The trading name of "Smart Metering Communications Body Limited" is "Smart Energy GB". Any references in this document to "Smart Energy GB" should be understood as referring to "Smart Metering Communications Body Limited". Any references in the Standard Conditions of Electricity and Gas Supply Licences ("the licences") to the "Central Delivery Body" should also be taken as referring to "Smart Energy GB".

If you would like to read the Smart Energy GB Annual Report in Welsh, it is available on our website at: smartenergyGB.org

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Directors’ report
Foreword from the Chair and CEO

2022 was an extraordinary year in our sector, with households and businesses seeing their energy bills rise sharply due to soaring wholesale gas prices.

Following the pandemic, it feels incredible to be talking about another ‘extraordinary’ year, but 2022 was certainly that for people across Great Britain, as well as for anyone working in the energy sector.

The energy crisis, coupled with a wider cost-of-living crunch, put significant financial pressure on households and businesses. As a result, Britons became much more concerned about energy issues. Across April to Dec 2022, 74% of people said they were extremely or moderately concerned about rising energy prices. This increased awareness and concern created both opportunities and challenges for Smart Energy GB’s work.

Smart meters came into their own as invaluable tools that helped many people to monitor their energy use, make changes and lower their bills. Consumer bodies and the media routinely showcased how smart meters can support people through the crisis. In November, for example, there was more media coverage of smart meters than in any month since media monitoring began in 2015.

Most of this press coverage was positive, and much of it generated by our own PR work. However, the broader news environment was extremely volatile and there was also a range of circumstances. For example, we established another key focus of our work in 2022 to increase its relevance to a broader range of audiences.

We launched new Einstein installation–driving advertising activity that explained how in–home displays can help people manage their energy use. These adverts generated levels of recall and spontaneous message takeout frequently above benchmark levels. A new strand of this campaign will launch in early 2023, including an even greater focus on money–saving energy tips.

One of our duties is to encourage positive energy usage behaviour among existing smart meter owners. While this energy management advertising campaign targeted non–owners, our research found that it worked even more effectively with owners. It therefore allowed us to deliver even stronger value for money by successfully doing two jobs in one.

Meanwhile, our multi–phased Super Smart Energy Savers PR campaign, which ran from April to October, provided practical advice to support people with their energy bills. The campaign was one of our most successful ever, delivering over 3,200 pieces of favourable press coverage and 251 million impressions.

Another key focus of our work in 2022 was supporting customers in vulnerable circumstances. For example, we established an innovative new partnership with ASDA that showcased how smart meters can support low–income households. We launched our first–ever multi–channel campaign to raise awareness of the Accessible In–Home Display. We also strengthened our partnerships with Carers UK and the Royal National Institute of Blind People (RNIB), and continued our successful Smart Energy GB in Communities programme, which saw positive uplifts in seek/accept.

We also delivered targeted activity to reach Britain’s small businesses. This included two ‘hero’ PR campaigns that supported the launch of an advice guide for business owners, and established the Small Business Hub, a new section of our website containing useful information and advice. Our digital advertising to small businesses achieved a 60% increase in clicks out to supplier sites between October and December. Our research shows that we maintained positive levels of smart meter awareness and of seek/accept among microbusinesses in 2022, despite the challenging context for business owners.

Throughout 2022 we collaborated closely with key stakeholders in government, industry, consumer groups and the charity sector. We increased our political outreach, holding eleven events and regularly engaging with MPs, MSPs and MSs. We also increased our engagement with industry stakeholders, which helped us to ensure our work aligned with the needs of people across the country. In our annual independent survey of our stakeholders, we saw our favourability rating rise to 99%, up from 89% in 2021.

After a competitive review, we appointed a new media planning and buying agency in 2022. This provided a new strategic media approach and delivered better value for money. We followed through on our commitments to continually drive best practice, paid media value, quality and transparency by conducting a full audit of 2021 media spend with our independent auditing partner, MediaSense. These audits will continue in 2023.

As was the case for many, 2022 was an important year for us in returning to the office and developing new patterns of hybrid working. Spending more time with colleagues was a real joy. We were able to hold our first all–team face–to–face event since the pandemic, bringing together our colleagues who are based in all the nations we serve: Wales, Scotland and England. We look forward to even more in–person working in 2023.

Looking ahead, 2023 will be another challenging year for British households and businesses. At Smart Energy GB, we will continue to focus on supporting the most vulnerable members of society and explaining how smart meters can help people to gain better control over their energy use. We will also highlight the infrastructure benefits that smart meters could bring over the longer term and how they can help to strengthen the country’s energy security.

The smart meter rollout remains one of the most significant infrastructure upgrades this country has ever undertaken and it has made significant progress — over 30 million smart meters are now in homes and small businesses across Great Britain. Yet, we know many people don’t yet have a smart meter, so there is more work to be done.

On behalf of the Board, we would like to thank our colleagues at Smart Energy GB and our partners for all their incredible hard work and support this year. We look forward to meeting the challenges of 2023 and beyond.

Mark Lund OBE, Chair
Dan Brooke, Chief Executive Officer
Rollout progress and attitudes

31.3m smart meters installed in total
Source: BEIS, Q4 2022

1.7m* non-domestic smart meters have been installed
Source: BEIS, Q4 2022

29.6m* domestic smart meters have been installed
Source: BEIS, Q4 2022

8.7m people without a smart meter would seek or accept one in the next six months
Source: Outlook, Nov 2022

Awareness of smart meters is at 97%
Source: Outlook, Nov 2022

64% of people with a smart meter would recommend to family and friends
Source: Outlook, Nov 2022

83% of smart meter owners with smart functionality understand what they need to do to save energy around their home
Source: Outlook, Nov 2022

73% of people with a smart meter have a better idea of their energy spend
Source: Outlook, Nov 2022

63% of people with a smart meter believe their bills are accurate
Source: Outlook, Nov 2022

2022: Smart Energy GB’s year in highlights

- Our PR campaigns generated volumes of media coverage that were 2.3 times higher in 2022 than in 2021, which was already a record year
- Launched our first ever campaign to raise awareness of the Accessible In-Home Display
- Launched our first joint non-domestic campaign with a local council, enabling us to engage with nearly 4,000 small businesses in Sutton
- Conducted c.75,000 research interviews with consumers, and c.500 interviews with microbusinesses
- Directly engaged with over 230 politicians about our work
- Campaign recall reached 62% in November, the highest point since we started NST Tracking
- There were 1.53m website sessions, a 55% increase compared to 2021
- There was a 480% increase in clicks out to supplier websites compared with 2021
- We became an All In Champion, helping to build a workplace where everyone feels they belong
- We worked with The Bridge Group to identify a non-binding internal target for representation of people from lower socio-economic backgrounds in our workforce

* Statistics presented are independently rounded. This means the sum of their components may differ from the totals.
Insight and Analytics

Our Insight and Analytics work uses consumer insights and analytics data sources to inform Smart Energy GB’s business strategy. Our campaign strategy throughout the year is based on a strong understanding of attitudes towards energy and smart meters across Great Britain.

Each year we speak to a high number of consumers and microbusinesses, meaning that the opinions and attitudes we collect are representative of a range of demographics and circumstances across Great Britain. In 2022, we conducted c.75,000 research interviews with consumers, and c.500 interviews with microbusinesses, to ensure our work was based on the most up-to-date information and insight for our target audiences.

Our evaluation suite continued to allow us to monitor and evaluate our marketing and communications activity, including our advertising and digital work, and our partnerships marketing programme. We also prioritised monitoring the attitudes and experiences of customers in vulnerable circumstances to ensure that the campaign supported a broad range of consumers during the rollout. New waves of our key bi-annual study, Smart energy outlook, continued to provide us with in-depth knowledge of smart meter attitudes and how they may be changing over time. Similarly, bi-annual research of microbusiness owners informed decision-making about the non-domestic side of our campaign.

Throughout the year, we continued to contextualise our research findings in terms of the impact of the energy crisis on people. This included evaluating people’s responses to key government announcements about energy price support, as well as updating our insight knowledge on key vulnerable audiences to support the development of new campaign activities.

