Annual report and accounts
Year ended 31<sup>st</sup> December 2018

Company number 08455995
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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Nearly 13 million smart meters have now been installed in Great Britain. Smart Energy GB played a critical part in supporting those installations taking place, by delivering campaigns that generated significant levels of demand amongst consumers to upgrade their old gas and electricity meters and either seek out, or accept the offer of, a smart meter installation from their electricity and gas suppliers.

The results of our campaign in 2018 were all the more notable given that we had to deliver in the context of some significant, unexpected challenges for the smart meter rollout.

At the start of 2018 we expected that the shift to the installation at scale of the second generation of smart meters (SMETS2 meters) would start in summer 2018, and that at the same time installations of first-generation SMETS1 meters would be wound down. Unfortunately, technical challenges in the rollout led to delays in both those ambitions, giving rise to significant political and media criticism of the management of the programme. These headwinds affected consumer views about smart meters adversely, and so impacted the ability of our marketing and communications activity to generate part of the level of consumer demand that we had planned for in 2018.

Despite the challenges of last year, we remain steadfast in our belief that smart meters are critical to the transformation of consumers’ experience of buying and using gas and electricity, as well as vital for the future sustainability and reliability of energy supply in Great Britain. So, we hope that in 2019 the smart meter rollout will move on from some of these technical challenges, and ensure that an integrated, reliable smart meter service is available to all potential customers, allowing us to continue to play our full part in the generation of consumer demand to upgrade from analogue meters to smart meters and smart service.

However difficult the environment in which we have to operate, the board remains committed to ensuring that Smart Energy GB delivers the highest quality marketing and communications activity, reflecting in our operations sector best practice in creative approaches, media planning and buying, research and measurement and evaluation.

The board is also committed to operating to best practice standards of company governance, and so we were particularly pleased in 2018 to have received the results of an independent report into Smart Energy GB’s governance and to have reflected the findings of that review as part of our commitment to continued improvement in our governance. I would like to give my personal thanks to my board colleagues, as well as the Chair and members of the other group involved in Smart Energy GB’s governance, the Performance Management Framework forum, for their dedication and hard work throughout 2018.

More than ever before the critical importance of smart meters and the digitisation of the energy system to the future of Great Britain is clear. Smart Energy GB is privileged to play a vital role in the engagement and support of consumers in making the transformation in the way that we all buy and use energy.

Mark Lund,
Chair
2018 was a year in which Smart Energy GB continued to innovate and evolve the methods by which we are delivering the most significant public engagement campaign that this country has seen in a generation. As a result, Smart Energy GB can be proud that it played a vital role in supporting the achievements of the smart meter rollout in 2018.

Our record of innovation and quality in the work that we delivered was built in large part on the strength and depth of our insight and research activity, and a fundamental belief in testing, learning and continuous improvement and optimisation in everything we do. It should come as no surprise that through 2018 we spoke to over 120,000 members of the public to shape our activity and understand how it is working. That scale represents not just our belief in the importance of insight and evaluation, but also our commitment to our duty to engage consumers and communities from all ages, backgrounds and circumstances.

Once again, in 2018 our campaign was delivered not just through mainstream marketing and communications channels, but also by our working in partnership with a number of businesses and charities who supported us in reaching their constituencies. I am particularly grateful to those organisations for working with us.

2018 saw continued recognition of the strength and quality of Smart Energy GB’s campaign across all channels through multiple awards. Equally important though was the recognition that we received for the quality of the management of the organisation and the experience that is provided to the staff team who work here. I am very lucky to work with colleagues who constantly display enormous commitment and dedication. I am proud that Smart Energy GB delivers a working environment and experience that in 2018 was so strongly recognised through the Great Place to Work scheme’s accreditation.

As we look to the remaining years of the smart meter rollout, and the need to complete the rollout so that every consumer in Great Britain can benefit from a modernised energy system, there will no doubt still be challenges ahead. But, the Smart Energy GB team remains passionate about the opportunity for our country that is being realised by the smart meter revolution, and more committed than ever to playing our part in delivering the radically different energy system that this country so vitally needs.

