

THE ELECTRICAL SAFETY COUNCIL
(A Company Limited by Guarantee)

Company No. 570175
Charity (England and Wales) No. 257376: (Scotland) No. SC039990

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

THE ELECTRICAL SAFETY COUNCIL

ANNUAL REPORT YEAR ENDED 31 MARCH 2024

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THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION

Patrons

Lord Graham Tope

Board Members and Management

| | |
|-------------|---------------------------------|
| S Frost | Chair, resigned 31 October 2024 |
| A Chaplin | Resigned 10 October 2024 |
| A Williams | Resigned 10 October 2024 |
| S Bounoua | Resigned 5 October 2023 |
| E Hudson | Chair from 1 November 2024 |
| T Connelly | |
| A Wells | |
| A Boisset | |
| R Olszewski | |
| M Desmond | |
| N Hussey | |
| P Neville | |
| R Bhalinge | Appointed 6 July 2023 |
| R Gosling | Appointed 6 July 2023 |
| R Vagdia | Appointed 6 July 2023 |
| N Guy | Appointed 10 October 2024 |

Senior Staff and Officers – Charity

| | |
|---------------|-------------------------|
| Lesley Rudd | Chief Executive Officer |
| Jennifer Trim | Company Secretary |

Senior Staff and Officers – Trading Subsidiaries

ESF Enterprises Ltd

| | | |
|----------|------------------------|----------------------------|
| R Orton | Non Executive Director | Resigned 8 September 2023 |
| E Hudson | Non Executive Director | |
| L Rudd | Non Executive Director | Appointed 8 September 2023 |

ESC Partnerships Ltd

| | |
|-----------|------------------------|
| E Hudson | Non Executive Director |
| P Neville | Non-Executive Director |
| J Trim | Non-Executive Director |

Registered Charity (England and Wales) No. 257376

Registered Charity (Scotland) No. SC039990

Registered Company No. 570175

THE ELECTRICAL SAFETY COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION (Continued)

Financial Management Committee

| | |
|-------------------------------------|------------------------------|
| E Hudson (Chair) | S Frost (to 31 October 2024) |
| A Chaplin (to 10 October 2024) | N Hussey |
| R Bhalinge (from 25 September 2023) | L Rudd |
| R Olszewski | J Trim (Secretary) |

Electrical Installation Safety Forum

S Devine IET (Chair)
M Allen ESC (Secretary)
B F Walker (co-opted independent)
A Vessey EDA
M Coles IET
P Norris BEAMA
P Sayer BEAMA
B Cairney SELECT
F Bertie Napit
C Pugsley LFB
S Girling LFB
S Mason HSE
M Smith ECA
P Abreu ENA
T Connelly ESC
G Gundry Corgi AESM
P Collins Certsure
J Hodge BCA
A Wells ESC
J Skandamoorthy BASEC (from Jan '24)
L Osborne ESC (from 18 Oct '23)

Electrical Safety of Products Committee

S Bounoua Tesco (Chair)
B F Walker (co-opted independent)
S Curtler ESC (Secretary)
M Dyer Intertek
C Stammers BEAMA
N Hayler BEAMA
R Vagdia BEAMA
H Patel BEIS
C Heemskerk CTSI
M Allen ESC
P Hide AMDEA
D Lawson AMDEA (from Jul '23)
C Flynn ESC
G Capanna ESC
S Bounds BSI
A Boisset ESC
C Rose LFB
A Gordon Compliance Solutions
A Simpson BRC
R Rashid AMDEA
R Harris BSI CPIN
P Cunningham SFRS
S Girling LFB
L Osborne ESC (from 18 Oct '23)

Campaign Development Group

A Williams ESC (to 10 Oct. '24)
N Hussey ESC
M Allen ESC
L Rudd ESC
R Carroll ESC

Remuneration & Appointments Committee

M Desmond (Chair)
S Frost ESC (to 31 Oct '24)
S Bounoua ESC (to 5 Oct '23)
A Boisset ESC
R Vagdia (from 5 Oct '23)
L Rudd ESC
J Trim ESC

| | |
|---------------------|---|
| Bankers | HSBC, 28 Borough High Street, London SE11YB |
| Solicitors | Bristows, 100 Victoria Embankment, London EC4Y 0DH. |
| Auditor | Moore Kingston Smith LLP, 4 Victoria Square, St Albans, Herts AL1 3TF |
| Investment Managers | Cazenove Fund Management, 12 Moorgate, London EC2R 6DA Rathbone Investment Management Ltd, 1 Curzon Street, London W1J CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET |
| Registered Office | 45 Great Guildford Street, London SE1 0ES |

THE ELECTRICAL SAFETY COUNCIL

CHAIR'S STATEMENT 2023/24

It has been wonderful to be part of such an excellent year for the charity, as we see our updated five-year strategy – A Safer Future for an Electric World – start to bear fruit. Significant progress was made across all seven key performance indicators (KPIs), enhancing electrical safety across all parts of the UK.

We have influenced government policy, particularly in advancing protections for rented homes and contributing to developing online marketplace regulations. And our groundbreaking Battery Breakdown report, developed by our technical experts, raised huge awareness of the growing dangers around lithium-ion batteries especially used in e-bikes and e-scooters.

The successful launch of our new brand identity represents a fresh era of ambition for our charity and resonates with electricity increasingly playing a bigger role in people's lives, due to the UK's climate objective of net zero carbon emissions by 2050. In an increasingly electric world, the Charity's mission has taken on even greater significance than ever before.

The new strapline "Powering change + saving lives" firmly addresses the life-and-death nature of our work and showcases the charity's three key pillars – campaigning for legislative change, improving industry standards, and influencing consumer behaviour.

I am delighted that we have also laid the foundation for developing a new engaging website, with audience analysis, marketing needs, and a plan for the migration all feeding into a detailed invitation to tender document.

Our campaigns and communications work this year was recognized through a clutch of major industry awards, including a PR Week 'Gold' category 'In-house Team of the Year', two UK Content Awards and a CorpComms Award. We are now reaching larger and broader audiences and achieving our highest ever levels of media coverage and social media engagement.

Our 2023 Electrical Product Safety Conference also achieved a record number of attendees and an increased number of high-quality speakers from across industry and government. And we developed a major new event exploring key trends in the electrical installation industry.

We are putting in place all the elements to ensure Electrical Safety First is a major resource for everyone to enable them to safely enjoy the new electric age. We aim to be the go-to for expert guidance, to protect users of electricity and electrical products, and to save lives. Because armed with the right information, people can avoid the dangers of electric shocks and fires.

The focus of our strategy is on growing the charity and addressing increased electrical safety risks brought about by the cost-of-living crisis. Our Chief Executive Lesley Rudd is building a team which is meeting these challenges head-on and is successfully delivering a significant increase in our activity.

As the annual report shows, this financial year has seen the charity go from strength to strength across all areas of our work. Lesley's team, with a supportive Board, has once again put in a remarkable effort and I thank everyone for their hard work and collaboration.

Since the last annual report was issued, we have sadly said goodbye to three trustees, Andy Chaplin, Adam Williams and Samy Bounoua, who I would personally like to thank for all their support and hard work for the charity over many years and wish them well in their new adventures. We have also just recently welcomed a new trustee, Nick Guy, who I am sure will be a welcome addition to the trustee board.

Serving as Chair of this charity has been a real pleasure, and as I have now ended my time as a trustee, I know both the new Chair and her fellow Trustees look to the future with growing excitement as they can see the enormous potential the charity has to help everyone safely enter the electric future.



Sarah Frost
Chair The Electrical Safety Council (to 31 October 2024)
31 October 2024

THE ELECTRICAL SAFETY COUNCIL

CHIEF EXECUTIVE OFFICER'S REVIEW

I am delighted that the past year has seen some significant progress towards the delivery of our five-year strategy.

Our lithium-ion battery campaign, founded on the Battery Breakdown report which was developed by our technical experts, attracted widespread attention from national media and garnered significant support.

We engaged extensively with parliamentarians and industry stakeholders across the UK to secure political support for the recommendations within the report, and for the legislation we drafted to enhance e-bike battery safety regulations.

We took part in 11 party conferences, hosted government ministerial meetings and visits, met with Shadow Ministers, presented at various parliamentary groups and stakeholder conferences, and provided feedback to several consultations, including the Product Safety Review.

Since our campaign launch, the UK Government has committed to implementing an industry standard for e-bike conversion kits, addressing one of our key policy recommendations, and Wish.com has now banned the sale of e-bike chargers on its platform.

We continued to highlight the dangers of dangerous electrical goods being sold on online marketplaces and campaign for better regulation.

Following our call for electrical checks in social housing we were pleased to see the Social Housing Regulation Act received Royal Assent in July 2023. This Act mandates five-yearly electrical installation condition reports (EICR) in England's social rented sector; associated regulations are anticipated in 2024.

In Northern Ireland, approval from the Assembly to introduce legislation to mandate the requirement for five-yearly electrical safety checks in the private rented sector (PRS) is imminent and we are now advocating for these measures to be introduced across the social housing sector.

Using the expertise of our expanded electrical installation safety team and our long-held position as a thought leader in the electrical industry, we launched a new best practice guide to help electricians and landlords keep tenants safe, promoting it widely via live events, podcasts, videos, and industry press. We now aim to make this guide part of the UK government's official guidance for the private rented sector.

We continue to increase our work on the ground with communities, fire and rescue services, and schools across the UK. Our Electrical Safety Fund awarded £250,000 in grants to 57 diverse projects with innovative ideas to promote electrical safety – such as repair cafes, virtual reality learning, workshops, and stage performances.

We also launched a Home Improvement Grants Scheme to improve electrical safety in vulnerable households, helping older and disabled people address safety issues such as faulty wiring and broken sockets.

We have pilot schemes running in Scotland and Wales gathering data to better understand UK homes' readiness to transition to net zero and whether new technologies such as heat pumps, solar PVs, and electric charging points can be safely installed.

We commissioned research in more than 500 UK primary schools to examine how electrical safety is taught and how to best support the next generation's learning. The research revealed only a limited amount of electrical safety is being taught, and that educational visits to fire stations have significantly declined since the COVID-19 pandemic because of funding restrictions.

We now plan to increase our direct engagement with schools and to provide new materials for parents, teachers and children.

THE ELECTRICAL SAFETY COUNCIL

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

The successful launch of our new brand identity represents a fresh era for us. The new modern branding has been well received and will help facilitate our engagement going forward.

I am proud of what we have achieved this year but also the way we have achieved it. We are all committed to our hugely important cause and work together in a supportive and trusting environment where ideas and creativity are encouraged. It is the unique skills, talent and knowledge of the people at the charity that makes it so effective. With our excellent team and partnership working with key stakeholders, we are implementing real and significant changes. But we are ambitious and the impact the charity is having is something we are determined to keep building on.

I want to thank our outstanding staff, our Board of Trustees who give their time and valuable skills for free, and our stakeholders and partners for their support. Working together, we can continue to bring about much needed change and save lives.



Lesley Rudd
Chief Executive Officer, The Electrical Safety Council
12 December 2024

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

The Directors, who are also the Trustees of the Charity, submit their annual report and the audited financial statements for the year ended 31 March 2024. The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* (2nd Ed. Oct. 2019) consistent with Financial Reporting Standard (FRS) 102 in preparing this report. The legal and administrative information on pages 1 and 2 form part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Electrical Safety Council is a company limited by guarantee and a registered Charity. The Charity is governed by its Articles of Association which were amended on 12 March 2020.

The Charity is not required to convene an AGM; engagement with stakeholders and representatives of beneficiary groups is undertaken through a variety of channels which include media and digital campaigns to encourage safer behaviour and address product safety. The Charity continued to work with the Government in Westminster and with the Welsh Assembly, Scottish Parliament and the Northern Ireland Assembly.

Board Members are Directors for the purposes of company law, are Trustees for charity purposes and also comprise the Charity's Members. All new director appointments are based on selection criteria which ensure that collectively the Board maintains a broad range of relevant skills and experience.

No monetary value has been attributed to the work of volunteers which comprises mostly the unpaid time of the Charity's Board of Directors, although their contribution is significant and vital to the current activities and continued future success of the Charity and its subsidiaries. The Charity continued to utilise the Google adverts charity scheme and further information is provided later in the report.

An induction programme is offered to all new Trustees to ensure that they are briefed on the Charity's objects, strategy and activities. Directors are encouraged to attend relevant training seminars during the course of the year. Training is also provided on a group basis to the Board on relevant and topical issues.

The Charity's strategy is set by the Board of Directors – the Electrical Safety Board. The Board meets four times a year, plus other meetings as required. The Trustees keep the governance arrangements and the constitution of Charity Committees under review. The Directors are covered by indemnity insurance.