In line with previous years, and reflective of our ongoing collaboration with our external stakeholders, we continued to publish key research reports and shared our insight on smart meter attitudes; this included the latest information and understanding on consumer audiences who are harder to reach.

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In 2022, the Einstein campaign continued to go from strength to strength: to date, it remains the most effective and efficient campaign in driving top of mind awareness for smart meters.

We evolved our creative strategy, in light of audience insight, to take Einstein out into his community to engage with a diverse range of characters in relatable scenarios and explain the personal and national benefits of smart meters. Changes to our production techniques also delivered cost savings and greater flexibility compared to 2021.

In October, our new energy management campaign went live across TV, video on demand, radio, press and digital channels, explaining how the smart meter in-home display could help people monitor their energy and make changes to save energy. With the onset of winter, and with consumers seeing the impact of increased energy prices on their bills, this was a timely reminder of a key benefit. Campaign recall reached 62% in November; the highest point since we started NST Tracking. A new strand of this campaign will launch in early 2023, providing further energy saving advice to households.

In October we also launched a refreshed campaign targeting existing prepay customers, applying additional sensitivity in light of the energy crisis. We focused our messages on the key benefits of monitoring usage and the flexibility of topping up online.

With Britain’s energy security now a part of the national conversation, we developed a new campaign that highlighted the role that smart meters could play in helping the country be more energy self-sufficient. This energy security campaign, designed to drive reappraisal among audiences that are traditionally less inclined towards smart meters, launched at the end of the year on TV, Video on Demand and radio, supported by digital display and social.

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Media Partnerships

Media partnerships served two main purposes in 2022. First, providing amplification for two major PR campaigns, and secondly, helping us to reach more specialist audiences with targeted information.

Practical tips, case study experiences and celebrity endorsements were featured in a series of advertorials in the Daily Mail and Metro, complementing the Super Smart Energy Savers PR campaign that provided energy management advice during the cost-of-living crisis. The online articles achieved above average dwell times and share rates, and one in three readers without smart meters said they would seek or accept a smart meter after seeing the content.

A partnership with the Immediate Group, including the Radio Times and BBC Good Food Christmas editions, History Magazine and Top Gear magazine helped demonstrate the role that smart meters play in a modern and efficient energy system. The articles, which ran alongside the Green and Powerful Land PR campaign in November and December, used readers' interests to make the case for smart meters. For example, in Top Gear magazine, a double-page spread focused on the role of smart meters in preparing our energy system for the expansion of electric vehicles.

A two-phase partnership with Global Radio Group targeted customers over the age of 65 and those who are blind or partially sighted. The first phase, on Classic FM and Gold, shared useful and reassuring information about how smart meters could help listeners get their budgets under control. In the second phase, listeners of Gold and Smooth heard information about the Accessible In-home Display (AIHD) and how it could help blind and partially sighted people access the full benefit of smart meters.

Useful tips for microbusiness owners were shared in articles in a range of retail, hospitality and hair and beauty trade magazines. The mix of advice columns and factual advertorials provided information about the availability of smart meters and how they could be used to help microbusinesses manage energy costs.
Partnerships prioritised supporting those in vulnerable circumstances, as we continued to seek new ways to reach these groups at scale.

This included leading Smart Energy GB’s first-ever multi-channel campaign to raise awareness of the Accessible In-Home Display (AIHD), partnering on the expansion of our flagship debt content series with National Energy Action (NEA) and Energy Action Scotland (EAS) and finding new routes to consumers through content in ASDA stores.

Our partnerships programme went from strength to strength as we worked with trusted brands and organisations to deliver over 130 million impressions and directly engage over 99,000 vulnerable customers.

Public Affairs and Digital, all timed to coincide with increased demand for in-home energy management during the earlier, colder months of the energy crisis. Our national partnership with RNIB focused on driving adoption in blind and partially sighted people.

Partnerships were also central to other Smart Energy GB campaigns. As part of our non-domestic campaign to engage microbusinesses, we partnered with the British Chamber of Commerce, the British Independent Retailers Association, the Law Society, the Market Research Society, the Royal Institute of British Architects and smallbusiness.co.uk. Partners delivered communications in a range of formats and channels; from advertorials and an interactive Smart Energy GB channel, to newsletters and PR campaigns. Content created by partners continued to drive conversion with sector specific partners performing above benchmark.

Through our national partner programme, we leveraged strong consumer brands to tailor our messages and demonstrate the benefits that smart meters can bring to our target audiences. In 2022, we worked with national partners Agility Eco, ASDA, Carers First, Carers UK, the English Football League, PayPoint, the Royal National Institute of Blind People (RNIB) and the Royal Voluntary Service.

Our national partnership with ASDA showcased how smart meters can benefit low-income households and support them in their efforts to manage and save money. Content was included in ASDA’s magazine, radio and digital screens.

We found new routes to engage CIVCs through our first ever campaign to raise awareness of the AIHD and drive adoption in eligible customers. We developed a multi-channel campaign across Partnerships, PR, Media Partnerships, Language, easy read and large print as well as translated assets.

Smart Energy GB in Communities, our programme for working with regional partners, had another successful year and we saw positive uplifts in likelihood to seek/accept a smart meter for people exposed to regional partner activity. In 2022, 39 Regional Partners engaged with vulnerable customers, with demand for their services and energy advice at higher levels than we have seen before due to the impact of the energy crisis.

Regional partners we worked with included Swansea Music Art Digital, Citizens Advice Manchester and Healthy and Active in East Kilbride. Partners used their large local networks to extend the reach of their smart meter campaigns, delivering over five million impressions through a broad range of activities including radio campaigns, distribution of information at foodbanks and Facebook Live events.

We continued to offer free resources to support partners with their smart meter campaigns, including our flagship debt series. This detailed five key steps people could take if they were struggling with their energy bills, signposting to reputable organisations and sources of support. The goal of the series was to provide trustworthy advice and actionable steps for households facing fuel debt, while positively referencing smart meters. Materials were available to download on the Smart Energy GB website in a range of formats including British Sign Language, easy read and large print as well as translated assets.

Partnerships Marketing

Above: Materials distributed at a partner event

Above: Smart meter bingo, hosted by our partner Active Families

Above: Active Families event in Sunderland
Communications

We generated volumes of media coverage that were 2.3 times higher in 2022 than in 2021, which was already a record year. With our campaigns delivering coverage with an average favourability rating of 73.2, we had a major impact on how positively smart meters were represented in the media throughout the year.

Beginning in April, our first multi-phased ‘hero’ campaign, Super Smart Energy Savers, offered a range of energy saving advice to households. The campaign ran from April to October and featured spokespeople, including consumer advocates Helen Skelton and Dominic Littlewood. It also included case studies of families in England, Scotland and Wales who used their smart meters and IHDs to help them more actively manage their energy use. The campaign secured over 3,200 pieces of favourable coverage and 251 million impressions in 2022.

Our second ‘hero’ campaign, Green and Powerful Land, launched across two phases. Working with TV presenter Julia Bradbury and six case studies, we explored people’s understanding of how energy is generated and highlighted the vital role played by smart meters in Great Britain’s energy story.

Two campaigns to raise awareness of how smart meters can help unpaid carers support the people they look after went live in 2022. They secured 70 million impressions and 100% positive coverage. We also launched our first ever campaign to raise awareness of the AIHD, partnering with the Royal National Institute of Blind People. The campaign secured coverage across a broad range of media outlets, including ITV News and BBC Radio 4’s In Touch programme.

With households paying more attention to energy issues in 2022 due to the energy crisis, we saw the opportunity to help them navigate the range of energy advice and support packages available to them by providing useful, practical advice. Our spokespeople took part in TV and radio interviews, explaining how changes to the energy price cap, the Energy Price Guarantee and other government support initiatives would impact households. These activations were very successful, generating a high volume of media coverage.

