for the year	36,127	1,188	14,999	52,314
At 31 December 2016	<u>50,800</u>	<u>24,985</u>	<u>172,253</u>	<u>248,038</u>
Net book value				
At 31 December 2016	<u>145,480</u>	<u>2,161</u>	<u>108,004</u>	<u>255,645</u>
At 31 December 2015	<u>156,811</u>	<u>3,349</u>	<u>12,213</u>	<u>172,373</u>

12. FIXED ASSET INVESTMENTS

	LISTED SECURITIES
	£
Market value	
At 1 January 2016	1,621,490
Additions	47,598
Revaluations	49,468
At 31 December 2016	<u>1,718,556</u>
Historical cost	
	<u>1,548,335</u>

All investments are held in the UK.

13. DEBTORS

	2016	2015
	£	£
Trade debtors	2,372	2,119
EngineeringUK	50,513	88,102
Other debtors	61,620	102,404
Prepayments and accrued income	130,536	52,401
	<u>245,041</u>	<u>245,026</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	37,518	64,539
Other taxation and social security	911	12,507
Other creditors	1,365	1,647
Accruals	157,406	111,174
	<u>197,200</u>	<u>189,867</u>

15. FINANCIAL INSTRUMENTS

	2016	2015
	£	£
Financial assets measured at amortised cost	48,992	101,842
Financial liabilities measured at amortised cost	(196,289)	(177,076)

Financial assets measured at amortised cost comprise trade debtors, intercompany balances and season ticket loans.

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

16. STATEMENT OF FUNDS

	BROUGHT FORWARD	INCOMING RESOURCES	RESOURCES EXPENDED	TRANSFERS IN/(OUT)	GAINS	CARRIED FORWARD
	£	£	£	£	£	£
Unrestricted funds						
General fund	2,323,523	2,587,106	(2,194,491)	(283,000)	49,468	2,482,606
Pension reserve	(539,000)	–	–	283,000	256,000	–
	<u>1,784,523</u>	<u>2,587,106</u>	<u>(2,194,491)</u>	<u>–</u>	<u>305,468</u>	<u>2,482,606</u>
Restricted funds						
Engineering Gateway project	18,850	–	(78)	–	–	18,772
Pension fund grant	–	450,000	(450,000)	–	–	–
HEFCE project	2,370	–	(2,370)	–	–	–
	<u>21,220</u>	<u>450,000</u>	<u>(452,448)</u>	<u>–</u>	<u>–</u>	<u>18,772</u>
Total of funds	<u>1,805,743</u>	<u>3,037,106</u>	<u>(2,646,939)</u>	<u>–</u>	<u>305,468</u>	<u>2,501,378</u>

Pension reserve

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

Engineering Gateway project

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

Pension fund grant

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

HEFCE project

In March 2015 the Higher Education Funding Council for England (HEFCE) provided the Engineering Council with grant funding to procure research to identify and report on the areas in which UK employers report a shortage of engineering graduates, the knowledge, attributes and skills they particularly need in order to address shortages, and the ways in which conversion courses for non engineering graduates may help to address this. The balance of unspent funds was returned to HEFCE in February 2016.

Summary of funds

	BROUGHT FORWARD	INCOMING RESOURCES	RESOURCES EXPENDED	TRANSFERS IN/(OUT)	GAINS	CARRIED FORWARD
	£	£	£	£	£	£
General funds	1,784,523	2,587,106	(2,194,491)	–	305,468	2,482,606
Restricted funds	21,220	450,000	(452,448)	–	–	18,772
	<u>1,805,743</u>	<u>3,037,106</u>	<u>(2,646,939)</u>	<u>–</u>	<u>305,468</u>	<u>2,501,378</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	RESTRICTED FUNDS 2016	UNRESTRICTED FUNDS 2016	TOTAL FUNDS 2016	TOTAL FUNDS 2015
	£	£	£	£
Tangible fixed assets	–	255,645	255,645	172,373
Fixed asset investments	–	1,718,556	1,718,556	1,621,490
Current assets	18,772	705,605	724,377	740,747
Creditors due within one year	–	(197,200)	(197,200)	(189,867)
Provisions for liabilities and charges	–	–	–	(539,000)
	<u>18,772</u>	<u>2,482,606</u>	<u>2,501,378</u>	<u>1,805,743</u>

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

	2016	2015
	£	£
Net income for the year (as per Statement of Financial Activities)	439,635	316,062
Adjustment for		
Depreciation charges	52,314	37,654
(Losses)/gains on investments	(49,468)	14,217
Dividends, interest and rents from investments	(47,625)	(51,037)
Loss on the sale of fixed assets	–	9,760
(Increase)/decrease in debtors	(15)	679
Increase in creditors	7,333	94,156
Defined benefit pension scheme movement	(283,000)	(298,000)
Net cash provided by operating activities	<u>119,174</u>	<u>123,491</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Cash in hand	479,336	495,721
Total	<u>479,336</u>	<u>495,721</u>

20. PENSION COMMITMENTS

The charity operates a defined benefit pension scheme.