Sacha Deshmukh,
Chief Executive
85% of people with a smart meter say they have changed how they do things around the house.

A smart power grid could save £8bn per year.

66% of people with a smart meter would recommend them to others.

83% of senior decision makers in British businesses think that Britain’s energy system needs a digital upgrade.

Homes and microbusinesses will be offered a smart meter as part of the national upgrade.

Information which helps households to take control.

Energy use displayed in pounds and pence.

Smart pay as you go.

Gas and smart.

Enabling smart homes of the future.

Electric cars, smart appliances and beyond...
Great Britain’s energy industry

- Secure communications network
- New services from other providers
- Power networks
- Energy suppliers
- New tariffs
- Accurate bills
- Integration of renewables
- A smarter grid
- Easier to identify power cuts
- Managing supply and demand

- People who own a smart meter undertake more energy saving activities than those without one.
- Smart meters will save an estimated 29.7m tonnes of CO₂ by 2030.
- 79% of people with a smart meter say it gives them a better idea of their energy costs.
- 29% of people have a smart meter in their home.
2018: Smart Energy GB’s year in highlights

By the end of the year, **around 13 million adults** without a smart meter stated they would seek or accept a smart meter within the next six months.

- **73%** of people with a smart meter have taken at least one step to use less energy.
- **66%** of people who have upgraded to a smart meter would recommend them to their family and friends.
- **62%** of smart meter users always keep track of their energy use.
85 hours and 10 minutes of broadcast news and current affairs coverage

We have conducted more than 120,000 interviews with consumers to shape our campaign

145 media partnership articles

Almost 53 million views of our films on YouTube

774 people in 139 organisations trained to deliver smart meter information to local communities

Key information available on our website in 7 different languages
We have conducted more than 120,000 interviews with consumers to shape our campaign.
2018 was a critical year in which Smart Energy GB’s campaigns delivered significant levels of consumer demand to take up smart meters, as well as encouraged those consumers who have smart meters to use those meters to manage better their energy consumption.

Despite significant headwinds from some technological hold-ups and challenges in the smart meter rollout, which saw a fall in consumer satisfaction amongst consumers with smart meters (whose meters had lost their smart functionality) and drove significant negative news reporting about the smart meter rollout. The Smart Energy GB campaign in 2018 created many millions of new consumers seeking out, or accepting when offered a smart meter installation and so ensured that the smart meter rollout continued to enjoy the large base of seekers and accepters needed to deliver the millions of smart meter installations that took place in 2018.

In fact, econometric analysis shows that Smart Energy GB’s campaign in 2018 was particularly strong at generating definite seekers/accepters, who were the group of consumers most likely to follow through on the actions needed to take up an upgrade to smart meters.

The impact of challenges in the smart meter rollout

During 2018, we can now clearly see that technological hold-ups and issues in the smart meter rollout drove an increase in consumer concerns about smart meters amongst the non-smart population. At the time of developing and agreeing our 2018 plans, the end date for the installation of the first generation of smart meters (SMETS1 meters) was scheduled to be 13th July 2018.

At that time, energy suppliers were forecasting installations in the period Aug-Dec 2018 (i.e. after the SMETS1 end date that we expected at that point in time), of 6 million smart meters, which would by definition have been SMETS2 and therefore unlikely to have experienced issues deriving from limitations in SMETS1 functionality.

However, as 2018 proceeded, the SMETS1 end-date was delayed. The latest view of the intended end-date is, with derogations, now planned to be 15th March 2019.

In-depth research showed that in 2018, the largest area of concerns about smart meters expressed by consumers were ones that related to technical questions about the first generation (SMETS1) of smart meters, in particular concerns about the potential loss of smart functionality when switching suppliers.

These same technological issues also impacted satisfaction levels about smart meters amongst the population who have already upgraded to smart meters, with the number of people who have a smart meter saying they would recommend a smart meter to a friend falling from 71 per cent to 66 per cent during the year, a fall directly attributable to the number of consumers with smart meters who have seen their smart functionality disappear.