The Board delegates to the Charity's Executive Team the exercise of certain powers in connection with the management, administration and financial management of the Charity, with regular reporting on these matters to the Board.

Responsibilities delegated to the Board's sub-committees are ratified through the Board of Directors. The Chief Executive Officer and other members of executive management attend meetings of the Board of Trustees and the sub-committees.

The Board of ESF Enterprises Ltd includes a Trustee of the Charity. In addition to the appointment of this Trustee to the Board, oversight was achieved by the establishment of clear terms of reference in relation to the Trading Group's activities – alongside a scheme of delegated financial authority. The same scheme of oversight covers ESC Partnerships Ltd whose Board comprises two Trustees.

Certsure LLP, the joint venture with the Electrical Contractors Association from which a wholly owned subsidiary of the Charity, ESC Partnerships Ltd, is currently entitled to 75% of the profits has a Management Board with responsibility for day-to-day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity with the other two being the Chief Executive Officer and Finance Director of the Charity which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

The Charity's Committees in operation during the year were:

- Electrical Safety of Products Committee
- Electrical Installation Safety Forum
- Financial Management Committee
- Remuneration and Appointments Committee
- Campaign Development Group

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

The Charity does not raise funds from the general public and therefore does not undertake or engage with or permit third parties to undertake on its behalf, fundraising activities to raise funds for the Charity.

The Charity believes that everyone has the right to be safe from the dangers that electricity can present. It is committed to a culture of inclusivity and equality and believes that the diversity of its team is what empowers it to campaign on behalf of everyone in the UK, to keep them safe from electrical risk. The Charity endeavours to ensure that every member of staff and Trustees voice is heard and that it is able to use individual experiences and unique talents in a truly collaborative approach to achieving the Charity's goals. The Charity's staff are valued and supported, and by acknowledging and respecting that we are all different, the Charity believes it is better able to represent all of the people it is working to protect.

PUBLIC BENEFIT

The Directors are mindful of their duties, and have paid due regard to the guidance provided by the Charity Commission, to ensure that the Charity continues to carry out its charitable aims being the advancements of health and the saving of lives with the aim of delivering public benefit activities which include:

- Dedicated campaigning activities targeted at increasing awareness and reducing risks to the general public.
- Parliamentary lobbying for changes to legislation to improve electrical safety for all.
- Participation on national and international committees overseeing and developing electrical standards which aim to maintain and improve the safety of all users of electricity.
- Maintenance of a website providing information and education on electrical safety.
- The operation of a free of charge email address providing advice and guidance on electrical safety matters to all members of the general public.
- Provision of grants focused on reducing risks posed by electrical products and/or installations.

STRATEGIC REVIEW

The Objectives of the Charity

The principal objective of the Charity remains the protection of users of electricity against the hazards of faulty, unsafe and otherwise defective electrical installations and products. Achievement of the charitable objective is undertaken by both the Electrical Safety Council and its Joint Venture with the Electrical Contractors' Association, Certsure LLP.

The Charity's mission is the safety of **all** users of electricity with a specific focus on:

- Improving the safety of electrical installations.
- Improving the safety of electrical products.
- Direct interventions and grants.

Charitable activities undertaken by the Charity's Joint Venture with the Electrical Contractors' Association, Certsure LLP, which supported the Charity's safety objectives included:

- Assessment, certification and registration of individuals and entities carrying out electrical work through:
 - Operating the Approved Contractors' Scheme which is a voluntary electrical safety self-regulating body.
 - Running the Part P CPS Scheme, a self-certification scheme for providers of electrical services and related ancillary trades to domestic dwellings under Part P of the Building Regulations.
- Distribution and retail of technical publications and certificates.
- Provision of electrical training courses.

Activities and Outcomes for the Year

Marketing communications

Electrical Safety First continued to help achieve its mission through securing extensive media coverage and engaging via digital channels. This raised awareness of dangers and conveyed best practice to the British public; it also supported the proactive influencing of governments, industry and other stakeholders on issues of electrical safety.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

All the Charity's media campaigns are supported by appropriate evidence-based research, including consumer surveys and technical investigations of products.

"Battery Breakdown", the Charity's report into dangerous lithium-ion batteries, was a major piece of work published during the year. This work reflected the growing concern over the rise in fatalities, injuries and devastating fires from electric bikes (e-bikes) and electric scooters (e-scooters). Lithium-ion batteries can pose a significant risk due to thermal runaway, which occurs when internal temperatures exceed safe limits. This can happen due to flawed design, low-quality components, or improper charging or discharging. The report provided recommendations for how safety can be improved. It raised widespread awareness of the issue and garnered extensive media coverage, including interviews with Charity spokespeople on BBC Breakfast and Sky News. 676 pieces of individual media coverage were secured, achieving 311 million opportunities to see or hear, with 99.85% of the coverage carrying a positive sentiment for the Charity. The campaign also captured the attention of parliamentarians, leading to the development of a bill (The Safety of Electric-Powered Micromobility Vehicles and Lithium-ion Batteries Bill), being introduced in the House of Commons in June 2024. Furthermore, the report received positive feedback through presentations and commentary at international conferences such as ICPHSO (International Consumer Product Health and Safety Organization) and FEEDS (Forum for European Electrical Domestic Safety).

The Charity also garnered regular national media coverage throughout the year, highlighting the dangers of electrical goods on online marketplaces (OMPs). Examples include the Daily Mail, Sky News, and ITV National Evening News coverage. The Charity's social media channels achieved more than 120,000 organic impressions without any boosting on OMPs by introducing video content tailored around high-profile discount retail awareness days, such as Black Friday.

The Charity managed to drive traffic to its "Don't Be Electricked" webpage, reaching over 3,160 users. Utilizing graphics, infographics, and videos across its social media channels, awareness of the risks of OMPs was raised effectively and safe shopping resources provided. The "Don't Be Electricked" campaign had been launched in December 2022 following an earlier investigation by the Charity that found a large number of dangerous electrical goods being sold in OMPs.

The Charity's social media strategy focused on adapting and repurposing existing content into video format, resulting in significant engagement growth. Key achievements include over 9.4 million impressions and 110k engagements from January to December 2023.

The third quarter of 2023 was the highest-performing quarter for social media engagement, driven by the extensive publicity achieved by the Battery Breakdown report, which garnered 1,014 new followers and 3,275 report downloads. The Charity recorded over 7.2 million post impressions and 77.2k engagements across all channels, with content directly reshared by 5,000 accounts.

The Charity successfully revived its TikTok account, seeing a significant increase in video views, reaching 27.1k views between January and February 2024, surpassing the total views for the entire year of 2023. The Charity produced specific industry content on installations, including safe isolation and the GS38 document for its YouTube audience, aligning with the Charity objective of providing free guidance to installers.

In March 2024, the Charity launched a new brand and redesigned website, with the latter also improved to show a consistent experience across devices. Every social media account was updated to reflect the new visual identity. E-newsletters were sent to 30,000 stakeholders across consumer, installation, product, and political audiences, achieving a more than 25% open rate in less than 24 hours. A press release was issued that was picked up by key trade media, including Third Sector and multiple electrical trade outlets.

The Charity's communications team was recognized at the PR Week Awards in October 2023, picking up one of their prestigious 'gold' awards as In-house Team of the Year (Public/Third sector). The Charity was shortlisted in three categories for the CorpComms Awards which took place in November 2023 winning "Best In-house Media Relations team" and being Highly Commended in "Best use of Video" for the Don't be Next Campaign.

Between 1st April 2023 and 31st March 2024 the charity's media relations team secured 4,080 pieces of media coverage mentioning "Electrical Safety First" across national and regional TV, radio, newspapers and their online channels. This compares with figures between 1st April 2022 and 31st March 2023 of 2,070 pieces of coverage secured.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

Key traditional media impact for the financial year ending 31 March, at-a-glance:

- 4,080 individual media pieces of media coverage secured (2,070 in previous financial year).
- This created 1.01 billion opportunities to see or hear our issues (1.14 billion in previous financial year).
- And had an advertising value equivalent to £27.4 million. (£27.1 million in previous financial year).
- Sentiment of this coverage was 97.7% positive and 2% neutral.

Website

The Charity continued to publish considerable pertinent information regarding electrical safety, associated media and political campaigns and industry-focused activity. Across the 12 months between 1 April 2023 and 31 March 2024, the Charity's website received more than 4.7 million page views by 3.3 million visitors.

Electrical Safety First website visits stats between 1 April 2023 and 31 March 2024

| Metric | Count |
|-------------------------|--------------|
| Page views | 4,723,945 |
| Users (unique visitors) | 3,283,259 |
| New users | 4,017,724 |
| Sessions | 4,574,080 |

Social media

More than 9.4 million impressions were achieved through activity across the Charity's X (formerly known as Twitter), Facebook, Instagram and LinkedIn channels in the financial year ending 31 March 2024.

Electrical Safety First social media stats between 1 April 2023 and 31 March 2024

| Channel | Impressions | Engagements (likes, replies, retweets, link clicks) |
|----------------------|--------------------|--|
| Twitter | 4,142,779 | 15,401 |
| Facebook / Instagram | 2,233,762 | 31,674 |
| LinkedIn | 3,045,691 | 183,797 |
| Total | 9,422,232 | 230,872 |

The Charity also increased its LinkedIn followers between April 2023 and March 2024 from 5,136 to 8,971 – an increase of 3,835 followers (74.7% increase).

Google adverts

The Charity's digital communications employees continued to harness the opportunity offered by the Google adverts charity scheme. Between 1 April 2023 and 31 March 2024, Electrical Safety First secured \$290,997.50 worth of complimentary advertising relating to search terms entered into Google, which generated 178,188 clicks through to our website.

Events

The Charity's annual Electrical Product Safety Conference entitled "To Market and Beyond", was held in November 2023 and achieved record attendance with 240 participants. It featured an expanded lineup of speakers compared to previous years. Virtually all delegates stayed engaged for the entire event, reflecting positively on its quality. Additionally, 83% of the audience actively participated via Slido, and an overwhelming 98% rated the day as 'excellent' or 'very good'. As in previous years the event included the announcement of the winner of the Charity's Safety Innovation Award. Launched in 2019, the Award was established to acknowledge an innovative and sustainable product or project, placing safety of consumers at the heart of its development. The winner of the award in 2023 was Hobsensus, a safety device that turns hobs off when left unattended. It is particularly useful for student accommodation (2022/23 saw a five-year high for electrical fires in student halls of residence), communal kitchens, and people living in sheltered or assisted-living property.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

The Charity's Inaugural Scottish Electrical Product Safety Conference took place in Edinburgh in May 2023 to a sold-out audience of manufacturers, retailers, trading standards, test houses and industry leaders. The event included presentations from a Member of the Scottish Parliament, Consumer Scotland, the Scottish Retail Consortium and the British Heart Foundation. The event was rated very highly with feedback of 100% stating that the conference met the audience's expectations.

The Charity's inaugural Installation Safety event entitled "Switch to the Big Issues", was held in April 2024 in London and included various speakers and topics centred around exploring the key trends impacting on the electrical installation industry. It is anticipated this event will become a regular fixture in the calendar.

The Charity had its first presence for many years at the Elex show at the end of February 2023. This gave an opportunity to explore how widely the Charity's technical guidance is known across the installation sector. The Charity's presence was positively received and its safe isolation technical presentation proved popular.

Working with governments

The Charity collaborates with parliamentarians and policymakers, shaping impactful electrical safety legislation. Our scope covers various regulatory areas, including housing, counterfeits, online sales, recalled products, electric vehicles, and the future home. As our world electrifies, the Charity's mission gains even greater importance: ensuring electrical safety for all. Despite this, its significance remains overlooked in low-carbon strategies. This past year, the Charity has continued to emphasize the importance of electrical safety in the evolving home of the future, supplementing its primary focus on safer products and installations.

The Charity is working on developing a clear rationale for energy suppliers to offer free electrical safety checks for those considered at most electrical risk as part of their Priority Services Register (PSR) obligations. As part of this a cost proposal was produced for energy providers. The Charity sought stakeholder feedback to refine its proposals, including presentations to Energy UK's vulnerability sub-working group, comprising energy suppliers responsible for PSR obligations. The Charity also engaged with SSE and Citizens Advice. At parliamentary level, the Charity collaborated with an MP to introduce a 10 Minute Rule Bill in the House of Commons which received positive political interest. Considering the nationwide scope of this campaign under Ofgem's PSR reach, the Charity met with various devolved politicians, presented at a Scottish Parliament's cross-party group, and promoted the issue during the autumn Scottish political conference season. Through this stakeholder engagement, the Charity identified specific challenges, such as funding remedial work resulting from proposed PSR electrical safety checks for vulnerable energy customers. Consequently, the Charity is still developing concrete policy proposals for the full implementation of a scheme, exploring its wider benefits in supporting net zero and anticipated revenue growth for energy suppliers in this space.