During the year, we worked with a number of highly relevant and targeted influencers across Instagram, TikTok and YouTube to amplify our PR campaigns. For example, to support our Super Smart Energy Savers campaign, we worked with Instagram influencers with an interest in money saving and household management to share their experiences of having their smart meters installed and how this helped them to budget more effectively.

In addition to launching proactive campaigns, our press office received a significant number of reactive enquiries in 2022, in large part due to the energy crisis which focused the media’s attention on the energy sector and a range of stories relating to this. All enquiries were responded to promptly, with the press office helping to signpost journalists to relevant information or sources, and provide balance and context wherever possible.

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Below: Helen Skelton, consumer advocate for our Super Smart Energy Savers campaign

Left: Dominic Littlewood, consumer advocate for our Super Smart Energy Savers campaign
**Corporate Affairs**

With the energy crisis top of mind for political stakeholders and their constituents in 2022, we significantly increased our regular outreach to this group. This was important as many people turn to their local representatives for help and support during difficult times.

This outreach ensured that MPs, MSPs and MSs were provided with information about how smart meters can support people during the energy crisis, as well as being a broader tool to support energy security in Great Britain. Our activity included 18 events and 11 email mail-outs; this resulted in over 230 MPs, MSPs and MSs directly engaging with us about our work, and more than 60 elected officials directly sharing Smart Energy GB content with their constituents. One particularly well-received and shared piece of content was our advice leaflet on energy debt which we developed alongside National Energy Action and Energy Action Scotland.

2022 also saw the second annual Smart Meter Awareness Week, which had the objective of ensuring that more private renters know that it is their choice to have a smart meter, while helping to highlight their benefits. A suite of compelling materials and activity was coordinated across Digital, PR, Partnerships and Public Affairs, resulting in a high level of engagement with this important issue. This work complemented our ongoing communication with government to help ensure that official guidance for renters includes accurate and compelling information about the benefits of smart meters and how to request one.

Throughout 2022 we worked with the Department for Business, Energy and Industrial Strategy (BEIS) and Sutton London Borough Council to deliver smart meter messaging to small businesses in this local authority. We reached nearly 4000 small businesses through a combination of targeted newsletters, events and webinars. We also worked with the Federation for Small Businesses to produce a podcast and news content for their members on the benefits of smart meters for small businesses.

Above: Exhibiting at the SNP annual conference alongside Energy Action Scotland

Above: Sharing smart meter information for MPs and their constituents at our drop-in event in Westminster

To support the broader work of Smart Energy GB, we worked with energy experts Cornwall Insight to produce a report that explores how smart meters, and the innovations that they enable, could support Great Britain’s energy security in the future. This report demonstrates how people can use their smart meter to manage how they use energy, which can in turn help to balance the power system and integrate more renewable energy from Great Britain into our energy mix. This report will be the foundation of several workstreams across Smart Energy GB in 2023.

Our 2022 Industry Relations strategy was to increase engagement with domestic and non-domestic industry stakeholders and deliver our continued commitment to closer collaboration. This allowed us to optimise our work and tailor all Smart Energy GB and supplier activity to help increase consumers’ understanding of the benefits of smart meters and drive demand.

Industry Relations was also central to ensuring all marketing and communications content was fully substantiated, credible and tailored to context, including in the development of new campaign strands and messaging claims across the organisation.

We also worked closely with stakeholders during the evolving energy crisis to understand the changing context and consider how our activity aligned with industry and consumer needs. We contributed to discussions, including through various Smart Metering Implementation Programme bodies convened by BEIS, which helped to shape the overall approach taken.

We had a strong focus on securing supplier feedback, hosting discursive sessions, requesting information from energy suppliers and arranging bilateral meetings. This helped provide Smart Energy GB with a deeper understanding of suppliers’ perspectives and increased opportunities for co-ordination.

Above: Dan Brooke speaking at the Conservative Party Conference

Above: Exhibiting at the SNP annual conference alongside Energy Action Scotland

Above: Sharing smart meter information for MPs and their constituents at our drop-in event in Westminster
People and environment

At Smart Energy GB, we recognise that to create a campaign that engages with all of Great Britain, we need a happy and enthusiastic team. In our 2022 staff survey, we were pleased to see that there is a great deal of pride in what we accomplish. We continue to strive to make Smart Energy GB a great place to work for our team.

Development of our people is important to us and we recognise that colleagues want to continuously learn, grow and develop, while creating success for the organisation. Building on positive feedback from colleagues in 2022, we will increase our support for training and development in 2023, including the introduction of a management development programme.

Diversity, equality and inclusion, and mental health continued to be areas of focus. Through the efforts of our internal wellbeing group, Thrive, we kept the topic of mental health and wellbeing live across the year. A ‘mental health awareness week’ and a ‘stress awareness week’ were organised in May and October respectively, where we delivered a carefully curated programme including awareness, mindfulness, wellbeing sessions, and talks by external speakers. This led to 79 per cent of our people agreeing that they have a good awareness of how Smart Energy GB supports colleagues experiencing mental health issues.

In 2022, we remained committed to creating a workplace where everyone feels like they belong. Our internal processes and policies are designed and reviewed by keeping diversity, equality and inclusion at their core, and we were proud to be one of the first organisations to be awarded the ‘All In Champion’ status in 2022, as part of the Advertising Association, ISBA and Institute of Practitioners in Advertising’s initiative.

We also worked on a project to help identify a non-binding target for lower or working class socio-economic backgrounds, a priority area we identified to improve representation in the organisation by 2025. This completes the objective of setting non-binding targets in all four of our priority areas which are: women at senior levels, people from ethnic minority backgrounds at senior levels, people from working class socio-economic backgrounds at all levels, and people living with disabilities at all levels.

To support the achievement of these targets, we put in place a comprehensive action plan that included initiatives such as: hosting at least two students for work experience from the Mayor of London’s ‘Access Aspiration’ programme, creating apprenticeships amongst entry-level and junior posts, where possible, and fair and inclusive recruitment activities that reflect the latest best practice in this area (application of Rooney Rule, offering guaranteed interviews to disabled candidates who meet the minimum criteria and targeted recruitment for under-represented groups).

Another priority for Smart Energy GB is that we are proactive in finding ways to reduce our impact on the environment. In 2022, we partnered with Positive Planet in a commitment to measure and reduce our carbon footprint.

We have also been accepted into the Mayor’s ‘Business Climate Challenge’ for 2023, an energy efficiency programme that supports organisations to reduce their energy consumption and accelerate building decarbonisation efforts. This will help us to reduce our carbon emissions and energy bills.

In 2022, we also introduced an environmental induction into our new starters onboarding process. This informs colleagues about Smart Energy GB’s environmental priorities and explains how we can be more sustainable at work, at home and in the community.
Results against our 2022 targets

Smart Energy GB’s targets each year are defined following consultation among large energy suppliers (those with over 150,000 domestic customers, or those that provide energy to over 100,000 business premises), as well as Smart Energy GB’s Board. The resulting goals make up Smart Energy GB’s Performance Management Framework (PMF). The responsibility for maintaining and monitoring the progress of this framework sits with the Board, supported by the PMF domestic and non-domestic advisory subcommittees, and involves tracking the progress of the campaign and the wider smart metering rollout against these targets and making any necessary amendments. Throughout 2022, the PMF advisory subcommittees, chaired by Senior EoN executive Daren Carter, met to review the performance of Smart Energy GB and provide ongoing feedback.