Approximately two-thirds of negative news media stories about smart meters in 2018 were concerned with technical or logistical issues with customer’s smart meter experience with SMETS1 meters, with further significant news coverage critical of the policy decisions in/management of the rollout. This was notably the case around the publication of a report on the smart meter rollout by the British Infrastructure Group in summer 2018, and the National Audit Office who published their report on the smart meter rollout in November 2018.
This meant that in 2018 Smart Energy GB had to try and deliver the generation of seekers/accepters in an unprecedented environment of negative news coverage of the smart meter rollout and resulting impact on consumers’ views of smart meters.

However, despite these significant headwinds from the technological hold-ups and problems in the smart meter rollout, and resulting heavy negative news reporting, the Smart Energy GB campaign in 2018 was still successful at creating large numbers of new seekers and accepters and protecting the overall pot of seekers/accepters.

The ambitious marketing effectiveness improvements that the Smart Energy GB board committed to delivering in 2018 were achieved, with analysis showing that the shortfall against target of the headline seek/accept measure was wholly as a result of the negative news environment rather than marketing underperforming tough effectiveness targets. Econometric analysis also shows that, for the first time, in 2018 we saw Smart Energy GB’s proactive positive PR efforts consistently contributed to seek/accept attainment (and indeed this did so across the entire year).
Representative of a typical in-home display. Based on UK Gov’s projected annual savings of 2% and a sewing machine using 0.07kWh. Savings possible by customers measuring energy use and cutting waste. Eligibility may vary.


Get a smart meter and you could save enough energy to power a sewing machine for this many days

196

Save your energy for personal touches. See how much energy you’re using and make changes to use less. Search “Get a smart meter” today.

Representative of a typical in-home display. Based on UK Gov’s projected annual savings of 2% and a sewing machine using 0.07kWh. Savings possible by customers measuring energy use and cutting waste. Eligibility may vary.

With the task of raising awareness and understanding of smart meters largely done by the end of 2017, in 2018 our focus was on generating large numbers of consumers seeking or accepting a smart meter. We did this with campaign activity focused on individual benefits and, just as importantly, making those benefits feel tangible, meaningful and achievable. With all that in mind, we launched our 2018 campaigns around the theme of “Save your energy for...”, which was a strong vehicle to convey these benefits.

Advertising based on the “Save your energy for” theme premiered in May 2018 with a cross-channel launch. Our first two audio visual (AV) creatives, Sweet Ride and Meera, focused on individual smart meter benefits, and were joined by a collective benefit ad, Cities, in July. The AV launch was complemented by a new suite of print, radio, out-of-home (OOH) and social media ads, with a wide range of different messages reflecting our duty to deliver a wide reach.

Extensive pre-testing showed that not only was our 2018 advertising creative able to drive seek/accept, the uplift was greater when a combination of both personal and collective benefits was deployed. This insight remained a creative development and copy rotation principle for the remainder of the year, ensuring we had an effective personal/collective split in all channels. We made sure we retained the link with all our previous work by including Gaz & Leccy in their Campaign For a Smarter Britain roundel stamp in all activity.

Our media partnership activity continued throughout 2018, focusing on our older audience group. The first wave saw us co-create content with the Mirror Group, the Express, The Times and Sunday Times, Daily and Sunday Telegraph, and Media Force, tackling head-on questions about smart meters and correcting misconceptions. A second wave of media partnerships followed in the last quarter of 2018, this time focusing on the societal and environmental benefits of the rollout.

We also ran specific campaigns and media partnerships supporting our aims with low income audiences, as well as prepay customers.
With a smart meter you could save an average of 354 kWh of energy a year. Because when you can actually see how much energy you're using, you can make a few small changes and use less of it. Save your energy for bathtime. Contact your energy supplier about getting your free smart meter.

GET A SMART METER AND YOU COULD SAVE ENOUGH ENERGY FOR THIS MANY HOT BATHS

Available by 2020 in England, Scotland and Wales. Representative of a typical in-home display. Based on BEIS expected average annual savings of 2%/354 kWh with a smart meter compared to a traditional meter and 3.06 kWh to run and heat a bath. smartenergyGB.org
With a smart meter you could save an average of 354kWh of energy a year. Because when you can actually see how much energy you’re using, you can make a few small changes and use less of it. Save your energy for bathtime.