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

	2016	2015
Discount rate at 31 December	2.60%	3.70%
Retail price inflation	3.50%	3.30%
Future pension increases	3.40%	3.20%

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

The full actuarial valuation as at 31 December 2009 was updated to the Scheme's accounting date by an independent qualified actuary in accordance with FRS102. As required by FRS102, the actuarial method adopted to calculate the present value of members' expected benefits is the projected unit method.

Following consultation with the actuaries, The Engineering Council made a lump sum contribution of £450,000 to the scheme in March 2016.

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 2016 this was 2.60% (2015: 3.70%).

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

The Engineering Council is the principal employer and EngineeringUK is a participating employer under this scheme. The proportion of the total Scheme fund attributable to Engineering Council staff or ex Engineering Council staff is estimated to be approximately 93% (2015: 93%). On withdrawal from the Scheme by the Engineering Council or closure, assets would be segregated in a similar proportion.

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

The amounts recognised in the Balance sheet are as follows:

	2016	2015
	£	£
Present value of funded obligations	(13,106,000)	(12,125,000)
Fair value of scheme assets	13,645,000	11,586,000
Assets/(Liability) in scheme	539,000	(539,000)
Adjustment for non recoverable surplus	(539,000)	–
Net liability	–	(539,000)

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

	2016	2015
	£	£
Interest on obligation	(437,000)	(421,000)
Expected return on scheme assets	422,000	393,000
Administrative expenses	(121,000)	(69,000)
Total	<u>(136,000)</u>	<u>(97,000)</u>
Total actuarial (loss)	<u>795,000</u>	<u>140,000</u>

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

	2016	2015
	£	£
Opening defined benefit obligation	12,125,000	12,717,000
Interest cost	437,000	421,000
Actuarial losses/(gains)	1,176,000	(361,000)
Benefits paid	(632,000)	(652,000)
Closing defined benefit obligation	<u>13,106,000</u>	<u>12,125,000</u>

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

	2016	2015
	£	£
Opening fair value of scheme assets	11,586,000	11,740,000
Expected return on assets	422,000	393,000
Actuarial gains and (losses)	1,971,000	(221,000)
Contributions by employer	419,000	395,000
Benefits paid	(632,000)	(652,000)
Administrative expenses	(121,000)	(69,000)
	<u>13,645,000</u>	<u>11,586,000</u>

The charity expects to contribute £465,000 to its defined benefit pension scheme in 2017.

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

	2016	2015
Equities	20.00%	41.00%
Bonds	79.00%	58.00%
Cash	1.00%	1.00%

10. TRUSTEES' REPORT AND FINANCIAL STATEMENTS

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

Defined benefit pension schemes

	2016	2015	2014	2013	2012
	£	£	£	£	£
Defined benefit obligation	(13,106,000)	(12,125,000)	(12,717,000)	(11,574,000)	(10,280,000)
Scheme assets	13,645,000	11,586,000	11,740,000	10,506,000	9,349,000
Surplus/(deficit)	539,000	(539,000)	(977,000)	(1,068,000)	(931,000)
Experience adjustments on scheme liabilities	(1,176,000)	361,000	(1,079,000)	(1,440,000)	(1,027,000)
Experience adjustments on scheme assets	1,971,000	(221,000)	935,000	644,000	394,000

Stakeholder and other pension schemes

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

The Engineering Council employer contributions during 2016 were £193,290 (2015: £176,931).

21. OPERATING LEASE COMMITMENTS

At 31 December 2016 the total of the Charity's future minimum lease payments under non cancellable operating leases was:

	2016	2015
	£	£
Amounts payable:		
Within 1 year	159,421	159,421
Between 1 and 5 years	372,237	531,658
Total	531,658	691,079

22. RELATED PARTY TRANSACTIONS

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

During the year ended 31 December 2016, the following transactions took place between the parties arising from the above:

EngineeringUK provided a grant to the Engineering Council of £2,320,304 (2015: £2,252,722) to fund its operations plus £450,000 (2015: £425,000) for the pension scheme.

To cover administration costs, the Engineering Council charged EngineeringUK £66,996 (2015: £16,645) in the year.

On 31 December 2016, the EngineeringUK owed Engineering Council the sum of £50,513 (2015: £88,102). This amount is disclosed within debtors falling due within one year.



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