The Charity commissioned external economists to conduct research on the economic cost of accidental electrical fires in dwellings, building upon the methodology used in the Home Office's report, "The Economic Cost of Fire: Estimates for 2004". This new research provided valuable insights into the effectiveness of fire risk mitigation policies. Reliable estimates of the economic cost of electrical house fires will enhance the credibility of the Charity's policy asks and media output. It will also support the Charity's engagement with the government and civil service in policy appraisal and evaluation, as well as the Charity's goal of becoming a producer of core electrical safety data.

The Charity launched a new manifesto outlining four key policy priorities for the next UK Government. These focus on strengthening e-micromobility regulations, enhancing housing standards, ensuring a fair business environment and consumer protection, and supporting safe, eco-friendly homes for a greener future. All the proposals have been developed with cost-effectiveness in mind, requiring minimal financial support from government budgets

Westminster-focused activity

Product safety

The Charity continued to campaign for stronger regulation of online marketplaces, to protect consumers from purchasing dangerous electrical goods through platforms, such as Amazon Marketplace, Facebook Marketplace and eBay. Online Marketplaces (OMPs) lack the safeguards and protections placed on traditional high street retailers.

THE ELECTRICAL SAFETY COUNCIL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

In the previous year the Sale of Goods (Online) Safety Bill, was introduced and debated in the House of Commons, and there was a commitment to enhancing the regulation of OMPs through a UK Government Product Safety Review. The Charity contributed to the review consultation and participated in Office for Product Safety and Standards (OPSS) workshops and meetings to influence its direction. The Charity had been invited by OPSS to conduct several workshops through its involvement in the smart technology working group and its APPG (All-Party Parliamentary Group) on Home and Online Electrical Safety. Among the proposals for review are measures to make OMPs responsible for the safety of goods sold on their platforms. OPSS has since recognized OMPs as distributors, as evidenced by withdrawal notices they issued for a particular battery. This reinforces the Charity's advocacy for OMPs to be recognized as supply chain actors. The government's response to the Product Safety Review is anticipated at some point during 2024.

As part of the Charity's battery breakdown campaign, it organised an event for the APPG on Online and Home Electrical Safety, for whom it provides secretariat services. The event was attended by seven parliamentarians and over 30 stakeholders, including the National Fire Chiefs Council, Which? The Children's Burns Trust and the College of Paramedics. The Charity's CEO, Yvonne Fovargue MP, Lord Foster, and Nicole Lee, a burns nurse, formed the panel of speakers..

Installation safety

There were continued efforts to ensure universal electrical safety protections for everyone, regardless of their circumstances. The Charity reported last year that they were pleased that its advocacy efforts had acknowledged in the Social Housing (Regulation) Act, which included its ask for five-yearly mandatory electrical safety checks in the social rented sector in England and which became law in summer 2023 with regulations anticipated in 2024.

The Charity is also committed to introduction of mandatory, five-yearly electrical safety checks in short-term lets in England, Wales, and Northern Ireland (aligning with standards already in place in Scotland). To that end the Charity contributed to a UK Government consultation and await the details of a confirmed registration scheme for the sector.

The Charity published an article on Future Homes in the Westminster House Magazine to raise concerns around the electrical safety implications of achieving low carbon homes.

Scotland

Charity representatives attended conferences organised by major political parties in Scotland bringing attention to critical issues. A particular focus was gaining support for the Charity's campaign advocating for energy suppliers to provide free electrical checks for vulnerable customers.

The Charity hosted an event in the Scottish Parliament, sponsored by Clare Adamson MSP, the chair of the Cross-Party Group on Accident Awareness. The goal was to engage MSPs unfamiliar with the Charity and its policy agenda. This attracted 15 MSPs from different political parties, including Siobhan Brown MSP, who was the new Community Safety Minister responsible for fire safety policy and who later met with the Charity to discuss its lithium-ion battery report.

As part of the Scottish Government's consumer awareness day in Glasgow, the Charity in collaboration with the Scottish Fire and Rescue Service, hosted Scottish Minister Tom Arthur MSP in order to brief him on a range of product safety and consumer protection issues. During the visit, the Charity set up a 'Shock Stall' at a Glasgow fire station, providing the opportunity to engage the Minister and secure his support for enhanced regulation of online marketplaces. Subsequently, the Charity hosted a roundtable discussion on its Battery Breakdown report.

The Charity submitted a response to the Scottish Government's consultation on the Heat in Buildings Bill, emphasizing the need for electrical safety checks in the owner-occupied sector. A meeting with Scottish Housing Minister resulted in a positive reception and a request for detailed proposals.

Wales

The implementation of the Renting Homes (Wales) Act 2016 in December 2022 had introduced mandatory electrical checks for both the private and social rented sectors in Wales. The Charity has advocated for similar.

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safeguards in short-term lets and can report that the Welsh Government is introducing a registration and licensing scheme, including mandatory safety measures on which further details will be published in 2024

As in Scotland, Charity representatives attended conferences organised by major political parties to bring attention to critical issues and in particular to gain support for the Charity's campaign advocating for energy suppliers to provide free electrical checks for vulnerable customers.

The Charity hosted a parliamentary drop-in event at the Senedd which was attended by 15 Senedd members, including the Minister for Climate Change whose remit oversees housing. The event centered around the Charity's Battery Breakdown campaign, emphasizing the collaborative efforts with devolved governments to implement preventative safety measures and reduce fire risks.

Northern Ireland

In the previous year, a significant accomplishment of the passing of the Private Tenancies Act in Northern Ireland had been reported. This legislation included the crucial provision of electrical safety checks in the private rented sector. Approval by the Assembly has led to further regulations that are due to come into force in late 2024 that introduce a duty in the private rented sector of five-yearly mandatory electrical safety checks.

The Charity successfully launched its Future Homes report in Northern Ireland following a well-received Assembly event in June 2023 attended by 50 MLAs and stakeholders. The electrical safety implications of achieving low carbon homes in Northern Ireland were highlighted. The event featured an array of speakers from the Northern Ireland Federation of Housing Associations, Consumer Council, and the Climate Change Commissioner from Belfast City Council.

Electrical Safety Fund

This grant scheme was enhanced with the Electrical Safety Fund receiving 117 nationwide applications - up 40 from the previous year - resulting in £250k distributed among 57 UK partners. Enhancements included increased resource support for publicity and political opportunities, with projects funded expected to complete and submit evaluation reports by 31 March 2024. The Charity aims to develop metrics to measure broader societal impact. Additional staff resources have boosted capacity, enhancing the scheme's visibility through publicity packs, virtual workshops, and dedicated support for specific projects to secure regional media coverage and political support

Home Improvement Grant Scheme (HIGS)

The Charity, as part of its aim of establishing an evidence base to support the need for regular electrical safety checks in the UK's owner-occupied homes, primarily comprised of older and often vulnerable groups, made progress through HIGS pilots in Scotland and Wales. These were focused on assessing the electrical safety of owner-occupied homes. These initiatives will provide valuable data to support the need for regular electrical safety checks. Once evaluated these pilots will be a first step towards expansion of the HIGS scheme nationwide to create a comprehensive UK-wide data set supporting regular electrical safety checks. Additional benefits are also being trialed such as preparing for future net-zero requirements. The Charity plans to launch a targeted campaign in Scotland advocating for EICRs (Electrical Installation Condition Reports) at the point of sale, using it as a model to push for similar measures across the UK.

Product and Installation Research and Investigations

Online marketplaces (OMPs)

The Charity reported last year on its investigation into listings of electrical goods across five leading OMPs and the number of listings it found of products for use around the home that were unsafe. The Charity has worked to table amendments to the Digital Markets, Competition, and Consumers Bill, addressing the need for better regulation of online marketplaces while awaiting the government's response to the Product Safety Review which provides proposals to overhaul the UK's product safety framework.

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Charity representatives have met with Amazon and explored how the Charity can feed into the information that is presented to customers on using products safely and providing information to third-party sellers on their obligations when selling into the UK. The initial focus is on sales of e-bike conversion kits, including universal chargers and UK plugs. It was also noted during the year that Wish.com reported that it has implemented a ban on e-bike and e-scooter chargers as well as conversion kits for bikes citing safety risks. The Charity's searches identified some items that were slipping through the ban and highlighted this. Nevertheless it is considered a significant achievement that the charity's campaigning has influenced this important development.

E-bike chargers

Following the investigation reported last year by the Charity which identified mains chargers designed to charge e-bike batteries that could start devastating fires, this has remained a topical area sadly with continued reporting of incidents in the press. The Charity responded to a new consultation published by the Department for Transport into the doubling of power of e-bikes. The Charity positioned itself as a leader in this area, responding robustly and quickly highlighting the need for a consultation on the safety of batteries and chargers to be a priority and the media outreach on this issue has already been covered earlier in this report.

Lithium-ion batteries

Following the report of the Charity's findings published in summer 2023, in March 2024 the government confirmed ongoing research for the most appropriate regulatory response and the commencement of voluntary conversion kit standards, as the Charity's Battery Safety Bill recommended. While encouraging, the Charity will continue to advocate for these standards to become designated and legally required.

Residual Current Devices

This investigation has two aspects, firstly to look at the consequential impact of modern electronic equipment and appliances. A specialist in this field has been engaged in trialing the testing of levels of DC earth leakage current, in a range of property types and is underway. If successful, this will then be rolled out to a greater number of properties for testing, enabling the Charity to have an understanding on the potential size of the problem. The second part of the investigation is exploring the issue relating to the failure of uni-directional devices when used in a bi-directional situation such as with solar photovoltaic and electrical energy storage systems.

Solar photovoltaic installations

This ongoing investigation is looking at likely causes of fires and methods of prevention. Working with Fire and Rescue Services, Certsure and other data holders, the investigation considers product quality, installation competence and practice as well as the need for mandating regular safety checks.

Outdoor living

The Charity undertook safety screening of a range of electrical products used by consumers for 'outdoor living'. Samples tested included BBQs, fans, extension leads, heaters (patio and pool), festoon lighting and an insect killer, with a large proportion of those samples failing basic safety screening testing. The results were shared with the Office for Product Safety and Standards (OPSS) to enable them to consider and take enforcement action, as appropriate. A second tranche of testing on items of concern is underway with an internal report due by the end of 2024 Q2.

Substandard 20 watt chargers

Funded by Apple, this project was the largest study of counterfeit and imitation Apple chargers of its kind in the UK with 100 samples that have been sourced from online retailers/marketplaces and physical stores being physically tested. This has revealed a 100% failure rate for safety issues found (not including marking or labelling issues). A report on this work will be finalised in 2024/25.

Working in Partnership and Stakeholder Engagement

By working with manufacturers, retailers and other organisations, the Charity is able to reach a much wider audience with its campaigns. To support the aim to be a collaborative organisation, and to work as a facilitator of best practice, the Charity has established – and hosts – various electrotechnical committees and groups. A wide range of areas are encompassed, from the safety of electrical installations and products, to new technology and the smart home. Membership of these groups is equally diverse, and includes representatives from throughout the

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product and installation supply chain, as well as lawyers, distribution network operators, fire and rescue services, trading standards and Government and non-departmental Government bodies.

Electrical Safety First established and Chair the following committees:

- The Electrical Installation Safety Forum takes an overarching review of anything from the safety of electrical supply intake equipment to installer competence and emerging safety issues.
- The Electric Vehicle Charge Point Installation Safety Working Group set up in collaboration with the Office for Zero Emission Vehicles (OZEV), to improve the quality and safety of EV charge point installations. The February 2024 meeting explored the CENEX audit report for OZEV on the quality of Electric Vehicle ChargePoint (EVCP) installations. Following the meeting OZEV sought the input from the group on issues and comments regarding on-street charging and simultaneous contact.
- The Wiring Regulations Advisory Group (WRAG), provides guidance on frequently asked questions on BS 7671 (IET Wiring Regulations). The group establish a consensus response to queries on the standard, which is then added to the WRAG database, published on the Electrical Safety First website. This resource is well regarded and well used, attracting significant numbers of visits per month.
- The Electrical Safety of Products Committee reviews the safety of consumer electrical products which connect to mains voltage and extra-low voltage supplies. It considers changes in legislation and standards, reviews the Charity's product screening activities, and has a watching brief on emerging issues impacting on consumer safety.
- The EICR Improvement Working Group, seeks to improve the quality and consistency of Electrical Installation Reports (EICRs). This is a multi-stakeholder group with representatives from industry, landlords, letting agents and UK government departments and continues to progress in aligning industry guidance presented to practitioners and others. Discussions are ongoing, and the Charity recognises there is still work to be done to influence trade associations and certification bodies to educate their members and registrants. The Group is currently looking at developing a risk assessment model that can be used by inspectors to categorise risk, as well as included in a revised issue of the Charity's Best Practice Guide 4.
- The Smart Technology Product Safety Stakeholder Group is co-chaired by Electrical Safety First and the law firm DLA Piper. It aims to identify issues arising from connected technology which could impact on consumer safety and to promote good practice within the industry. The Charity, working with the group has provided a comprehensive webpage on the Product Security and Telecommunications Infrastructure (Product Security) regime, which came into force on 29th April. This includes a series of 'questions and answers' to aid the relevant actors on their roles and responsibilities when making smart connected devices available on the market.