Contact your energy supplier about getting your free smart meter.

Available by 2020 in England, Scotland and Wales. Representative of a typical in-home display. Based on BEIS expected average annual savings of 2%/354kWh with a smart meter compared to a traditional meter and 3.06kWh to run and heat a bath.
Consumer PR activity

In 2018, Smart Energy GB continued to be the most prominent voice in the media commenting on smart meters despite a challenging media landscape with increased volumes across broadcast, print and online media.

Smart Energy GB PR activity generated 1,727 articles containing messages about the benefits of smart meters to consumers, the economy and the country’s future with a cleaner and greener energy system.

Smart Energy GB’s largest PR campaign of 2018 ran from June to September as television personalities Kirstie Allsopp, Phil Spencer and comedian Susan Calman toured nine cities as part of the Campaign for a Smarter Britain, energising the public through a series of roadshows to play their part in the smart meter rollout. This activity secured 360 items of positive coverage containing our key messages with a reach of over 35 million.

Through other proactive PR activity, Smart Energy GB continued to highlight the opportunities that the smart meter rollout presents and we worked with academics, energy suppliers and environmental groups to highlight the importance of a truly smart grid. As an example, our PR execution focused on the importance of smart meters in delivering the electric vehicle revolution reached more than 14 million people with key messaging. The campaign promoted a Leeds University report The smart route to electric vehicles and was led by actor Robert Llewellyn, an electric vehicles enthusiast.

Throughout the year we have also undertaken other country specific PR activations across Scotland and Wales.
Press office

Smart Energy GB’s press office continued to be the first port of call for journalists with questions about the smart meter rollout. In 2018, the office dealt with, and responded to, 176 enquiries from the media.

Throughout the year, we have also been active in responding to a number of high-profile reactive news inquiries including by BBC Watchdog in relation to smart meter safety, reporting on the British Infrastructure Group report in July and the National Audit Office report published towards the end of the year.

Smart Energy GB responded vigourously and robustly on these, and other stories, in broadcast interviews with a range of channels including BBC National News, ITV News and Sky News, contributing strongly to coverage across national and regional television and radio programmes.
Throughout the summer months, Smart Energy GB’s Campaign for a Smarter Britain was supported across digital channels to bring to life the scale of the campaign and drive footfall to the individual events.

Across 64 different posts, we celebrated the cleaner, greener Britain that smart meters create a foundation for, and amplified Kirstie Allsopp, Phil Spencer and Susan Calman’s campaigning. Through multiple targeting strands, we reached both fans of the celebrities and broader audiences. Our top performing strand of manifesto films garnered 8,245,220 impressions, and over 14,000 people visited the campaign page on our site – with an average dwell time of 2 minutes and 16 seconds.

During 2018, we also saw the launch of Smart Meter Bingo, a campaign that nudged a 21-28 year old audience to request a smart meter. As part of this, celebrity chef Ainsley Harriott took part in energy challenges, and the energy cost of these activities were then used as our bingo numbers.
In December, we refreshed the Smart Energy GB website. The objective in the refresh was to evolve site content so that it did not just focus on explaining what a smart meter is, but instead better brought to life a focus on why smart meters are so useful and why it is so important to have one. Therefore, as well as continuing to help our audience understand smart meters and the installation process, our new website content now also brings to life the big picture benefits of a smart energy system and the personal benefits of smart meters (in particular from the experiences of those who have already upgraded to smart meters).
Partnership marketing activity to reach harder-to-reach audiences

We worked with a range of partners from across the three nations, building on our achievements from 2017 where evaluation showed that partnerships has an ability to increase interest in getting a smart meter in harder-to-reach audiences, particularly through face to face engagement.

Our partnership marketing activity in 2018 was focused on three audiences: 65+ and 60+ offline audiences; people who are severely or profoundly deaf; and people on a low income. These were audiences that we judged would be hardest to reach via simply mainstream communication approaches, and where a targeted response through marketing partnerships could be most effective and value for money.