Multiple research sources provide data against which to measure Smart Energy GB’s performance across the year. One of the key data sources is our bi-annual national survey, *Smart energy outlook*, which is delivered by research agency Yonder. This measures attitudes to smart meters and energy, providing a robust view of national attitudes and enabling analysis of several different demographic groups within the broader sample, including those in vulnerable circumstances, through the 10,000-person sample per wave. In addition, Econometric analysis enables the Board and PMF subcommittees to attribute rollout outcomes to Smart Energy GB’s campaign activities.
### Domestic PMF targets and results

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
<th>End–H2 2021 Baseline</th>
<th>End–H2 2022 Results</th>
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| Seek/accept (GB adults)    | Monitor — maintain a sufficient pool for installations, taking into account conversion levels and BEIS targets | H1: 41%  
H2: 39%* | 41%  
37% |
| Rejecters (GB adults)      | Reduce absolute numbers | H1 = 8.1m adults  
H2 = 7.3m adults**  
8.96m** or 35%  
39% or 9.20m* | 8.6%  
37% |
| Sub-demographics* Seek/accept for Low income, Prepay, Private Renters, 65+ | Monitor Renters and Prepay, Maintain or improve Low Income and 65+ (which under index vs GB average) | Low Income Seek/Accept: 36%  
Prepay Seek/Accept: 46%  
Private Renters Seek/Accept: 50%  
65+ Seek/Accept: 27% | Low Income Seek/Accept: 29%  
Prepay Seek/Accept: 42%  
Private Renters Seek/Accept: 45%  
65+ Seek/Accept: 22% |
| Conversion                 | Reach/Improve on pre–Covid baseline in H2 | H1 = 19%  
H2 = 23% | 27% |
| Installations              | Monitor | c.96,000 per week**** | Established by Electralink electricity meter installs and extrapolating to full market using Q4 2021 average = c.61,400  
H1 – c.66k per week  
H2** – c.65k per week***** |

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<tr>
<th>Metric</th>
<th>Target</th>
<th>End–H2 2021 Baseline</th>
<th>End–H2 2022 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Message takeout</td>
<td>Monitor, Expected levels will vary according to target audience, channel and nature of message, but as a guide the total campaign level guideline for top message = 45% (prompted) and 33% (spontaneous)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smart population who have smart functionality reporting “I actively manage how I use energy at home”*</td>
<td>Maintain or improve</td>
<td>min 54%</td>
<td>Established by Outlook, Nov 2021 = 54%</td>
</tr>
<tr>
<td>Smart population who have smart functionality reporting “great deal of difference/fair amount of difference” for “What difference, if any, has having a smart meter made to how you use energy at home?”</td>
<td>Maintain or improve</td>
<td>min 41%</td>
<td>Established by Outlook, Nov 2021 = 41%</td>
</tr>
</tbody>
</table>

* Assumes, non–smart hhld pop is 14.7m at end 2021, and conversion results for 2022 are as per above targets  
** Assumes non smart hhld pop is 14.7m at end 2021  
*** Households base derived from Electralink. Households converted to adults using Outlook ratio from Nov 2021, and assumes the relationship between households and adults remains consistent with end 2021  
**** Required installs to meet 2022 target, based on an extrapolation of Electralink electricity meter installs to total meters, allowing for typical seasonal trends  
***** Assumes relationship between electricity and total market installs remains consistent with end Q4 2021 and across BEIS & Electralink sources  
* Assumes the same population base as used in 2021 (50.2M)  
** The H2 average run rate incorporates Christmas seasonality (expectedly low install volumes wc 25th Dec) which slightly reduces the H2 average weekly run rate
### Non domestic PMF targets and results

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
<th>End–H2 2021 Baseline</th>
<th>End–H2 2022 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seek/accept (GB adults)</td>
<td>Increase</td>
<td>H2 = 28%*</td>
<td>Established by Microbusiness tracker, Nov 2021 = 24%</td>
</tr>
<tr>
<td>Awareness amongst premise-based microbusinesses</td>
<td>Increase</td>
<td>H2 = 74%*</td>
<td>Established by Microbusiness tracker, Nov 2021 = 67%</td>
</tr>
<tr>
<td>Installations</td>
<td>Monitor</td>
<td>c.3,800 per week**</td>
<td>Established by Electralink electricity meter installs and extrapolating to full market using Q4 2021 average = c.1,900</td>
</tr>
</tbody>
</table>

* Assumes that end H2 2021 benchmark is as per end H1 2021 results

** Required installs to meet 2022 target, based on an extrapolation of Electralink electricity meter installs to total meters, and assumption of microbusiness meters within total meters, allowing for typical seasonal variations

*** Assumes relationship between electricity and total market installs remains consistent with end Q4 2021 and across BEIS and Electralink sources

* The H2 average run rate incorporates Christmas seasonality (expectedly low install volumes wc 25th Dec) which slightly reduces the H2 average weekly run rate
Our work in 2023

Our task, and how we plan to deliver it, is laid out in the Smart Energy GB Consumer Engagement Plan and Budget 2023. Our budget for 2023 is in line with the budget for 2022, with marketing and communications activity continuing at a similar scale, with a focus on maximising installs and increased weighting for microbusiness and vulnerable customer campaign support.

The emergence of the energy crisis throughout 2022 has been challenging for households and microbusinesses, and our commitment to supporting the rollout is focused on efforts to fulfil our existing duties within this ongoing context; encouraging the take up of smart meters on both the domestic and non-domestic side, and helping consumers benefit from smart meter technology by influencing behaviour change. Across these duties, we will continue to provide specific focus and support for customers in vulnerable circumstances.

As with previous years, Smart Energy GB will deliver a microbusiness campaign; continuing to build on the success of previous years of microbusiness activity, and utilising the halo effect of the success from the domestic campaign, with a focus on maximising installs. Further detail can be found in the Consumer Engagement Plan 2023.

Based on this, the domestic and non-domestic PMF metrics and targets for the 2023 campaign are as follows:

### Domestic PMF metrics for SEGB in 2023

<table>
<thead>
<tr>
<th>Metric</th>
<th>End H2 2022 Baseline</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seek/Accept</td>
<td>Established by Outlook, Nov ‘22 = 37%</td>
<td>Minimise the softening – set a realistically ambitious level</td>
</tr>
<tr>
<td>Rejection</td>
<td>Established by Outlook, conducted in Nov ‘22 = 39%, 9.5m adults*</td>
<td>Reduce absolute numbers</td>
</tr>
<tr>
<td>Attitude</td>
<td>Established by Outlook, Nov ‘22 Low Income: 29%, Prepay: 42%, Private renters: 45%, Fuel Poverty: 31%</td>
<td>Monitor for all, maintain/improve for low income and over-65</td>
</tr>
</tbody>
</table>

*Note, the population base used for millions figures has been updated for 2023 targets following updated Census information being available; this means the base used for 2022 target reporting and 2023 target setting is slightly different*
Non-Domestic PMF metrics for SEGB in 2023

PMF Metrics for SEGB in 2023, monitoring within premise-based microbusinesses where possible.

<table>
<thead>
<tr>
<th>Area</th>
<th>End H2 2021 Baseline</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Awareness</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Among premise–based microbusinesses, awareness that smart meters are available to businesses.</td>
<td>Established by Microbusiness tracker, conducted in Nov ’22 = 73%</td>
<td>Monitor</td>
</tr>
<tr>
<td><strong>Seek/accept</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The percentage of premise–based microbusinesses who state that they would seek or accept a smart meter in the next six months</td>
<td>Established by Microbusiness tracker, conducted in Nov ’22 = 26%</td>
<td>Increase</td>
</tr>
<tr>
<td><strong>Rejection</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The number of premise–based microbusinesses who state that they would reject a smart meter if offered in the next six months</td>
<td>Established by Microbusiness tracker, conducted in Nov ’22 = 17%</td>
<td>Reduce</td>
</tr>
<tr>
<td><strong>Installations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rolling weekly run rate of smart meter installations</td>
<td>Established by Electralink electricity meter installs using Q4 2022 average</td>
<td>Monitor</td>
</tr>
<tr>
<td><strong>Usage</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smart population reporting “I actively manage how I use energy in my business”</td>
<td>Established by Microbusiness tracker, conducted in Nov ’22 = 74%</td>
<td>Monitor</td>
</tr>
<tr>
<td><strong>Usage</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smart population reporting that having a smart meter has had a “great/fair difference” to their business energy use</td>
<td>Established by Microbusiness tracker, conducted in Nov ’22 = 72%</td>
<td>Monitor</td>
</tr>
</tbody>
</table>