The Charity continues to participate in the review of the Model Forms (EICR) at the BSI/IET sub-committee to help ensure that consideration of the end user (recipient) is taken into account. The revised forms will be included in the next amendment to BS 7671 (requirements for electrical installations).

The Charity's Technical Director worked with DCUSA and the ENA to develop guidance for safe isolation providers to help ensure that the scheme to allow any REC accredited meter operator to carry out de-energisation and re-energisation works is used to facilitate work carried out competent persons such as registered electricians only and not abused to facilitate work carried out by incompetent persons or DIY. (DCUSA is the Distribution Connection and Use and System Agreement operated by ElectraLink and ENA is the Energy Networks Association).

The Charity is a member of multiple British Standards Institute's (BSI) committees and various other key electrotechnical committees and forums, which provide the opportunity to influence improvements to standards and to collaborate with relevant organisations. There is also collaboration with international standard setting through CENELEC – the European Committee for Electrotechnical Standardisation – that impact on UK standards is maintained via the Charity's membership of BSI committees. The Charity now has an increased presence through the placement of our Electrical Installation Safety Engineers on each of the four JPEL64 sub-committees

Electrical Safety First's Chief Executive is a long-standing member of ESSAC, the Electrotechnical Standardization Strategic Advisory Council, which provides the British Standards Institution with high-level, strategic advice and guidance for the UK's electrotechnical industry. Other groups which we have membership of include: the National Fire Chief's Council's Home Safety Committee; the Department for Energy, Security and Net Zero's (DESNZ) Smart Meter Operational Group and Smart Meter Safety Advisory Group.

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Electrical Safety First is frequently used as an expert voice by national and regional media — as well as the electrotechnical industry — and beyond. Its technical specialists are frequent speakers and panellists at a variety of events. These included: Retra, AMDEA's appliance 2050 and ICPHSO.

The Charity successfully launched a specification for periodic inspection, testing and reporting on electrical installations in rented domestic accommodation (new Best Practice Guide 10), recognised by industry, landlords, letting agents and government departments in each devolved nation. The Charity has successfully raised the profile of this publication through numerous channels, including live events, podcasts, Video on Demand and industry press articles. The Charity is also speaking with civil servants within DLUHC (now the Ministry of Housing, Communities and Local Government), about having BPG10 included in its guidance for the private rented sector. The 'Electrical Safety in Communal Areas of Residential Properties', produced in collaboration with the Association of Residential Managing Agents (ARMA), has been updated and will be published shortly.

As part of work collaborating with insurance groups, the Charity worked closely with Direct Line on a campaign warning of the dangers of tampering with an electric meter. This led to one of the Charity's Installation Safety Engineers being a lead spokesperson on this issue across a number of news outlets on TV, Radio and digital outlets. The Charity also developed a campaign tumble dryers, aimed at ensuring they are both used and maintained correctly. The Charity collaborated with Admiral Insurance to quantify the average insurance claim for a tumble dryer fire, which provided a financial angle to the campaign. Separately, consumer research was commissioned to establish how many tumble dryer owners fail to upkeep their dryers. Similar to the work on electric meters, extensive media coverage ensued.

The Charity commissioned exploratory research to establish how electrical safety is taught in primary schools and how it might best provide resources to support the subject. Over 500 primary schools were consulted, using a qualitative and quantitative approach, incorporating schools in all four nations of the UK. The research found that a limited amount of electrical safety is usually taught as an adjunct to other safety training or as part of a science lesson. It can also form part of educational visits to, for example, fire stations. However, such visits have significantly declined since the pandemic because of funding restrictions. The Charity also found that a lack of suitable teaching resources for the subject, not surprisingly, resulted in a lack of confidence in teaching it.

The research included a review of the Charity's Switched On Kids website, a resource for children and teachers, which had been established some years ago and minimally updated. While noting that lesson plans for teachers needed revising and improved use of visual elements was required, most of the respondents thought it needed a 'refresh' rather than a restructure. A key recommendation arising from the research was to enhance school engagement via partnerships with other safety bodies/organisations. The use of email marketing and social media to engage with teachers and disseminate access to electrical safety information was also highlighted. Some of these recommendations are planned to be implemented in 24/5.

Certsure Joint Venture

Charitable objectives continued to be delivered through the Certsure LLP joint venture. Certsure offers industry-leading certification services, Building Regulations schemes, training, products and support to the construction industry and beyond. Profits from these activities provide a significant part of the Charity's income.

Certsure carries out assessments on businesses designed to verify the ongoing competency of these businesses and ensure technical integrity and safety standards are continuously upheld. Regular assessments are a condition of being certified by NICEIC, the operating name of Certsure. Split into two key areas, the assessments include on-site scrutiny of representative examples of work, and office audits — to verify effective record keeping and that the correct qualifications, insurances, and policies are in place. Evidence that employees are adequately supervised, and that they are undertaking continuous professional development, is also required. To help people find their nearest NICEIC certified business, Certsure's website hosts a 'Find a Contractor' tool, which allows consumers to search for local businesses by postcode.

The Charity produced a video highlighting what it does for the industry for Certsure's 'Ask NICEIC on the road' tour. In this initiative, technical experts from NICEIC visit current and prospective members at their sites. The video focuses on the Charity's campaigning efforts around EICRs and what the Charity does to support the industry through resources such as videos and best practice guides. It also showcased the Charity's work around the dangers of online marketplaces and substandard products.

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As well as featuring in a NAPIT podcast, Charity representatives appeared on NICEIC's 'The Wire' in January 2024 to promote Best Practice Guide BPG10. This achieved an exceptionally high number of livestream listeners and a follow-up podcast is being planned for 2024/25.

Certsure has been actively promoting the Electrical Safety First Best Practice Guides and Wiring Regulations Advisory Group (WRAG) 'Q&A' to apprentices and training centres, through their outreach program. In 2024/25 this will include providing over 1,000 Electrical Safety First updated and rebranded 'Safe Isolation Lock-off kits'. Both Certsure and Electrical Safety First have been supporters of an industry-wide Safe Isolation campaign, through industry events such as Elex, media such as Professional Electrician (which from June 2024 will feature the Charity's safe isolation flow chart), as well as being the subject of an NICEIC technical webinar, *THE WIRE*, featuring the Charity's Installation Safety Engineers. *The WIRE* is broadcast live and also available on demand as part of the on demand library, a valuable resource for electricians with over 30 hours of CPD accredited webinars.

Along with other key stakeholders including Electrical Safety First, Certsure is represented on the BSI JPEL/64 committee, a cross-industry group responsible for maintaining BS 7671, the Institution of Engineering and Technology (IET) Wiring Regulations. Certsure has been influential in the upcoming Amendment 3 of BS7671, addressing the issue of ensuring that bi-directional devices are installed where solar Photovoltaic and Electrical Energy Storage Systems (EESS) are installed. Amendment 3 is due for release July 2024. Collectively, Certsure, and Electrical Safety First have a strong presence on the committee and sub-committees, working to improve safety, and practice whilst ensuring consistency and clarity throughout the Regulations.

The Certsure technical helpline continues to assist contractors with their real-life queries. As a leading training provider for the electrotechnical industry, Certsure offers a wide range of highly regarded industry-recognised training, delivered via various platforms. As technologies and demand have evolved, their offerings have also developed, particularly with the provision of Electrical Energy Storage Systems courses. Through both formal training courses and free CPD, Certsure is helping thousands of electrical contractors keep their technical knowledge and skills up to date – and helping to ensure they deliver safe, compliant, installations to consumers.

Future Plans for 2024-25 include:

Continue working to ensure the Charity fulfills the aims set out in its updated five year strategy running to 2028. The key strategic priorities of the Charity following the strategy review were agreed as:

- Be the recognized expert voice in electrical safety.
- Safer electrical installations.
- Safer products.

Towards these the Charity has identified specific actions. There are seven key performance indicators (KPI) that the Charity will aim to have achieved by 2028 and 12 month goals for 2024-25 in relation to each KPI have been identified. Progress is recorded and regularly reported to quarterly Trustee meetings.

The seven KPIs are that the charity will by 2028 have:

1. Persuaded UK Government to legislate to ensure online marketplaces face same responsibilities for safety of products sold on their platforms as high street stores.
2. Ended "tenure lottery" by ensuring all UK regions have mandatory EICRs every 5 years in private & social rented sectors and made progress in achieving regular checks in owner occupied sector.
3. Established targeted support for those more vulnerable to harm caused by electricity through free electrical safety checks akin to those already established for gas, and a grant scheme which runs regularly and supports our objects and impacts 250,000 individuals.
4. Achieved government recognition of electrical safety as a key consideration in its policy making towards net zero.
5. Enhanced technical integrity by influencing the improved quality and consistency of electrotechnical installation work and reporting on existing installations.
6. Established a sustainable position for the organisation in terms of financial and human resources and infrastructure. Put in place a spending and reserves strategy, together with a people strategy to support our staff to achieve our objects.
7. Established Electrical Safety First as leading go-to organisation for advice, research, views and comment in the field of electrical safety amongst consumers, politicians and the media.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

Financial Position and Reserves

The Group has recorded an increase in funds during 2023/24 of £4,558K consisting of net income of £6,652K and a £2,094K actuarial loss recorded on the Pension Scheme with the liability indicated by the difference between the Scheme Assets and Defined Benefit Obligation being recognized as £200K on the Balance Sheet (see note 17). The reserves at year end which are wholly unrestricted totaled £35,834K.

Gift aid of £6,700K (2023: £5,115K) has been received by the Charity from its subsidiaries. The Charity's subsidiaries include ESC Partnerships Ltd which is one of two members of Certsure LLP and which generated £6,000K of the 23/24 gift aid with the remaining £700K coming from ESF Enterprises Ltd. The other member of Certsure LLP is the Electrical Contractors' Association Ltd which is a wholly owned subsidiary of the Electrical Contractors' Association, a members' association.

Income

Total Charity income was £7,939k (2023: £6,147K), the main component of which was £6,700k (2023: £5,115K) received from subsidiaries in gift. Other incoming resources are income payable to the Charity by Certsure LLP for use of its properties together with investment income and income generated by Charitable Activities.

Expenditure

Total expenditure for the year was £3,389K (2023: £2,663K), a substantial increase on the prior year. Whilst there was a reduction in grants made of £43K over the prior year with £250K paid out in 2023/24, increased activity in the areas of installation and product safety was reflected in higher spend in both these areas.

Fixed Assets

The majority of the Charity's tangible fixed assets comprise the land, buildings, furniture, equipment and IT hardware used daily. Changes in tangible fixed assets are shown in note 10 to the financial statements.

Pension Scheme

The scheme assets of the closed final salary pension scheme are smaller than the liabilities by £0.2m when measured in accordance with FRS 102. This is a significant change from the asset that existed at the end of the previous year that was not recognized under FRS 102 Section 28.22. In October 2023, the Trustee purchased a bulk annuity policy with an insurer securing members' benefits in the scheme in full. The asset value and funding basis are now more aligned to the previous buy out funding position which was previously significantly different to the FRS 102 position and at 31 March 2023 was a deficit of £2.1M. The employer paid in £1.5M during the year to facilitate the purchase of the bulk annuity policy and the remaining assets are being disinvested in tranches up until mid 2026 and are being used to pay further premiums on the insurance policy. The triennial valuation as at 31 March 2023 (i.e. prior to the purchase of the bulk annuity policy) was completed during the year indicating a technical provisions surplus.

Outlook

The Group's financial position overall remains healthy. The Charity holds significant reserves and now the risk of further significant funding being required for the Pension Scheme is almost eliminated, the Trustees are actively considering the best use of additional available resources to deliver on its objectives.

Cash, Investment Policy and Returns

Group cash and investment balances excluding joint ventures have increased over the last year to £22,920K (2023: £20,072K) with both investments and bank balances having increased.

The Charity's investment policy has as its objective "to produce returns and be a vehicle for holding the agreed level of Charity reserves". The investment target return is once any income required has been taken to maintain and where possible enhance the real value of the portfolio without taking unnecessary risks. A total return approach to investment is taken i.e. generating return from income and capital gains and losses.