Our national partnership programme developed four key partnerships to support our work. We worked with Action on Hearing Loss (the largest charity for people with hearing loss in the UK) to provide tailored content and information to people who are severely or profoundly deaf in appropriate formats. They also engaged people face to face through a programme of community outreach using their networks.

Partnering with Picturehouse Cinemas gave us new routes to engage the 65+ and 60+ offline audience through their Silver Screen membership offering. The partnership featured an experiential element to spark conversations and drive engagement. Twenty-two cinemas had in-foyer branding, an on-screen animation and accompanying scratch card; ten of these flagship cinemas hosted our brand ambassadors who engaged people face to face, answering questions and driving engagement.

We continued our partnerships with the National Housing Federation and the Scottish Federation of Housing Associations to engage low income tenants with smart meters.
We continued our programme of support for local and regional partners - Smart Energy GB in Communities. This provided an opportunity to create in-depth consumer engagement through the distribution of 16 grants to partners engaging severely or profoundly deaf people; 64 grants to partners working with older audiences and 58 grants to partners engaging those on a low income.

Community partners engaged audiences in a variety of ways from pop ups at energy cafes to podcasts created by young people for older audiences and a rural roadshow. Through this programme we also increased knowledge and local expertise by training 774 smart meter champions.

We also ensured that the advisory capacity that was built in 2016 was topped up within organisations that we had previously worked with. We delivered top up training to 79 people.

We continued to offer free printed and downloadable resources for regional and local partners, to create their own smart meter campaigns. We had over 12,500 visitors to our online Resource Centre in 2018 with partners continuing to affirm the quality of the offering with 95 per cent of those surveyed saying that the materials and content provided them with what they needed.

We offered 120+ assets, including British Sign Language films and a leaflet targeted at older audiences. We developed a leaflet specifically for social housing tenants, offering this through housing association partners who ordered 43,500 to share with their tenants.
Throughout 2018, Smart Energy GB’s policy and public affairs activity focused on promoting the potential of smart meters to create a foundation for innovation in energy products, services and tariffs among our political and stakeholder audiences.

One of the highlights of our work was the publication of the *Smart route to electric vehicles* white paper which highlighted the role of smart meters to support the rollout of electric and low carbon cars.

Overall in 2018, Smart Energy GB spoke at 58 stakeholder events covering a range of subjects including energy data, future cities, housing and health. We were also able to broaden some of these discussions to new audiences such as those who work with fuel poverty, with a roundtable in Edinburgh to tie in with Challenge Poverty Week.

Smart Energy GB organised a variety of events around parts of Great Britain. These ranged from events discussing how energy technology can help deliver fairer energy for rural communities to debates on the role for smart meters and energy data to support health and social services.

In addition to numerous one-to-one briefings, seven drop-in events were held in Westminster that 59 MPs attended – including events specifically for Welsh and Scottish MPs and one delivered in partnership with Tech UK which focused on evolving smart energy technology. Similarly, in the Senedd and Holyrood we held a wide range of activities which allowed engagement with 19 MSPs (Members of Scottish Parliament) and 16 AMs (National Assembly for Wales members).
At a local government level, Smart Energy GB presented at six regional meetings of the Association of Local Energy Officers throughout 2018.

Our Public Correspondence function continued to deliver a quality service to those who want to ask us questions about smart meters and the smart meter rollout. In total in 2018, 2100 public enquiries were received and responded to via telephone, email or letter.
Smart Energy GB’s programme to help employers support their employees to take up smart meters, the Smart Energy Employers programme continued to grow in 2018.

In total, we worked with 32 new organisations as part of this activity in 2018 including Adidas, Britvic, Premier Foods and Thomas Cook. Activity has ranged from working with Asda in Scotland to put information about smart meters in their staff canteens, to our taking part in energy sustainability days across the country at the BBC, Royal Mint and Edinburgh Airport.

We continued to work with one of the largest participants in the Smart Energy Employers programme, NHS Employers. NHS Trusts were given resources to communicate about smart meters as part of sustainability week.