* NB the extent of the shift in this data versus mid–year 2022 suggests there may be some data volatility for these metrics
NB figure includes advanced meter installations, proxy definition for microbusiness used based on kWh consumption, rather than employees

Statutory duties

Smart Energy GB’s role and objectives were established in law and are set out in the Modifications to the Standard Conditions of Electricity and Gas Supply Licences, Electricity Distribution Licences and Gas Transporter Licences (Smart Meters). These state that the objectives of Smart Energy GB are to:

- increase consumer demand for and acceptance of Smart Metering Systems, including by increasing consumer confidence in their installation by gas and electricity suppliers;

- in respect of Energy Consumers at Relevant Designated Premises, build consumer awareness and understanding of Smart Metering Systems and their benefits, including the benefits to be derived from the data that may be obtained through the use of Smart Metering Systems;

- increase the willingness of Energy Consumers to use Smart Metering Systems to change their behaviour so as to enable them to more effectively and efficiently manage their use of energy;

- in respect of Energy Consumers at Domestic Energy Premises who have low incomes or prepayment meters, or who due to their particular circumstances or characteristics may encounter additional barriers in being able to realise the benefits of Smart Metering Systems:
  - build their awareness and understanding of Smart Metering Systems; and
  - assist them to realise the benefits of Smart Metering Systems while continuing to maintain an adequate level of warmth and meet their other energy needs;

- establish and maintain an administrative framework for facilitating the coordination of consumer engagement activities in respect of Smart Metering Systems that are carried on (or proposed to be carried on) by individual Energy Suppliers.
Leadership

In support of these objectives, Smart Energy GB’s business model comprises marketing and communications activity. Underneath the CEO, Dan Brooke, our staff team is made up of four divisions (Marketing, PR, Corporate Affairs and Operations).

**Marketing**
- Director of Marketing: Chris Taggart
- Deputy Director of Marketing: Imogen Landy
- Deputy Director of Specialist Audiences: Philippa Brown
- Head of Media: Mike Hickman
- Head of Campaigns and Digital: Becca-Jane Schofield
- Head of Brand and Campaigns: Laura Trendall

**Communications**
- Director of Communications: Victoria Bacon
- Head of Corporate Communications: Will Pollard
- Head of PR: Abi Pope

**Corporate Affairs**
- Director of Corporate Affairs: Sara Higham
- Head of Policy and Public Affairs: Fflur Lawton
- Head of Industry Relations: Victoria Spooner

**Operations**
- Director of Operations: Alistair Gibbons
- Deputy Director of Strategy and Insight: Claire Baines
- Deputy Director of People: Soumya Singh
- Head of Insight and Analytics: Emily Ewens
- Head of Technology: Peter Thorne
- Head of Finance and Operations: Shaun Tyndall

Board directors

Smart Energy GB is a not-for-profit company limited by guarantee.

The company is governed by a Board, whose make-up is set out in law, led by an independent Chair. The Board is made up of:

- The Chair
- Four directors representing the interests of energy consumers
- Six directors representing the interests of energy suppliers
- The Chief Executive

The term of individual directors is two years (although they can be re-appointed). Smart Energy GB Board meetings are also attended by observers nominated by and representing the Secretary of State for Business, Energy & Industrial Strategy and the energy network operators. In addition, Smart Energy GB has extended an invitation to Ofgem, and the Chair of the Audit and Risk Committee to observe Board meetings.

The directors of Smart Energy GB during 2022 up until the accounts were approved are detailed below.

<table>
<thead>
<tr>
<th>Director</th>
<th>Appointed</th>
<th>Resigned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Lund (Chair)</td>
<td>01-Jan-16</td>
<td></td>
</tr>
<tr>
<td>Martin Aylward</td>
<td>30-Jun-21</td>
<td></td>
</tr>
<tr>
<td>Daren Carter</td>
<td>06-Nov-20</td>
<td></td>
</tr>
<tr>
<td>Pamela Conway</td>
<td>18-Oct-19</td>
<td>31-Mar-22</td>
</tr>
<tr>
<td>Stephen Crabb</td>
<td>30-Jun-21</td>
<td></td>
</tr>
<tr>
<td>Steven Day</td>
<td>06-Jun-19</td>
<td>31-Dec-22</td>
</tr>
<tr>
<td>Rebecca Dibb-Simkin</td>
<td>01-Jan-23</td>
<td></td>
</tr>
<tr>
<td>Jill Dougan</td>
<td>24-Sep-19</td>
<td></td>
</tr>
<tr>
<td>Maxine Frerk</td>
<td>30-Jun-21</td>
<td></td>
</tr>
<tr>
<td>Christopher Macleod</td>
<td>11-May-16</td>
<td></td>
</tr>
<tr>
<td>Kerry Maisey</td>
<td>01-Apr-22</td>
<td></td>
</tr>
<tr>
<td>Ann McKechn</td>
<td>30-Jun-21</td>
<td></td>
</tr>
<tr>
<td>Fiona Mayo</td>
<td>07-Jul-20</td>
<td>30-Apr-22</td>
</tr>
<tr>
<td>Elvin Nagamootoo</td>
<td>01-May-22</td>
<td></td>
</tr>
<tr>
<td>Dan Brooke</td>
<td>30-Jun-21</td>
<td></td>
</tr>
</tbody>
</table>
Audit and Risk Committee

The Board is supported in its work by an independently chaired sub-committee, the Audit & Risk Committee (ARC). The ARC meets four times a year and is chaired by Hugh Spicer. Its membership in 2022 comprised:

- Hugh Spicer (Co-opted independent Chair and observer to Board meetings)
- Jill Dougan (Director, appointed July 2021)
- Christopher MacLeod (Director, appointed September 2018)
- Brian Stratton (Co-opted committee member and observer to Board meetings nominated by energy network operators)

During 2022, the main areas of focus of the ARC have been:

- Value for money review of our media plan
- The risk register
- Key financial policies (e.g. procurement and treasury management)
- The scheme of delegation
- A review of governance best practice
- The year-end accounts preparation and audit process

The external audit partner was present at two of the meetings during the year.

The ARC has been satisfied with the company’s approach to risk management and internal control and has reported no material concerns to the Board.

The Chair of the ARC also reports on the work of this committee to members at the company’s Annual General Meeting.

Remuneration Committee

The Board is also supported by a remuneration sub-committee. This committee meets once a year to review the remuneration of the senior leadership team. The committee is chaired by the Chair of the Board. In 2022, the committee’s membership included Mark Lund, Martin Aylward, Jill Dougan, Steve Crabb and Chris MacLeod.

Membership

The membership of Smart Energy GB is made up of energy suppliers: relevant suppliers, small domestic suppliers and non-domestic suppliers. The Board welcomes all applications from licensed energy suppliers to become a member.

Company Number: 08455995
Registered Office: Ground Floor, The Crane Building, Lavington Street, London, SE1 0NZ
Company Secretary: Alistair Gibbons
Website: smartenergyGB.org
Bankers: Barclays Bank Plc, 27 Soho Square, London, W1D 3QR
Solicitors: Bates Wells Braithwaite LLP, 10 Queen Street Place, London, EC4R 1BE
The business environment

Our activity, costs and risks are dependent on the wider environment of the smart meter rollout, as well as its successful leadership by government, and its delivery by energy suppliers and other parties in the smart metering programme.

This section gives further information on how we performed in the context of that wider environment.

Financial review of 2022

We are a not-for-profit company which is funded on an annual basis. We agree our budget annually, and funds were received from domestic energy suppliers in 2022, reflecting legal obligations in the Standard Conditions of Electricity & Gas Supply, Electricity Distribution and Gas Transporter Licences.

The budget for the 2022 financial year was originally £38.265m (2021: £38.289m). We finished the year with operating expenses of £36.378m (2021: £36.769m). The majority of this expenditure related to public engagement campaigns and included advertising, PR, consumer research and stakeholder communications and events.

The Statement of Income and Retained Earnings on page 56 presents a surplus of £1.155m (2021: £1.061m) which we will carry forward to support working capital requirements if required.