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An investment portfolio of £12.9M of funds with a long-term investment horizon was managed by three fund managers, Rathbones, Cazenove and CCLA. Improved conditions in the financial markets over the course of the year resulted in a positive return of £1,304K being delivered on the portfolio, comprising a £877K capital gain combined with £438K of income and £11k of management fees.

The investment policy is maintained under ongoing review in light of changing Group funding requirements and all portfolios are now balanced between equities, fixed interest investments, alternative investments and cash based on an intermediate risk profile. All income generated is being paid to the Charity to fund current spending.

The balance of the Charity's investments relate to the joint venture of Certsure LLP and property. Properties leased to group companies (including joint ventures) are not treated as investment properties. Therefore the investment property held by the Charity reflects the proportion of a property leased to a third party.

Reserves and Risk Assessment

Risk management processes are embedded in the day-to-day operations of the Charity and its trading activities which have their own separate risk register. Risk registers are reviewed regularly by management to ensure completeness and that the risk ratings and impacts remain appropriate.

Significant changes in the Charity's risk register are reported at the Electrical Safety Council's Board meetings. The full Board reviews the Charity's risk register. The risk register relating to Certsure LLP is reviewed by the Certsure Management Board which includes two Charity Trustees along with the Charity Chief Executive and Finance Director.

The Financial Management Committee, on behalf of the Board, conducts an annual review of the level of unrestricted reserves by considering the risks associated with the various income streams, expenditure plans and Balance Sheet items. In setting the reserves target the Committee considers the future resources needed for the Charity to continue meeting its charitable objectives. The Committee also recognizes that assets such as fixed assets are not easily or quickly realised.

This review enables an estimate to be made of the level of reserves that will be sufficient to allow time to re-organize and dispose of long term assets in the event of a down turn whilst maintaining core charitable activities including the Charity's:

- consumer awareness and campaigning activities;
- objectives to improve electrical product and installation safety;
- commitment to technical excellence

The reserves policy is kept under review and states that reserves, which are defined as the charity's and its wholly owned subsidiaries' cash and investment portfolio, amounting to at least two years pure /discretionary charitable expenditure be maintained after provision for the next three years' pension deficit payments.

The policy goes on to state that if the level of reserves exceeds the minimum amount, the Trustees will consider the best use of the "excess" funds. Matters to be taken into account include the progress of the defined benefit pension scheme to self-sufficiency, the merits of holding or investing the additional amount to fund future spend and the merits of undertaking additional charitable activities. Now that significant further funds are unlikely to be required for the pension scheme, the Trustees are actively considering the Charity's position, how/if the policy should be amended and how any difference between actual reserves and policy should be dealt with.

The Trustees have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to Senior Management. Trustees are unremunerated and the remuneration of the Key Management Personnel is determined by the Remuneration and Appointments Committee who take into consideration general pay increases awarded under the collective agreement which covers the majority of staff as well as external comparatives.

Financial Instruments

The Group's policy including Joint Ventures is to finance working capital through retained reserves and in the case of the Certsure Joint Venture, monies received in advance from customers as a result of its annual fee cycle.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024 (continued)

The Group does not actively use other financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. It is exposed to minimal foreign exchange risk as the customer base is mostly within the UK. The nature of the Group's financial risk instruments means that they are not subject to price or liquidity risk.

The Board does not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or results.

Employee Training and Recruitment

The Group including Joint Ventures has an active personal development training programme to ensure that all employees have the skills and knowledge necessary to achieve the business and personal goals to which they aspire. The Group is an equal opportunity employer that values diversity in its employees and it has recruitment policies directed to ensure that it is open to all.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' annual report incorporating a strategic review and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Charity and of the incoming resources and application of resources, including its income and expenditure, of the Group for the year. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Charity will continue in business.

The Directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' Awareness Statement

Each of the Directors has confirmed that so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware, and that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Auditor

A resolution to appoint Moore Kingston Smith LLP as auditor will be proposed at a future Board meeting.



By order of the Board
Jennifer Trim, Company Secretary, 12 December 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL

Opinion

We have audited the financial statements of The Electrical Safety Council (the “parent charitable company”) and its subsidiaries (the “group”) for the year ended 31 March 2024 which comprise the consolidated and charity statement of financial activities, consolidated and charity balance sheets, consolidated statement of cash flows, charity statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group’s and the parent charitable company’s affairs as at 31 March 2024 and of the groups incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report and Strategic Review for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's Statement, Chief Executive Officer's Review, Directors' Report or Strategic Review.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ELECTRICAL SAFETY COUNCIL (Continued)

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act and with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Silvia Vitiello, *Senior Statutory Auditor*

For and on behalf of Moore Kingston Smith LLP, Statutory Auditor
4 Victoria Square
St Albans
Herts AL1 3TF

Date: 13/12/2024

Moore Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2024 (incorporating Consolidated Income and Expenditure Account)

| | | Unrestricted Charity Funds | Trading Subsidiaries | 2024 Total Funds | 2023 Total Funds |
|---|------|----------------------------------|-------------------------|------------------------|------------------------|
| | Note | £'000 | £'000 | £'000 | £'000 |
| INCOME FROM: | | | | | |
| Investment Income – Investments | 5 | 688 | 97 | 785 | 531 |
| Investment Income – Properties | | 461 | - | 461 | 470 |
| Other Trading activities - Share of profits in Joint Ventures | 12 | - | 7,907 | 7,907 | 6,012 |
| Income from Charitable Activities | | 90 | - | 90 | 62 |
| TOTAL INCOME | | 1,239 | 8,004 | 9,243 | 7,075 |
| EXPENDITURE ON: | | | | | |
| Raising funds | | | | | |
| Continuing trading operations | | - | 4 | 4 | - |
| Discontinued trading operations | | - | 4 | 4 | 3 |
| Investment Management Costs | | 11 | - | 11 | 14 |
| Fundraising Costs | | 62 | - | 62 | 63 |
| Subtotal - Raising Funds | 4 | 73 | 8 | 81 | 80 |
| Charitable Activities | | | | | |
| Installation Safety | | 1,059 | - | 1,059 | 799 |
| Product Safety | | 1,671 | - | 1,671 | 1,301 |
| Grants and Direct | | 250 | - | 250 | 293 |
| Research | | 190 | - | 190 | 152 |
| Subtotal - Charitable activities | 4 | 3,170 | - | 3,170 | 2,545 |
| Other Expenditure | | | | | |
| | 4 | 146 | - | 146 | 38 |
| TOTAL EXPENDITURE | | 3,389 | 8 | 3,397 | 2,663 |
| Net Investment (Losses) / Gains - Investments | 12 | 877 | - | 877 | (772) |
| Net Investment (Losses) / Gains – Property | | (71) | - | (71) | 78 |
| NET (EXPENDITURE) / INCOME | | (1,344) | 7,996 | 6,652 | 3,718 |
| Actuarial Gain / (Loss) on Pension Scheme | | | | | |
| | 17 | (11,600) | - | (11,600) | (3,000) |
| Effect of non-recognition of Pension Asset | | | | | |
| | 17 | 9,506 | - | 9,506 | 2,200 |
| Transfer of Gift Aid | | | | | |
| | | 6,700 | (6,700) | - | - |
| NET MOVEMENT IN FUNDS | | 3,262 | 1,296 | 4,558 | 2,918 |
| Total Funds at 1 April 2023 | | | | 31,276 | 28,358 |
| Total Funds at 31 March 2024 | | | | 35,834 | 31,276 |

All Charitable funds are unrestricted. All recognised gains and losses are included above.

The notes on pages 28 to 43 form part of these financial statements.

THE ELECTRICAL SAFETY COUNCIL

BALANCE SHEETS AS AT 31 MARCH 2024

| | Note | <u>Group</u> 2024 £'000 | <u>Charity</u> 2024 £'000 | <u>Group</u> 2023 £'000 | <u>Charity</u> 2023 £'000 |
|---|------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| FIXED ASSETS : | | | | | |
| Tangible Assets – used | 10 | 4,625 | 4,625 | 4,734 | 4,734 |
| Tangible Assets - investment properties | 11 | 712 | 712 | 783 | 783 |
| Investments | 12 | 12,941 | 12,941 | 12,070 | 12,070 |
| Investments in Joint Ventures | 12 | 7,907 | | 6,012 | |
| | | 26,185 | 18,278 | 23,599 | 17,587 |
| CURRENT ASSETS : | | | | | |
| Debtors | 13 | 433 | 437 | 256 | 256 |
| Cash at Bank and in Hand | | 9,979 | 7,681 | 8,002 | 5,821 |
| | | 10,412 | 8,118 | 8,258 | 6,077 |
| CURRENT LIABILITIES : | | | | | |
| Amounts Falling Due Within One Year | 14 | 563 | 559 | 581 | 1,289 |
| NET CURRENT ASSETS/(LIABILITIES) : | | | | | |
| | | 9,849 | 7,559 | 7,677 | 4,788 |
| TOTAL ASSETS LESS CURRENT LIABILITIES : | | | | | |
| | | 36,034 | 25,837 | 31,276 | 22,375 |
| DEFINED BENEFIT PENSION SCHEME ASSET / (LIABILITY) | | | | | |
| | 17 | (200) | (200) | - | - |
| | | 35,834 | 25,637 | 31,276 | 22,375 |
| RESERVES | | | | | |
| UNRESTRICTED INCOME FUNDS | | 36,034 | 25,837 | 31,276 | 22,375 |
| PENSION RESERVE | 17 | (200) | (200) | - | - |
| TOTAL RESERVES | | 35,834 | 25,637 | 31,276 | 22,375 |

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. For the purposes of the Companies Act, net income of the Charity for the year is £5,846K (2023: £4,412K).

The notes on pages 28 to 43 form part of these financial statements.

Approved by the Board of Directors and authorised for issue on 12th December 2024, and signed on their behalf by:



E Hudson - Chair

THE ELECTRICAL SAFETY COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

| | TOTAL FUNDS 2024 | P/ YR FUNDS |
|--|-------------------------|--------------------|
| | £'000 | £'000 |
| Net cash (used in) operating activities (Note A) | (5,287) | (3,286) |
| Net cash provided by investing activities (Note B) | 7,264 | 6,282 |
| Cash flows from financing activities | - | - |
| | 1,977 | 2,996 |

| Analysis of Net Funds £'000 | At 1 Apr 2022 | 22/23 Movement | At 31 Mar 2023 | 23/24 Movement | At 31 Mar 2024 |
|------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Cash at bank and in hand | 5,006 | 2,996 | 8,002 | 1,977 | 9,979 |

CASHFLOW STATEMENT NOTES

A. Net cash used in operating activities

| | | |
|--|----------------|----------------|
| Net income for the reporting period | 6,652 | 3,718 |
| Share of profits in Joint Ventures | (7,907) | (6,012) |
| Depreciation | 109 | 138 |
| Dividends, interest and rents from investments | (785) | (531) |
| Rents from properties | (461) | (470) |
| Losses / (Gains) on investments | (806) | 694 |
| Loss on disposal of fixed assets | - | - |
| FRS 102 Pension operating movement | (1,894) | (800) |
| (Increase) / Decrease in debtors | (177) | (177) |
| (Decrease) / Increase in creditors | (18) | 154 |
| Net cash used in operating activities | (5,287) | (3,286) |

B. Net cash provided by investing activities

| | | |
|--|--------------|--------------|
| Dividends, interest and rents from investments | 785 | 531 |
| Rents from properties | 461 | 470 |
| Distributions from Joint Ventures | 6,012 | 5,313 |
| Purchase of property, plant & equipment | - | (34) |
| Proceeds from the sale of investments | 6 | 2,011 |
| Purchase of investments | - | (2,009) |
| Net cash provided by investing activities | 7,264 | 6,282 |

Analysis of changes in net debt

| £'000 | At 31 Mar 2023 | Cashflow | At 31 Mar 2024 |
|------------------|-----------------------|-----------------|-----------------------|
| Cash | 8,002 | 1,977 | 9,979 |
| Cash equivalents | - | - | - |
| Total | 8,002 | 1,977 | 9,979 |

THE ELECTRICAL SAFETY COUNCIL

CHARITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

| | TOTAL FUNDS 2024 | P/ YR FUNDS |
|--|-------------------------|--------------------|
| | £'000 | £'000 |
| Net cash (used in) operating activities (Note A) | (5,995) | (3,287) |
| Net cash provided by investing activities (Note B) | 7,855 | 6,053 |
| 2,766 | 1,860 | 350 |

| Analysis of Net Funds £'000 | At 1 Apr 2022 | 22/23 Movement | At 31 Mar 2023 | 23/24 Movement | At 31 Mar 2024 |
|------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Cash at bank and in hand | 3,055 | 2,766 | 5,821 | 1,860 | 7,681 |

CASHFLOW STATEMENT NOTES

A. Net cash (used in) operating activities

| | | |
|--|----------------|----------------|
| Net income for the reporting period | (1,344) | (2,322) |
| Depreciation | 109 | 138 |
| Dividends, interest and rents from investments | (688) | (500) |
| Rents from properties | (461) | (470) |
| Losses / (Gains) on investments | (806) | 694 |
| Loss on disposal of fixed assets | - | - |
| FRS 102 Pension operating movement | (1,894) | (800) |
| (Increase) /Decrease in debtors | (181) | (177) |
| (Decrease) /Increase in creditors | (730) | 150 |
| Net cash provided by (used in) operating activities | (5,995) | (3,287) |

B. Net cash provided by investing activities

| | | |
|--|--------------|--------------|
| Dividends, interest and rents from investments | 688 | 500 |
| Rents from properties | 461 | 470 |
| Gift aid from trading activities | 6,700 | 5,115 |
| Purchase of property, plant & equipment | - | (34) |
| Proceeds from the sale of investments | 6 | 2,011 |
| Purchase of investments | - | (2,009) |
| Net cash provided by investing activities | 7,855 | 6,053 |

Analysis of changes in net debt

| £'000 | At 31 Mar 2023 | Cashflow | At 31 Mar 2024 |
|---------------------|-----------------------|-----------------|-----------------------|
| Cash | 5,821 | 1,860 | 7,681 |
| Cash equivalents | - | - | - |
| Sub-Total | 5,821 | 1,860 | 7,681 |
| Loans due in 1 year | (714) | 717 | 3 |
| Total | 5,107 | 2,577 | 7,684 |

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The Electrical Safety Council is a company limited by guarantee (No. 570175) and a registered Charity (England and Wales No. 257376; Scotland No. SC039990).