To support this activity, in 2018 we also published research from Cranfield Business School which set out the positive business case and potential benefits for companies of engaging staff in living greener and more sustainable lives.
73% per cent of people with smart meters have taken at least one step to reduce their energy use.
Informing, tracking and evaluating our campaign activities through comprehensive use of consumer research and insight continued to play a valuable role in Smart Energy GB’s approach in 2018 to ensure the evolving views of the nation were kept at the heart of our campaign. Over the course of the year, we conducted over 120,000 interviews with the British public, hearing from consumers of all ages, backgrounds and circumstances, as well as microbusinesses and landlords.

Key tracking studies such as *Smart energy outlook* and *Smart meters and energy usage*, which are conducted and published biannually, continued to progress our understanding of how public opinion on smart meters is developing. They also show how smart meters are changing the energy attitudes and behaviours of those who have adopted them for the better.

We also conducted a bespoke, nation-wide segmentation study in 2018, helping to refine our knowledge of consumers and shape the way we communicate with them.

Performance of campaign activity beyond advertising also continued to be tracked via PR monitoring, social media listening and the evaluation of our partnership marketing programme. With increased media coverage of the rollout, we designed and launched our Press Impact Evaluation vehicle to improve our insight into the influence of external news stories on consumer opinion, as well as our own proactive and reactive media activity.

We conducted a number of waves of econometric modelling that play a critical part in analysing and evidencing the overall impact of our activity, as well as informing decisions around our channel mix.

We have published a number of detailed research reports, as well as participated in events organised by the Department of Business, Energy & Industrial Strategy in which we have presented research findings as part of our commitment to help all involved in the smart metering programme to benefit from the insights that we generate as part of our work.
In 2018, Smart Energy GB worked closely with energy suppliers to keep them informed of our campaign activity and learn from them about the collective challenges they face. Throughout the year, we reported regularly to the forum of large energy supplier representatives that was established by industry to scrutinise and feedback on our achievements against our Performance Management Framework (PMF).

We also used the structure of Smart Energy GB Marketing and PR forums to engage with energy suppliers to support the implementation of our campaign and to provide them with tools that could help their own individual consumer engagement activities.

In the final quarter of 2018 we worked closely with energy supplier representatives to secure their input into key workstreams where integrated planning was most important for delivering against the 2019 targets set for us by the PMF forum. In particular we engaged energy suppliers to work with us to help design new for 2019 telephone and online customer journeys to ensure a joined-up experience for consumers on their smart journey towards installation and also to establish data and feedback loops required for performance-based planning, evaluation and optimisation against 2019 metrics.
Throughout 2018 we also presented at, and contributed to, meetings and events organised by various Smart Metering Implementation Programme bodies, which are convened by the Department of Business, Energy & Industrial Strategy, including:

- The Smart Metering Delivery Group
- The Smart Metering Steering Group
- The Smart Metering Operations Group
- The Implementation Managers Forum
- The Cost Control and Benefits Realisation Group
- The Consumer Reference Group
- The Independent Suppliers Forum
The quality and impact of Smart Energy GB campaign activity continues to be widely recognised. For the first time in 2018 we gained industry recognition for our evaluation, design and regional work, and for the second year in a row we won gold for best use of digital at the Digital Impact Awards. Across 2018 Smart Energy GB won a total of 13 awards:

- two PRCA Digital Awards (In-house Digital Team of the Year & Best Use of Reporting and Measurement in a Campaign)
- two Magnetic Awards (Best in Print & Client of the year)
- two Digital Impact Awards (Best Use of Digital, Energy & Utilities category & Best Evaluation strategy)
- YouTube Works for Brands
- International Annual Report Design Award
- Marketing New Thinking Social Story Telling
- CIPR Cymru / Wales award for Best Low-Budget Campaign 2018
- two CIPR Scotland awards for Best Event for Cooking Local and not-for-profit campaign category for overall smart meter campaign in Scotland 2018
- Great Place to Work, Best Workplaces 2018
Large energy suppliers (those with over 250,000 domestic customers) have the legal responsibility to set the results that they would like Smart Energy GB to achieve in any year. They exercise this responsibility by determining which goals (and resulting metrics to allow measurement against those goals) should be included in Smart Energy GB’s Performance Management Framework (PMF) for the year. They then also have a responsibility to review Smart Energy GB’s performance against those goals through the year, making any amendment to them as they believe is necessary. Large energy suppliers have exercised this responsibility through the operation of a forum, known as the PMF forum, which has met regularly through 2018 to review Smart Energy GB’s ongoing performance through the year and determine, based on that performance and overall progress in the smart metering rollout, the right goals for Smart Energy GB. The PMF forum membership is made up of all energy suppliers with more than 250,000 domestic customers, and in 2018 it was independently chaired by Maxine Frerk.