Our staff costs were £5.164m (2021: £5.131m), a breakdown of which can be found in note 3 of the accounts.

We are not liable to pay corporation tax on trading profits. Indeed, all profits are or will be repayable to energy suppliers. We do pay tax, in full, on bank interest received.

On 31st December 2022, our net assets were £2.443m (2021: £1.435m), representing the accumulated surplus of the organisation.

We raised invoices to the value of £13.6m ex VAT (2021: £11.3m) for the first quarter’s activity in 2023 before 31st December 2022 in line with our approved budget. All invoices have been deferred and appear on the balance sheet within creditors. Invoices that were unpaid as at 31st December 2022 are included in trade debtors.

Financial outlook for 2023

Our energy supplier members approved by vote our budget of £38.031m for 2023 for the domestic campaign and £2.233m for the non-domestic campaign. Details of our 2023 Consumer Engagement Plan and Budget can be found on our website at smartenergyGB.org.

Our plans for 2023 were based on analysis of the scale of campaign required to meet the responsibilities set out for 2023 in the Performance Management Framework (PMF).

The Board has a duty to keep the PMF under review. If at any point in 2023 the PMF objectives were to change during the year, it could have a material impact on our plans and budget.

If the Smart Metering Implementation Programme fails to deliver remaining technical elements of metering infrastructure in the way that is intended in 2023, this may lead to public concern about the delivery of smart metering and/or reputational damage to smart meters.

If energy suppliers fail to deliver to a sufficient standard, their obligations regarding the booking of installation appointments or the installation of smart meters, this may adversely affect the reputation of Smart Energy GB’s campaign, which will be directing consumers to start their customer journeys with those energy suppliers. Any such failures by energy suppliers may also lead to a wider public reluctance to seek out or accept smart meter installations.

Value for money

When Smart Energy GB was established in late 2013, as part of its process in setting the strategic direction for the company, the Board considered how the company would best ensure that it reflected its legal obligations to deliver value for money in its activities and operations.

At the time the company considered a number of different value for money models. The Board decided that, even though Smart Energy GB is not in the public sector, it should reflect the most respected cost-effectiveness/value for money model used by public service organisations — the model that has been developed by the National Audit Office (NAO).
The model for the assessment of cost-effectiveness/value for money is set out below, in diagrammatic form as published by the NAO:

**Going concern**

The Smart Energy GB Board has considered the funding position and the risks to which the organisation is exposed. Regarding finances, the Board takes comfort from the licence condition obligations on suppliers to fund Smart Energy GB on an annual basis. Therefore, the risk that Smart Energy GB will not be able to meet its liabilities as they fall due is negligible.

Regarding the length of Smart Energy GB’s existence, in considering the going concern status of the organisation, the Board considered the government’s policy on the deadline of the smart meter implementation programme which has been confirmed to be 2025.

The Board considered the risk that energy suppliers decide that they are better placed to deliver Smart Energy GB’s objectives through uncoordinated individual company activity rather than as a coordinated shared venture delivered by Smart Energy GB. Given the weight of evidence of the efficacy of the coordinated approach delivered by Smart Energy GB and the importance of this efficiency and effectiveness in delivering part of the government’s intended cost/benefits for the smart metering rollout, the Board believes that this risk is low in the foreseeable future.

The energy crisis, and its impact on suppliers’ ability to meet their obligations to fund Smart Energy GB is a live issue as a number of suppliers have gone into administration. The Board reviewed this issue during 2022 and will continue to do so, ensuring there are appropriate mitigations in place (including tight credit control and the use of a bad debt provision). The Board does not believe it is so material to threaten the ability of the company to continue as a going concern.

The Board, therefore, has a reasonable expectation that Smart Energy GB has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and is not aware of any material uncertainties which may adversely affect the company. Accordingly, the financial statements continue to be prepared on the going concern basis.

**Commissioner / Service provider**

**Objectives**

**Resources**

**Inputs**

**Processes**

**Outputs**

**Outcomes** (intended and unintended)

**Economy**

Minimising the cost of resources used while having regard to quality

**Efficiency**

Relationship between outputs, e.g., services, and the resources used to produce them

**Effectiveness**

Extent to which objectives are achieved and the relationship between intended and actual impacts of a service

**Cost-effectiveness**

The optimal use of resources to achieve the intended outcomes

Contributes to the measurement of...

The Smart Energy GB Board uses the principles in this model in its budget development processes and in its oversight of Smart Energy GB’s value for money in the delivery of planned activities.

The Board has an obligation to report on the extent to which expenditure represents value for money and has paid close attention to how Smart Energy GB applies its value for money model and uses its money.
Risk management and internal control

Smart Energy GB has based its breakdown of governance and management responsibilities on a range of good practice, including the description of value for money set out by HM Treasury in its publication ‘Managing Public Money’.

This model states that “Public sector organisations should have good quality internal governance and sound financial management. Appropriate delegation of responsibilities and effective mechanisms for internal reporting should ensure that performance can be kept on track. Good practices should be followed in procuring and managing resources and assets, hiring and managing staff; and deterring waste, fraud and other malpractice.”

Applying this model has allowed Smart Energy GB to set and keep up to date appropriate policies and procedures regarding (but not restricted to) the following:

- procurement policy;
- the full finance manual of all financial policies and procedures;
- HR policies and procedures;
- delegation of appropriate financial authorities.

By applying this model (and also in addition, by receiving annual training on the proper exercise of fiduciary duties), the Board is able to assure itself that it is properly fulfilling a number of its duties under the licenses and also properly exercising a number of the Board’s broader fiduciary duties.

The Smart Energy GB Board has taken a positive approach to risk management and internal control and has welcomed the approach of the senior leadership team to review risks regularly and to use the risk register as an active management tool. The Board has conducted formal reviews of the risk register during the year. It has welcomed the contribution made by the ARC which has also reviewed and contributed to the register during the year.

Although outside of our control, the principal risk to the company is any disruption to the planned quality or timescales of the nationwide smart meter rollout; for example, caused by any difficulties encountered in the delivery of service by the central smart metering infrastructure (the DCC) or by issues in the quality of smart meter installation customer interaction by energy suppliers and the negative media coverage that could arise from either.

The company attempts to mitigate these risks by informing itself through participating in the stakeholder engagement forums of the Smart Metering Implementation Programme led by the Department of Business, Energy & Industrial Strategy. Risks and uncertainties are actively managed by both the Smart Energy GB Board and the senior leadership team throughout the lifetime of the programme and will influence the design and implementation of our consumer engagement work.

There is also the risk that energy suppliers go into administration which may put income at risk. This risk is closely monitored and money is held on the balance sheet for this eventuality.

Third-party indemnity insurance is provided for directors to cover them against claims that may arise from their legitimate actions as directors, as long as they have acted honestly and reasonably. This also covers members of the ARC.

Finally, we were paid quarterly in advance for our activity so there is no immediate cashflow risk.

Statement on compliance with s172(1)
Companies Act 2006

The Board of Directors of Smart Energy GB consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a–f) of the Act) in the decisions taken during the year ended 31st December 2022. In particular:

- our Consumer Engagement Plan and Budget was designed to have a long-term beneficial impact on the delivery of the company’s objectives as well as meeting those annual objectives of the Performance Management Framework. We will continue to operate our business within tight budgetary controls and in line with our targets;
- our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and wellbeing of our employees are our primary considerations in the way we do business;
- our plan was informed by extensive engagement with consumers via a wide variety of research, enabling us to gain an understanding of their attitudes and priorities;
- our plan considered the impact of the company’s operations on the community and environment and our wider societal responsibilities, and in particular, how we impact the environment. Not least because our work encourages consumers to better manage their household energy consumption, it’s important we aim to minimise the impact on the environment;
- the intention of the Board of Directors is to behave responsibly and ensure that management operates the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan.
Directors’ responsibilities in relation to the financial statements

The directors are responsible for preparing the Directors’ Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are satisfied that appropriate safeguards are in place to prevent and detect fraud. Incidents of fraud and attempted fraud are reported to the audit and risk committee throughout the year.