The financial statements are prepared in compliance 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) (effective 1 January 2019) – (Charities SORP (FRS 102) (second edition – October 2019)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, and the Charities Act 2011. The Electrical Safety Council meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared on the historical cost basis and presented in GBP£, rounded to the nearest thousand, which is the functional currency of the Charity.

(b) Basis of Consolidation

The consolidated accounts include the results of the charitable company and its subsidiaries, ESF Enterprises Ltd and ESC Partnerships Ltd from the date of acquisition, together with a share of the results, assets and liabilities of jointly controlled entity (joint venture) Certsure LLP using the equity method of accounting, where the investment is carried at cost plus post-acquisition changes in the share of net assets of the joint venture, less any provision for impairment.

As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account is not presented in respect of the charitable company. The Charity's gross income for the year was £7,939K (2023 - £6,147K) and the result was £5,356K surplus (2023 - £2,493K surplus).

(c) Income

Fees and other income are accounted for on the provision of the service and are exclusive of VAT.

(d) Investment Income

Investments listed on a recognized stock exchange are included in the balance sheet at market value. Unrealised gains and losses arising during the year are included in the Statement of Financial Activities. Investment income is the amount received by the group in the year.

(e) Basis of Expenditure Allocation

Charities SORP requires that support costs are allocated where appropriate to direct charitable activities. The analysis provides an understanding of the nature of the activities undertaken and the resources expended on their provision.

(f) Operating Leases

Costs arising under operating lease agreements have been charged to the Statement of Financial Activities as incurred.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

1. ACCOUNTING POLICIES (Continued)

(g) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical and deemed cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

| | |
|------------------------|------------------------------|
| Computer software | - Between 3 and 5 years |
| IT equipment | - Over 3 years |
| Office equipment | - Between 2 and 5 years |
| Freehold buildings | - 2% on cost |
| Freehold refurbishment | - 10% on cost |
| Leasehold buildings | - Over the life of the lease |

(i) Foreign Exchange

Assets and liabilities are translated into sterling at rates ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling on the date of the transaction.

(j) Valuation of Fixed Asset Investments

Investments in Group undertakings are carried at historical cost, adjusted in the case of the joint ventures to reflect the Group's share of the underlying results. The Council considers this to be the most appropriate method of valuation of these holdings for the purpose of the consolidated financial statements.

Financial investments are valued at mid market value at the year end.

(k) Valuation of Investment Property

Investment properties are valued at market value and were valued at 1 April 2020 by professional valuers. The Trustees have used their judgement combined with obtaining information on current market conditions from professional advisors to update those values to current market values at 31 March 2023 and 31 March 2024. At the time those professional valuations were done, physical inspections were not possible and therefore valuers made assumptions as to the condition and repair remaining similar to time of prior inspections. There were also caveats on those property valuations due to a very uncertain property market at the time. Those formal valuations were therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global and Trustees were advised by the professional valuers that less certainty should be attached to the valuations than would normally be the case. On reviewing the reported values at 31 March 2023 and 31 March 2024, the Trustees determined that uncertainty was reducing and adjusted the valuations to current market conditions on the basis of the best available information and transactions. Gains or losses arising on revaluation are taken to the statement of financial activities. No depreciation is provided on investment properties. The property rented to group companies (including joint ventures) is treated as not being held for investment so the value of investment properties is less material.

(l) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and short term deposits with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

1. ACCOUNTING POLICIES (Continued)

(m) Pension Costs

For the Defined Benefit Scheme, the Statement of Financial Activities is charged with the current service costs and the net return on assets. They are included as part of staff costs. Past service costs are recognized immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognized over the period until vesting occurs. The interest cost and the expected return on assets are shown in aggregate. Actuarial gains and losses are recognized immediately in the Statement of Financial Activities.

The Defined Benefit Scheme is funded, with the assets of the scheme held in a fund administered by the NICEIC Pension Scheme. Pension scheme assets are measured at fair market value and liabilities are measured on an actuarial basis using the projected unit credit method of valuation and discounted at a rate based on the yield of an AA rated Corporate Bond. For benefits covered by a bulk annuity policy, the fair market value of the policy (asset) is considered as equal to the value of the benefits covered. Actuarial valuations for the purposes of FRS 102 are updated at each balance sheet date.

The resulting defined benefit asset or liability is presented separately after total assets less current liabilities on the face of the balance sheet. Where by virtue of FRS102 Section 28.22 the employer is not entitled to a refund of a surplus, an asset is not recognized.

The Defined Contribution Scheme is a “Group Personal Pension” whereby participating employees have individual contracts with an insurance company providing a range of investment alternatives. Employer contributions are charged to the Statement of Financial Activities in the year to which they relate.

(n) Financial Instruments

a. Financial assets

The Charity’s financial assets comprise basic financial instruments, being trade and other debtors and cash and bank balances. Trade and other debtors are measured at transaction price less any impairment. Any impairment loss is recognized in the statement of financial activities.

The impairment loss is measured as the difference between an asset’s carrying amount and best estimate, which is an approximation of the amount that the Charity would receive for the asset if it were to be sold at the reporting date.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

b. Financial liabilities

The Charity’s financial liabilities comprise basic financial liabilities, being trade and other creditors. These are initially recognized at transaction price and are measured subsequently at amortised cost. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

c. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

1. ACCOUNTING POLICIES (Continued)

(o) Going Concern

The financial statements are drawn up on the going concern basis which assumes the group will continue in operational existence for the foreseeable future. The Trustees have given due consideration to the working capital and cash flow requirements of the group for at least 12 months from the date of signature on the accounts. The Group and the Charity have a strong cash and reserves position at the time of approval of these financial statements and the Trustees have concluded that there is a reasonable expectation that the Group and the Charity have adequate resources to continue in operational existence for at least 12 months from the date of the audit report of these financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Charity's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions which affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for income and expenditure during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, the nature of the estimation means that actual outcomes could differ from these estimates.

Defined benefit pension and other post-employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, group management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions relevant to the defined benefit pension and other post-employment benefit obligations are based in part on current market conditions. Additional disclosures concerning these obligations are given in note 17.

Revaluation of investment properties

The group carries its investment properties at fair value, with changes being recognized in income and expenditure. The trustees review the valuation of the properties on an annual basis and, taking the market conditions into account, consider the values included in the accounts to be the fair value of the properties.

3. FINANCIAL RISK MANAGEMENT

The Trustees have overall responsibility for the establishment and oversight of the Charity's risk management framework. The full Trustee Board retains responsibility for developing and monitoring the Charity's risk management strategy and policies. The senior leadership team maintain a risk register which is considered regularly by all the Trustees. There have been no changes to the Charity's exposures and risks or methods used to measure and manage these risks during the year. The Charity seeks to minimise these risks as detailed below:

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

The objective of the Charity in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Charity aims to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Charity has financial investments available. The Charity maintains a long term (up to five years) monthly cash forecast and is currently in a position to meet its commitments and obligations as they come due.

The Charity is significantly dependent on Certsure, its Joint Venture with the Electrical Contractors Association for its income, it is entitled to 75% of the profits. The Charity also lease three properties to Certsure. Certsure has a Management Board with responsibility for day to day management and control. There is equal representation on the Management Board from each partner and decisions are taken by majority voting with the requirement that at least one member from each partner should be in favour. Two of the representatives are Trustees of the Charity and the other two are the Chief Executive Officer and Finance Director of the Charity, by which means oversight is achieved and regular reports are also provided to the Financial Management Committee and the full Board of the Charity.

Market risk

The Charity is exposed to market conditions affecting the size of its investment portfolio. The value is regularly monitored and investment managers are required to attend meetings of the Financial Management Committee at least annually. The Trustees maintain the investment policy under review. The portfolio is spread across three managers to help mitigate the risks of manager underperformance. Investments are not made for a period of under five years and cash deposits are held to manage short term requirements rather than divesting investments.

The Charity is also exposed to the effect of market conditions on the position of the closed defined benefit pension scheme. The Trustees of the Charity and the Pension Scheme work closely together and the Trustees of the Pension Scheme have been working on a journey plan towards self-sufficiency leading to ultimately being able to buy the liabilities out with an insurance company. During the year ended 31 March 2024 the Trustees of the Pension Scheme arranged a bulk annuity policy with Just Retirement that covers all the current members.

The Trustees do not feel the Charity is exposed to any other significant financial risk.

4. NET INCOME FROM TRADING ACTIVITY OF SUBSIDIARIES

Support costs totalling £480k (2023: £402k) have been allocated to Charitable Activities in accordance with the level of direct spend on those activities which is considered the fairest method of apportionment. Support costs comprise the costs of Charity premises, finance, governance and other overhead costs and are not separately identified by function.

| | 2024 | 2023 |
|---------------------|--------------|--------------|
| | £'000 | £'000 |
| Installation safety | 170 | 138 |
| Product safety | 268 | 225 |
| Research | 30 | 26 |
| Fundraising | 12 | 13 |
| Total | <u>480</u> | <u>402</u> |

Other costs are the costs of administration and the interest on the net defined benefit liability of the defined benefit scheme that is closed to future accrual. These costs therefore do not contribute to the current cost of charitable activities.

THE ELECTRICAL SAFETY COUNCIL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024**

5. INVESTMENT INCOME AND INTEREST

| | <u>2024</u> | <u>2023</u> |
|-------------------|--------------|--------------|
| | <u>£'000</u> | <u>£'000</u> |
| Bank interest | 347 | 103 |
| Investment income | 438 | 428 |
| | <u>785</u> | <u>531</u> |

6. STAFF COSTS

| | <u>Charity</u> | | <u>Group</u> | |
|-----------------------|----------------|--------------|--------------|--------------|
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Staff costs | | | | |
| Wages and salaries | 1,271 | 1,011 | 1,271 | 1,011 |
| Agency salaries | - | 21 | - | 21 |
| Social security costs | 147 | 128 | 147 | 128 |
| Pension costs | 131 | 106 | 131 | 106 |
| Healthcare plan | 6 | 3 | 6 | 3 |
| | <u>1,555</u> | <u>1,269</u> | <u>1,555</u> | <u>1,269</u> |

The average number of staff employed during the period was 23 (2023: 19).

As a Charity, Trustees who are unremunerated and receive no other benefits from employment, have ultimate responsibility for ensuring the activities are planned, directed and controlled although day to day management of the Charity is delegated to senior management who are also considered to be key management personnel. Total remuneration paid to key management personnel in the year was £487,382 (2023: £347,938 based on a smaller management team). Details of reimbursed expenses incurred by Trustees are set out in note 18.