So far as each of the directors at the date of this report is aware, there is no relevant audit information of which the company’s auditor is unaware. Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company’s auditor is aware of that information.

The Directors’ Report, which includes the Strategic Report, was approved by the Board on 15th March 2023 and signed on its behalf by:

Mark Lund
Chair

Independent Auditors report to the members of Smart Metering Communications Body Limited

Opinion
We have audited the financial statements of Smart Metering Communications Body Limited (‘the company’) for the year ended 31st December 2022 which comprise Statement of Income and Retained Earnings, Balance Sheet, Cash Flow Statement and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31st December 2022 and of 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.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements section of our report. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors’ 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 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 directors with respect to going concern are described in the relevant sections of this report.
Other information
The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion based on the work undertaken in the course of our audit

• the information given in the annual report, which includes the directors’ report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the directors’ report included within the annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors’ report included within the annual report.

We have nothing to report in respect of the following matters in relation to the Companies Act 2006:

• adequate and proper accounting records have not been kept; or
• the financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors’ 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 directors’ responsibilities statement, 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 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 directors either intend to liquidate the 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Financial Reporting Standard 102. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company’s ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Health & Safety Legislation, Taxation Legislation and Employment Legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of expenditure and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on expenditure and the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Companies House and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members 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 company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Nazia Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
Statement of income and retained earnings for the year ended 31st December 2022

<table>
<thead>
<tr>
<th>Notes</th>
<th>£ 2022</th>
<th>£ 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>37,482,413</td>
<td>37,820,716</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(36,377,738)</td>
<td>(36,769,250)</td>
</tr>
<tr>
<td>OPERATING SURPLUS</td>
<td>1,104,675</td>
<td>1,051,466</td>
</tr>
<tr>
<td>Other income</td>
<td>62,753</td>
<td>10,774</td>
</tr>
<tr>
<td>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</td>
<td>1,167,428</td>
<td>1,062,240</td>
</tr>
<tr>
<td>Taxation on profit on ordinary activities</td>
<td>(11,934)</td>
<td>(1,176)</td>
</tr>
<tr>
<td>TOTAL COMPREHENSIVE INCOME</td>
<td>1,155,494</td>
<td>1,061,064</td>
</tr>
<tr>
<td>Total Retained Earnings at the beginning of the period</td>
<td>1,435,009</td>
<td>373,945</td>
</tr>
<tr>
<td>Total Retained Earnings at the end of the period</td>
<td>2,590,503</td>
<td>1,435,009</td>
</tr>
</tbody>
</table>

Balance sheet as at 31st December 2022

<table>
<thead>
<tr>
<th>Notes</th>
<th>£ 2022</th>
<th>£ 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIXED ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>6</td>
<td>147,223</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>7</td>
<td>7,614,568</td>
</tr>
<tr>
<td>Cash at bank</td>
<td></td>
<td>15,699,475</td>
</tr>
<tr>
<td></td>
<td>23,314,033</td>
<td>18,576,142</td>
</tr>
<tr>
<td>CREDITORS: Amounts falling due within one year</td>
<td>8</td>
<td>(20,870,753)</td>
</tr>
<tr>
<td>NET CURRENT ASSETS</td>
<td></td>
<td>2,443,280</td>
</tr>
<tr>
<td>NET ASSETS</td>
<td></td>
<td>2,590,503</td>
</tr>
<tr>
<td>CAPITAL AND RESERVES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>10</td>
<td>2,590,503</td>
</tr>
</tbody>
</table>

The accounts have been prepared in accordance with the Companies Act 2006, and have been approved by the Board on 15th March 2023 and signed on its behalf by:

Mark Lund
Chair
Cash flow statement
January 2022 – December 2022

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

1. Accounting policies
The principal accounting policies adopted and critical areas of judgment and estimation uncertainties are as follows:

a) Basis of accounting
The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

b) Going concern
The Smart Energy GB Board has considered the current financial position of the company for the foreseeable future along with the risk and uncertainties associated with its ability to operate as a going concern. The directors are confident the company will continue for at least twelve months from the date of approval of these financial statements. They have also considered the period beyond that date as the current statutory obligations placed upon the energy suppliers to offer smart meters to their consumers continues for the foreseeable future.

The Board, therefore, has a reasonable expectation that Smart Energy GB has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

c) Judgements and estimates
The judgements and estimates within the financial statements include depreciation, a provision for office dilapidations and a bad debt provision. The accuracy of the estimation of depreciation depends on the useful economic life of the assets (details of which can be found in note g) below). The accuracy of the estimation of office dilapidations depends on a commercial negotiation with landlords if and when we vacate an office. This has been based on published rate estimations or estimates from external consultants. The accuracy of the estimation of the bad debt provision depends on whether suppliers are able to pay their invoices; debts are provided against when it becomes probable the supplier will no longer be able to meet their obligation.

The uncertainty around these estimations is not deemed to have a significant risk of material adjustment in the future.

d) Turnover
Turnover represents income received from energy suppliers to meet our operating costs. The contribution from each supplier is agreed annually in advance and is recognised in the Profit and Loss account in the year to which the contribution relates. Contributions received before the period to which they relate are recorded as deferred income. All amounts stated are exclusive of VAT.

e) Intangible assets
Intangible fixed assets represent creative development costs capitalised in accordance with FRS102. These are stated at historical cost and amortised on a straight-line basis over the period in which revenue is expected to be generated (five years). Amortisation is recognised within operating expenses in the Statement of Income and Retained Earnings.

---

Net cash inflow from operating activities  a) 4,416,202 1,619,671
Net cash (outflows) / inflow from investing activities  b) 57,709 (268,548)
Increase in cash in the period  c) 4,473,911 1,351,123

a) Reconciliation of profit on ordinary activities to net cash inflow from operating activities

<table>
<thead>
<tr>
<th>Notes</th>
<th>₤ 2022</th>
<th>₤ 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax on ordinary activities</td>
<td>1,167,428</td>
<td>1,062,240</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>160,218</td>
<td>66,207</td>
</tr>
<tr>
<td>Interest received</td>
<td>(62,753)</td>
<td>(6,249)</td>
</tr>
<tr>
<td>Decrease/(Increase) in debtors</td>
<td>(263,980)</td>
<td>6,413,554</td>
</tr>
<tr>
<td>(Decrease)/Increase in creditors</td>
<td>3,427,223</td>
<td>(5,914,905)</td>
</tr>
<tr>
<td>Tax payable/paid</td>
<td>(11,934)</td>
<td>(1,176)</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>4,416,202</td>
<td>1,619,671</td>
</tr>
</tbody>
</table>

b) Net cash flow from investing activities

<table>
<thead>
<tr>
<th>Notes</th>
<th>₤ 2022</th>
<th>₤ 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>62,753</td>
<td>6,249</td>
</tr>
<tr>
<td>Purchase of tangible assets</td>
<td>(5,044)</td>
<td>(274,797)</td>
</tr>
<tr>
<td></td>
<td>57,709</td>
<td>(268,548)</td>
</tr>
</tbody>
</table>

c) Analysis of changes in net funds

<table>
<thead>
<tr>
<th>Notes</th>
<th>At 1st January 2022</th>
<th>Cashflows</th>
<th>At 31st December 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>11,225,564</td>
<td>4,473,911</td>
<td>15,699,475</td>
</tr>
</tbody>
</table>

Cash at bank and in hand is a financial asset and is measured at amortised cost with a carrying value of £15,699,475 (2021: £11,225,564).

Status of company
The company was incorporated in the United Kingdom on 21st March 2013 and is limited by the guarantee of its members. The income and property of the company must be applied solely to the objects of the company, and no distribution of any surpluses may be made to its members. As a private company limited by guarantee, registered in England and Wales, each member has no equity interest, and every member has undertaken to contribute an amount up to £1 to the assets in the event of a deficiency on winding up. The company’s registered office is Ground Floor, The Crane Building, 22 Lavington Street, London, SE1 ONZ.