7. EMOLUMENTS OF EMPLOYEES AND DIRECTORS

Employees who received employee benefits (excluding pension contributions) of greater than £60,000 fell into the following bands. All of these employees were participating in the group personal pension scheme:

| | <u>2024</u> | <u>2023</u> |
|---------------------|-------------|-------------|
| £60,001 to £70,000 | 2 | 1 |
| £70,001 to £80,000 | - | - |
| £80,001 to £90,000 | 1 | 1 |
| £90,001 to £100,000 | 1 | 1 |
| £100,001-£110,000 | - | 1 |
| £110,001-£120,000 | - | 1 |
| £120,001-£130,000 | 1 | - |
| | <u>5</u> | <u>5</u> |

Aggregate pension contributions paid on behalf of the above higher paid employees were £46,072 (2023: £53,643).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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| 8. NET INCOMING RESOURCES | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| The Group's net incoming/(outgoing) resources are stated after charging/(crediting): | | |
| Audit fees | | |
| Parent | 16 | 17 |
| Subsidiaries | 5 | 5 |
| Non audit fees paid to auditors | 55 | 46 |
| Depreciation of tangible fixed assets | 109 | 138 |
| Loss on disposal of fixed assets | - | - |

9. TAXATION

The Electrical Safety Council is a Charity with the registration number 257376. No UK taxation is therefore due on profits, income and gains arising from the charitable activities of the company. The subsidiaries pay over most of their taxable profits to The Electrical Safety Council, under a Gift Aid Scheme. The tax charges in relation to subsidiaries, if applicable, are disclosed in Note 8.

10. TANGIBLE FIXED ASSETS

| Group & Charity | Freehold Land and Buildings £'000 | Leasehold Land and Buildings £'000 | Office & IT equipment £'000 | Computer software £'000 | TOTAL £'000 |
|------------------------------|--|---|--------------------------------------|-------------------------------|----------------|
| <u>COST</u> | | | | | |
| B/fwd | 5,824 | - | 222 | - | 6,046 |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| C/fwd | 5,824 | - | 222 | - | 6,046 |
| <u>DEPRECIATION</u> | | | | | |
| B/fwd | 1,119 | - | 193 | - | 1,312 |
| Charge | 100 | - | 9 | - | 109 |
| Disposals | - | - | - | - | - |
| C/fwd | 1,219 | - | 202 | - | 1,421 |
| <u>NET BOOK VALUE</u> | | | | | |
| As at 31 March 2023 | 4,705 | - | 29 | - | 4,734 |
| As at 31 March 2024 | 4,605 | - | 20 | - | 4,625 |

Land, which is not depreciated, amounting to £2,308K (2023: £2,308K) is included in net book value

11. FREEHOLD INVESTMENT PROPERTY, Group & Charity

| | |
|------------------------|------------|
| | £'000 |
| B'fwd | 783 |
| Change in market value | (71) |
| C'fwd | <u>712</u> |

THE ELECTRICAL SAFETY COUNCIL

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024**

12. INVESTMENTS - GROUP

| Group | <u>2024</u> | <u>2023</u> |
|--|----------------------|--------------------|
| | £'000 | £'000 |
| Joint Ventures: | | |
| At 1 April 2023 | 6,012 | 5,313 |
| Share of profit for the year | 7,907 | 6,012 |
| Less: remitted to the Group | (6,012) | (5,313) |
| At 31 March 2024 | <u>7,907</u> | <u>6,012</u> |
| Share of Joint Ventures represented by: | | |
| Fixed assets | 2,299 | 1,860 |
| Current assets | 20,650 | 13,076 |
| Creditors | (15,042) | (8,924) |
| | <u>7,907</u> | <u>6,012</u> |
| | | |
| Other Investments | <u>2024</u> | <u>2023</u> |
| | £'000 | £'000 |
| Market value as at 1 April 2023 | 12,028 | 12,810 |
| Purchases (at cost) | - | 2,009 |
| Disposal proceeds | (4) | (2,019) |
| Net investment gains / (losses) | 877 | (772) |
| | <u>12,901</u> | <u>12,028</u> |
| Cash balances held by investment managers | 40 | 42 |
| Market value at 31 March 2024 | <u>12,941</u> | <u>12,070</u> |
| | | |
| Other investments are represented by: | | |
| UK Equities | 1,168 | 1,254 |
| Overseas Equities | 7,741 | 6,738 |
| UK Bonds & Fixed Interest | 949 | 904 |
| Global Bonds & Fixed Interest | 688 | 736 |
| Hedge Funds | 233 | 92 |
| Portfolio Funds | - | - |
| Property | 584 | 552 |
| Infrastructure | 534 | 417 |
| Cash funds | 444 | 633 |
| Commodities | 342 | 371 |
| Others | 218 | 331 |
| Cash securities | 40 | 42 |
| Market value as above | <u>12,941</u> | <u>12,070</u> |
| Investments Total (Group) | <u>20,848</u> | <u>18,082</u> |
| | | |
| Charity | <u>2024</u> | <u>2023</u> |
| | £'000 | £'000 |
| Subsidiaries (See Note 20) | - | - |
| Other Investments | 12,941 | 12,070 |
| Investments Total (Charity) | <u>12,941</u> | <u>12,070</u> |

ESC Partnerships Ltd holds member rights in Certsure LLP.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

| 13. DEBTORS | Group 2024 £'000 | Charity 2024 £'000 | Group 2023 £'000 | Charity 2023 £'000 |
|---|---|---|---|---|
| Trade debtors | 329 | 329 | 174 | 174 |
| Prepayments | 54 | 54 | 42 | 42 |
| Amount due from subsidiary undertakings | - | 5 | - | - |
| Other debtors | 1 | - | - | - |
| Social Security and Other Taxes | <u>49</u> | <u>49</u> | <u>40</u> | <u>40</u> |
| | <u>433</u> | <u>437</u> | <u>256</u> | <u>256</u> |

Trade debtors and amounts due from related companies included in the above are held at amortised cost.

| 14. CREDITORS | Group 2024 £'000 | Charity 2024 £'000 | Group 2023 £'000 | Charity 2023 £'000 |
|--|---|---|---|---|
| Amounts falling due within one year | | | | |
| Trade creditors | 162 | 162 | 139 | 139 |
| Social security and other taxes | 43 | 43 | 33 | 33 |
| Amount due to subsidiary undertakings | - | - | - | 712 |
| Accruals and deferred income | <u>358</u> | <u>354</u> | <u>409</u> | <u>405</u> |
| | <u>563</u> | <u>559</u> | <u>581</u> | <u>1,289</u> |

Deferred income comprises of payments received on account and income relating to services not yet delivered. Trade creditors, amounts due to related companies and accruals are held at amortised cost.

15. OPERATING LEASES

The Group has no financial commitments in respect of non-cancellable operating leases payable. Non-cancellable operating lease rentals are receivable as follows:

| | Charity | | Group | |
|--|------------------|------------------|------------------|------------------|
| | 2024 £000 | 2023 £000 | 2024 £000 | 2023 £000 |
| Not later than one year | 398 | 398 | 105 | 105 |
| Later than one and not later than five years | 1,194 | 1,592 | - | 105 |
| Later than five years | - | - | - | - |
| Total commitment | <u>1,592</u> | <u>1,990</u> | <u>105</u> | <u>211</u> |

The operating lease receivables are in respect of the properties held by the Charity and the Group which are leased to third parties, or in the case of the Charity, to either third parties or group companies (including joint ventures). Two of the properties held by the Charity were leased to Certsure LLP, its joint venture for a minimum period of five years commencing 1 April 2013 on a fully tenant repairing basis, with a rent review date that has expired with the leases running on at the same rental figure on a rolling basis. A further property is leased by the Charity to Certsure on a lease which commenced on 1 April 2023 and runs for a minimum period of five years on a fully tenant repairing basis. Certsure lease a portion of this property to NQA under a lease which was agreed for five years from 29 March 2023 with a mutual break date of 28 February 2025. The other property owned by the Charity is occupied by the Charity.

16. INSURANCE

Insurance costs charged to the revenue account include professional indemnity cover in respect of the Board of Directors. It is not possible to separately identify the cost of this from the total insurance premium for the Group.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

17. PENSION SCHEME

The Group operates a pension scheme providing benefits based on final pensionable pay. The Scheme operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The assets of the scheme are held by the Trust and during the year were invested with Legal and General and Towers Watson Investment Management. In October 2023, the Scheme Trustees arranged a bulk annuity policy (“buy-in”) with Just Retirement that covers all current members and at this time, all investments with Legal and General were sold.

The Scheme was closed to new members with effect from 31 December 2006 and was closed to future accrual of benefits on 28 February 2013.

The Scheme is a funded scheme and the Trustee’s funding objective is to hold assets which are at least equal to the technical provisions, i.e. to meet the statutory funding objective. The contributions paid to the Scheme are agreed by the Trustee and Employer every three years, after obtaining the actuarial advice of the Scheme Actuary. Principal factors in determining the level of contributions include the covenant offered by the sponsor, the level of risk in the Scheme, the expected return on the Scheme’s assets and the discontinuance funding level.

The main risks to the Scheme prior to the buy-in date are included in the list below, these have either been eliminated or significantly reduced following the buy-in in October 2023 :

- Investment returns insufficient to pay for the Scheme benefits
- Significant deterioration in the Employer’s covenant
- Increase in the life expectancy of members
- Significant changes in the market yields on high quality UK non-government corporate bonds, which are used to determine the discount rate

The focus for the Trustee is now to mitigate the risks in respect of meeting the cashflow requirements as they fall due and the possibility of the Insurer not meeting their agreed obligations, either entirely or on time.

The most recent comprehensive actuarial valuation was carried out by the Trustee of the Scheme as at 31 March 2023 for funding monitoring purposes. The Employer has employed an actuary who is not the Scheme Actuary to approximately update that actuarial valuation allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the Employer to measure the defined benefit obligation (DBO), as well as adjusting for benefits paid from Scheme.

It was agreed following the latest formal actuarial funding valuation as at 31 March 2023, that no regular contributions were required from the Employer as there was a technical provisions surplus. Special contributions of such amounts as agreed between the Trustee and the Employer, are payable within three months of the date of the agreement. The Employer paid £1.5m at the time of the buy-in transaction. The Employer meets the administration expenses of the Scheme and levies of the Pension Protection Fund. The scheme rules were amended in October 2022 to allow the scheme to pay administration and levy costs.

| Scheme Asset Information | Allocation Percentage 31-Mar-24 | Allocation Percentage 31-Mar-23 |
|---|---------------------------------|---------------------------------|
| Debt securities | 0% | 72% |
| Diversified fund | 0% | 16% |
| Buy-in policy | 99% | 0% |
| TW Secure Income Fund | 7% | 10% |
| Cash / liquidity | <1% | 2% |
| Loan of outstanding premium | (6)% | 0% |
| Total | 100% | 100% |
| Fair value of Scheme assets (£ million) | | 73.8 |

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024**

17. PENSION SCHEME (Continued)

| | 31-Mar-24 | 31-Mar-23 |
|---|-----------|-----------|
| Included in the above: | | |
| Value of entity's own financial instruments | 0 | 0 |
| Value of property and other assets used by the Employer | 0 | 0 |

The figures stated are in line with the requirements of FRS 102. All figures in this note are in £ million.

| Defined Benefit Cost - Period Ending | 31-Mar-24 | 31-Mar-23 |
|--|------------------|------------------|
| A Profit & Loss (P&L) | | |
| 1 Effect of employee service in the current period | - | - |
| 2 Net interest on net defined benefit liability/(asset) | (0.4) | (0.3) |
| 3 Scheme introductions, changes, curtailments and settlements | - | - |
| 4 Defined benefit cost recognised in P&L | (0.4) | (0.3) |
| 5 Cost of termination benefits (1) | - | - |
| 6 Administration costs incurred during the period | - | - |
| 7 Cost recognised in P&L | (0.4) | (0.3) |
| B Other Comprehensive Income (OCI) | | |
| 1 Actuarial (gain)/loss arising during period | (2.3) | (22.2) |
| 2 Return on Scheme assets (greater)/less than discount rate | 13.9 | 25.2 |
| 3 Change in irrecoverable surplus (2) | (9.5) | (2.2) |
| 4 Remeasurement effects recognised in OCI | 2.1 | 0.8 |
| C Total Defined Benefit Cost | | |
| 1 Cost recognised in P&L | (0.4) | (0.3) |
| 2 Remeasurement effects recognised in OCI | 2.1 | 0.8 |
| 3 Defined benefit cost | 1.7 | 0.5 |
| D Assumptions Used to Determine Defined Benefit Cost ⁽³⁾ | | |
| 1 Discount rate | 4.8% | 2.7% |
| 2 Price inflation (RPI) | 3.5% | 3.8% |
| 3 Price inflation (CPI) | 3.1% | 3.4% |
| 4 Pension increases for in-payment benefits | | |
| CPI maximum 5% | 3.1% | 3.4% |
| - CPI maximum 2.5% | 2.3% | 2.4% |
| 5 Pension increases for deferred benefits | 2.9% | 3.4% |

The fair value of assets is used to determine the expected investment return during the year

- 1 Includes only termination benefits to be paid from the Plan.
2 Excludes amounts included in net interest/(income) on the defined benefit liability/(asset).
3 These beginning of year assumptions were used to calculate the defined benefit cost recognised through P&L.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

17. PENSION SCHEME (Continued)

The demographic assumptions are consistent with those chosen by the Trustee for the 31 March 2023 valuation. In particular, the mortality assumptions are consistent with the 2023 valuation assumptions but with margins for prudence removed and updating to use the latest version of the CMI future improvements model. That is, using 100% of the SAPS "S3" all pensioner retirements table with future improvements in longevity in line with 'CMI core projection model' (2022 version) subject to a long-term improvement rate of 1.25% pa, an initial addition to mortality improvements of 0.5% pa and the default weightings to mortality data in 2020, 2021 and 2022.