Notes to the financial statements
for the year ended 31st December 2022
f) Tangible assets
All assets are capitalised at cost when expenditure is deemed to meet the requirements for capitalisation as set out in FRS102. Depreciation is provided at the following rates in order to reduce each asset to its estimated residual value over its estimated useful life:

- Fixtures and fittings – 25 per cent per annum on cost
- Computer equipment – 25 per cent per annum on cost

Depreciation is charged on a monthly basis starting from the month of acquisition. Items purchased over the value of £5,000 are capitalised.

The only exception relates to the fit–out of the new London office where a depreciation rate of 44% has been adopted in line with the useful remaining life of the lease.

Smart Energy GB has adopted a policy of not capitalising website and other similar development expenditure.

j) Financial instruments
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

All financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently re-measured where applicable at amortised cost.

Financial assets are de–recognised when and only when:

(a) the contractual rights to the cash flows from the financial asset expire or are settled;

(b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset;

(c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

2. Operating loss/profit
The operating surplus is stated after charging

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortisation</td>
<td>160,218</td>
<td>66,207</td>
</tr>
<tr>
<td>Directors’ remuneration</td>
<td>472,872</td>
<td>406,229</td>
</tr>
<tr>
<td>Operating lease rentals</td>
<td>345,400</td>
<td>869,487</td>
</tr>
<tr>
<td>Audit fee</td>
<td>23,000</td>
<td>18,000</td>
</tr>
<tr>
<td>Auditor’s remuneration for non-audit fees</td>
<td>1,976</td>
<td>1,550</td>
</tr>
<tr>
<td></td>
<td>1,003,065</td>
<td>1,361,473</td>
</tr>
</tbody>
</table>

3. Employee information

Total staff costs were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>4,373,516</td>
<td>4,351,941</td>
</tr>
<tr>
<td>Social security costs</td>
<td>554,620</td>
<td>529,369</td>
</tr>
<tr>
<td>Pension costs</td>
<td>235,747</td>
<td>249,369</td>
</tr>
<tr>
<td>Total staff costs</td>
<td>5,163,883</td>
<td>5,130,510</td>
</tr>
</tbody>
</table>

The average number of employees during the year was 75 (2021: 74).

During the year ended 31st December 2022, £336,782 was paid to one director for salary (including PAYE and employee’s NI), performance related pay and pension contributions (2021: £309,706) and £136,000 was paid to 13 non-executive directors (2021: £96,523 and 12). No director (2021: nil) is accruing benefits under money purchase or defined benefit pension schemes.

Total remuneration for the executive senior leadership team was £1,631,350 (2021: £1,365,634) including all emoluments, pension contributions and employers NI. The remuneration of the senior leadership team was reviewed and agreed by the remuneration committee during the year, as it did in 2021.

During the year Smart Energy GB made termination payments of £64,631 (2021: £59,210), and Enil was outstanding at year–end (2021: £50,273)

4. Taxation

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Corporation tax on profits for the year</td>
<td>11,923</td>
<td>1,176</td>
</tr>
<tr>
<td>UK Corporation tax on profits from prior year</td>
<td>11</td>
<td>–</td>
</tr>
<tr>
<td>Tax charge on profit on ordinary activities</td>
<td>11,934</td>
<td>1,176</td>
</tr>
</tbody>
</table>
### 5. Intangible assets

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
</tr>
<tr>
<td>At 1st January 2022</td>
<td>150,000</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
</tr>
<tr>
<td>At 31st December 2022</td>
<td>150,000</td>
</tr>
</tbody>
</table>

**Amortisation**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1st January 2022</td>
<td>150,000</td>
</tr>
<tr>
<td>Charge for the period</td>
<td></td>
</tr>
<tr>
<td>At 31st December 2022</td>
<td>150,000</td>
</tr>
</tbody>
</table>

**Net book value**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31st December 2022</td>
<td>-</td>
</tr>
</tbody>
</table>

Intangible assets are fully amortised (2021: fully amortised).

### 6. Tangible assets

<table>
<thead>
<tr>
<th></th>
<th>Fixtures and fittings</th>
<th>Computer Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1st January 2022</td>
<td>1,894,746</td>
<td>330,528</td>
<td>2,225,274</td>
</tr>
<tr>
<td>Additions</td>
<td>5,044</td>
<td>-</td>
<td>5,044</td>
</tr>
<tr>
<td>Disposals</td>
<td>(1,171,568)</td>
<td>(81,307)</td>
<td>(1,252,875)</td>
</tr>
<tr>
<td>At 31st December 2022</td>
<td>728,222</td>
<td>249,221</td>
<td>977,443</td>
</tr>
</tbody>
</table>

**Depreciation**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1st January 2022</td>
<td>1,649,808</td>
<td>273,069</td>
<td>1,922,877</td>
</tr>
<tr>
<td>Charge for the period</td>
<td>123,872</td>
<td>36,346</td>
<td>160,218</td>
</tr>
<tr>
<td>Disposals</td>
<td>(1,171,568)</td>
<td>(81,307)</td>
<td>(1,252,875)</td>
</tr>
<tr>
<td>At 31st December 2022</td>
<td>602,112</td>
<td>228,108</td>
<td>830,220</td>
</tr>
</tbody>
</table>

**Net book value**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31st December 2022</td>
<td>126,110</td>
</tr>
</tbody>
</table>

At 31st December 2021

### 7. Debtors

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>7,005,301</td>
<td>6,891,442</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>(90,000)</td>
<td>(90,000)</td>
</tr>
<tr>
<td>Prepayments</td>
<td>659,330</td>
<td>517,492</td>
</tr>
<tr>
<td>Other debtors</td>
<td>39,927</td>
<td>31,644</td>
</tr>
<tr>
<td></td>
<td>7,614,558</td>
<td>7,350,578</td>
</tr>
</tbody>
</table>

The carrying value of financial assets included within debtors and measured at amortised cost in 2022 was £7,045,228 (2021: £6,923,086).

### 8. Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>2,995,178</td>
<td>804,149</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>258,095</td>
<td>468,376</td>
</tr>
<tr>
<td>Deferred income</td>
<td>11,315,373</td>
<td>11,270,128</td>
</tr>
<tr>
<td>Accruals</td>
<td>4,835,415</td>
<td>3,786,833</td>
</tr>
<tr>
<td>Year-end repayment to energy suppliers</td>
<td>783,014</td>
<td>468,372</td>
</tr>
<tr>
<td>Provisions for leased properties</td>
<td>532,259</td>
<td>532,259</td>
</tr>
<tr>
<td>Other creditors</td>
<td>151,419</td>
<td>113,413</td>
</tr>
<tr>
<td></td>
<td>20,870,753</td>
<td>17,443,530</td>
</tr>
</tbody>
</table>

The carrying value of financial liabilities included within creditors and measured at amortised cost in 2022 was £8,514,271 (2021: £5,236,654).
9. Lease commitments
The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

<table>
<thead>
<tr>
<th></th>
<th>£ 2022</th>
<th>£ 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not later than one year</td>
<td>430,249</td>
<td>430,249</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>-</td>
<td>430,249</td>
</tr>
<tr>
<td>Later than five years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>430,249</td>
<td>860,498</td>
</tr>
</tbody>
</table>

Operating lease expenditure totalling £345,400 (2021: £869,487) was recognised through the Statement of Income and Retained Earnings during the year.

The company had no other off-balance sheet arrangements.

10. Capital and reserves

<table>
<thead>
<tr>
<th></th>
<th>£ Profit and Loss Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1st January 2022</td>
<td>1,435,009</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>1,155,494</td>
</tr>
<tr>
<td>At 31st December 2022</td>
<td>2,590,503</td>
</tr>
</tbody>
</table>

11. Pensions
Defined contributions are paid to the Group Personal Pension Plan via Scottish Widows Ltd in accordance with Company policy. The policy allows for contributions from the employer up to a maximum of 8 per cent.

The total pension cost to the Company for the year ended 31st December 2022 was £235,747 (2021: £249,200).