Under the mortality rates assumed as at 31 March 2024 the implied life expectancy for a member currently aged 63 is 23.8 years for a male and 26.3 years for a female. The life expectancy at age 63 for a member currently aged 43 is 25.2 for males and 27.8 for females.

An allowance has been made for non-pensioner members to commute 25% of their pension at retirement for tax free cash on terms that were in force at the valuation date (31 March 2023).

The proportion of member's deaths assumed to give rise to dependants' pension varies with age but is typically 93% for males and 80% for females at age 63. Male participants are assumed to be 3 years older than their spouses and female participants are assumed to be 3 years younger than their spouses.

| Net Balance Sheet Position - Period Ending | | 31-Mar-24 | 31-Mar-23 |
|--|--|-----------|-----------|
| A Development of Net Balance Sheet Position | | | |
| 1 | Defined benefit obligation (DBO) of Scheme | 61.9 | 64.2 |
| 2 | Fair value of assets (FVA) of Scheme | 61.7 | 73.8 |
| 3 | Surplus/(deficit) of Scheme | (0.2) | 9.6 |
| 4 | Irrecoverable surplus (effect of asset ceiling) | 0.0 | (9.6) |
| 5 | Net defined benefit asset/(liability) | (0.2) | 0.0 |
| B Reconciliation of Net Balance Sheet Position | | | |
| 1 | Net defined benefit asset/(liability) at end of prior period | 0 | 0 |
| 2 | Effect of employee service in the current period | - | - |
| 3 | Net interest on net defined benefit asset/(liability) | 0.4 | 0.3 |
| 4 | Remeasurement effects recognised in OCI | (2.1) | (0.8) |
| 5 | Scheme introductions, changes, curtailments and | - | - |
| 6 | Employer contributions | 1.5 | 0.5 |
| 7 | Benefits paid directly by the Employer | - | - |
| 8 | Transfer payments | - | - |
| 9 | Net defined benefit asset/(liability) at end of current period | (0.2) | 0.0 |
| C Assumptions and Dates Used for Measurements⁽³⁾ | | | |
| 1 | Discount rate | 4.8% | 4.8% |
| 2 | Price inflation (RPI) | 3.4% | 3.5% |
| 3 | Price inflation (CPI) | 3.0% | 3.1% |
| 4 | Pension increases for in-payment benefits | | |
| | - CPI maximum 5% | 3.0% | 3.1% |
| | - CPI maximum 2.5% | 2.3% | 2.3% |
| 5 | Pension increases for deferred benefits | 2.8% | 2.9% |
| 6 | Scheme participant census date | 31-Mar-23 | 31-Mar-20 |

³ These assumptions are at the end of the fiscal year

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

17. PENSION SCHEME (Continued)

An allowance of 1% of the liabilities has been allowed for the cost of GMP equalisation which is consistent with the assumption used at 31 March 2023. The Actuary preparing these figures believes this continues to be an appropriate allowance. A loading of £0.1m has been added to the DBO to reflect the estimated additional liability in respect of a statutory minimum benefit rectification exercise. Neither of these additional liabilities are covered by the buy-in policy,

The employer meets the cost of administrative expenses and no inclusion of these is made in the disclosures.

The Projected Unit Credit Method is used to determine the present value of the DBO. Under this method, a “projected accrued benefit” is calculated based upon service as at the date of valuation. In normal circumstances, the DBO is based upon the Scheme's benefit formula.

| Changes in reported benefit obligations & assets - Period Ending | | 31-Mar-24 | 31-Mar-23 |
|---|---|-----------|-----------|
| A Change in Defined Benefit Obligation (DBO) (including URB) | | | |
| 1 | DBO at end of prior period | 64.2 | 87.4 |
| 2 | Effect of employee service in the current period | - | - |
| 3 | Interest cost on the DBO | 3.0 | 2.3 |
| 4 | Remeasurement of the DBO | (2.3) | (22.2) |
| 5 | Scheme introductions, changes, curtailments and settlements | - | - |
| 6 | Scheme participants' contributions | - | - |
| 7 | Benefits paid from Scheme assets | (3.0) | (3.3) |
| 8 | Benefits paid directly by the Employer | - | - |
| 9 | Taxes paid | - | - |
| 10 | Acquisitions | - | - |
| 11 | Divestitures | - | - |
| 12 | Termination benefits | - | - |
| 13 | DBO at end of current period | 61.9 | 64.2 |
| B Change in Scheme Assets | | | |
| 1 | Fair value of assets at end of prior period | 73.8 | 99.2 |
| 2 | Interest income on Scheme assets | 3.4 | 2.6 |
| 3 | Return on Scheme assets greater/(less) than discount rate | (13.9) | (25.2) |
| 4 | Scheme introductions, changes, curtailments and settlements | - | - |
| 5 | Employer contributions | 1.5 | 0.5 |
| 6 | Scheme participants' contributions | - | - |
| 7 | Benefits paid from Scheme assets | (3.0) | (3.3) |
| 8 | Administrative costs paid | (0.1) | - |
| 9 | Taxes paid | - | - |
| 10 | Acquisitions | - | - |
| 11 | Divestitures | - | - |
| 12 | Fair value of assets at end of current period | 61.7 | 73.8 |
| C Return on Scheme Assets | | | |
| 1 | Total return on Scheme assets | (10.5) | (22.6) |

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17. PENSION SCHEME (Continued)

The DBO is based on an update of the results of the Trustee's actuarial valuation as at 31 March 2023, with the basis changed to reflect the assumptions set out above. Liabilities are projected to the measurement date by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the situation at the period end date and adjustments in respect of actual benefit payments and known inflation over the projection period. The objective of this calculation is to produce an estimate of the actuarial values required by FRS 102.

This approach introduces an element of approximation relative to the result of a hypothetical full actuarial valuation at the measurement date. The advantage of this approach is that it simplifies the computation required. The disadvantage is that this approach is inherently less accurate than fully detailed calculations and the loss of accuracy is difficult to quantify without carrying out the same detailed calculations.

Circumstances where the difference between the results obtained using a projection approach rather than a full actuarial valuation may be material include:

- where there is a long period of projection between the preceding actuarial valuation and the fiscal year end;
- where there are substantial differences between the assumptions used at this fiscal year end and the preceding actuarial valuation;
- where there are significant elements of Scheme experience which are not allowed for in the update, for example membership movements such as the rates of retirement or death; and
- where the assets at the end of the fiscal year have been estimated based upon unaudited financial information from the Scheme's investment managers at an effective date before the fiscal year end.

The calculations are based on the assumption that no asset ceiling restrictions apply. No allowance has been made in the assumptions for the future award of any discretionary benefits.

The Actuary preparing these figures has advised that the results documented are estimates based on data that may be imperfect and on assumptions about future events. She also stated that certain Scheme provisions may be approximated or deemed immaterial and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately. The Actuary preparing the figures advised he believed that the use of approximations in these calculations, if any, has not resulted in a significant difference relative to the results that would have been obtained by using more detailed calculations or more precise data.

A range of results, different from those presented in this report, could be considered reasonable. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as:

- Scheme experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- changes in Scheme provisions or applicable law; and
- significant events such as restructurings, acquisitions and divestitures.

No analysis was performed of the potential range of such future measurements.

The surplus (asset) indicated by the difference between the value of the Scheme assets and the DBO at 31 March 2023 was not been recognised on the Balance Sheet in accordance with FRS102 Section 28.22. The employer does not have a right to a refund of the surplus.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

18. RELATED PARTY TRANSACTIONS

The charity rents three of its buildings to Certsure LLP. As part of its support activities (including IT, HR and facilities), Certsure LLP provided support to the Charity but the cost is not separately identified or charged.

| | <u>Certsure LLP</u> | |
|---|----------------------|----------------------|
| | <u>2024</u> £'000 | <u>2023</u> £'000 |
| Charged by ESC | | |
| Rent | 469 | 468 |
| Staff recharges | - | - |
| Charged to ESC - Reimbursable expenses | 32 | 23 |

The Charity received Gift Aid from ESC Partnerships Ltd, a wholly owned subsidiary, amounting to £6,000,000 during the year (2023: £5,115,415). It received Gift Aid from ESF Enterprises Ltd, a wholly owned subsidiary, amounting to £700,000 during the year (2023: £nil.)

During the year expenses were reimbursed to eight Trustees amounting to £3,630, (2023 – seven Trustees amounting to £3,239). These payments were to cover travel, subsistence and accommodation costs incurred.

19. STATUS OF COMPANY

- a) The Electrical Safety Council is a Charity in England and Wales with the registration number 257376. It also has Charity status in Scotland with the registration number SC039990. No UK taxation is due on profits, income or gains arising from the charitable activities of the company.
- b) The Electrical Safety Council is registered as a company in England and Wales with the number 570175 and is limited by guarantee.

20. GROUP UNDERTAKINGS

The following were the principal subsidiaries and joint ventures during the year, and have all been included in the consolidated financial statements for the whole year.

| <u>Subsidiaries (& Cos Hse Registration)</u> | <u>Country of Incorporation</u> | <u>Class of share</u> | <u>Parent Company's Interest</u> | |
|--|---------------------------------|-----------------------|----------------------------------|-----------------|
| | | | <u>Direct</u> | <u>Indirect</u> |
| (1)ESF Enterprises Limited (02513162) | Great Britain | Ordinary | 100% | - |
| (2) ESC Partnerships Ltd (08281269) | Great Britain | Ordinary | 100% | - |

Financial information for the year and at the year end is shown below:

| <u>Company</u> | <u>£'000 at 31 March 2024</u> | | | <u>£'000 for year ended 31 March 2024</u> | | |
|-------------------------|-------------------------------|--------------------|--------------|---|--------------------|----------------------|
| | <u>Assets</u> | <u>Liabilities</u> | <u>Funds</u> | <u>Turnover</u> | <u>Expenditure</u> | <u>Profit/(Loss)</u> |
| ESF Enterprises Limited | 17 | 7 | 10 | - | 4 | (4) |
| ESC Partnerships Ltd | 10,190 | 2 | 10,188 | - | 3 | 2,001 |

| <u>Joint Ventures</u> | <u>Country of Incorporation</u> | <u>Class of share</u> | <u>Parent Company's Interest</u> | |
|-----------------------------|---------------------------------|-----------------------|----------------------------------|-----------------|
| | | | <u>Direct</u> | <u>Indirect</u> |
| (1) Certsure LLP (OC379918) | UK | - | - | 75% |

Certsure LLP carries out certification and training and activities. The accounting date is the year to 31st March 2024.

THE ELECTRICAL SAFETY COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

20. GROUP UNDERTAKINGS (Continued)

The Charity during the year owned the entire issued share copy of the following subsidiary undertakings (2) which are registered in England and are dormant:

| | |
|-----------------------------------|---------|
| Electrical Safety Summit Ltd | 8551833 |
| Electrical Industry Safety Summit | 8551701 |
| Plugsafe UK Ltd | 8565296 |
| Electrical Safety First Ltd | 8531140 |
| Energy Safety First Ltd | 8773701 |
| Product Safety Round Table Ltd | 8821644 |
| Electrical Product Safety Round | 8822216 |
| Fire Safety First Ltd | 8776272 |
| Electrical Fire Safety First Ltd | 8776489 |
| Fire Safety First (UK) Ltd | 8776490 |
| Utilities Safety First Limited | 8773777 |
| Utility Safety First Limited | 8773812 |

With the exception of Electrical Safety First Ltd (no. 8531140), applications to strike the above companies off the register were made on 16 January 2024. These 11 companies were all struck off on 2 April 2024 and dissolved on 9 April 2024.

The Charity also during the year owned the entire issued share capital of the following subsidiary undertakings (1) which were registered in England and were dormant:

| | |
|-----------------------------------|----------|
| NICEIC Contractor Services Ltd | 04661718 |
| NICEIC Certification Services Ltd | 04411293 |
| NICEIC Professional Services Ltd | 04411297 |

Applications to strike the above three companies off the register were made on 21 March 2023 and the three companies were dissolved on 13 June 2023.

(1) Registered office: Warwick House, Houghton Hall Park, Houghton Regis, Dunstable, LU5 5ZX

(2) Registered office: 45 Great Guildford Street, London, SE1 0ES