In setting goals for 2018, large energy suppliers had to be mindful of Smart Energy GB’s objectives, as set out by government and contained in the Standard Conditions of Electricity & Gas Supply Licences; namely:

- to build consumer confidence in the installation of smart metering systems by gas and electricity suppliers
- to build consumer awareness and understanding of the use of smart metering systems and the information obtained through them
- to increase the willingness of energy consumers to use smart metering systems to change their behaviour so as to enable them to reduce their consumption of energy
- to particularly assist consumers with low incomes or prepayment meters, or consumers who may encounter additional barriers in being able to realise the benefits of smart metering systems

A variety of research sources are used to provide the thorough data against which Smart Energy GB’s performance in achieving its goals can be judged. Econometric analysis provides the large energy suppliers and the Smart Energy GB board with the ability to correctly attribute outcome results to Smart Energy GB’s activities. One of the other sources of data is the twice-yearly national survey of public attitudes to smart meters and energy, provided by research agency Populus, which is called Smart energy outlook. This survey has one of the largest sample groups of any research focused on public attitudes in the energy sector (a 10,000-person research sample), which means that it provides a robust view of national attitudes, as well as providing a sufficiently large sample to be able to analyse the attitudes of different demographic groups within the national sample. Smart Energy GB has commissioned Populus to provide Smart energy outlook bi-annually for a number of years, with waves 9 and 10 of this research being conducted in the mid-year (May) and year-end (November) of 2018 respectively.

**Seek/accept**

Across the whole British adult (21+) population, at the end of 2018 there were almost 13 million people who had not yet upgraded to smart meters, but who wanted to seek or accept a smart meter installation in the next six months. But problems in the rollout, which led to significant negative news media criticism, of the product and rollout, means this number is lower than we wanted.

There were a number of contributory factors at play:

- new seekers and accepters were created in significant numbers (creation of seekers and accepters by the national campaign actually accelerated during the second half of the year)
- but, the volume of negative news criticism of the rollout increased significantly in the second half of the year, focused in particular around some moments of high profile criticism of the rollout and technical hold-ups
- the impact of negative news dragged down seek/accept levels by 4.7 per cent
on average throughout the year. When we started the year, there was no expectation that problems in the smart meter rollout would generate nearly these levels of drag

- satisfaction amongst smart meter owners (as defined by the number of people who would recommend a smart meter to a friend) has fallen to 66 per cent at the year-end from 71 per cent at the start of the year, driven by households whose first generation smart meter has lost smart service
- falling satisfaction and negative news media criticism are almost entirely driven by technical issues/hold-ups in the rollout, mainly limitations of SMETS1 functionality and the loss of smart services for approximately 10 per cent of people with smart meters, and the delay in SMETS2 deployment and SMETS1 enrolment
- it is the impact of both the higher level of negative news media criticism, and falling satisfaction amongst smart meter owners that has both held back seek/accept generation and increased rejection

Despite the unprecedented challenge in the environment, the Smart Energy GB campaign in 2018 created new seekers and accepters and protected a large majority of the existing seek/accept base. In fact, econometric analysis also shows that Smart Energy GB’s campaign is particularly strong at generating definite seekers/accepters, who are the group most likely to follow through on the action of upgrading to smart meters.

Econometric analysis also shows that, for the first time, it was in 2018 that we saw Smart Energy GB’s positive PR efforts consistently contributed to seek and accept attainment (and indeed this did so across the entire year).

However, as the scale (and thus impact) of negative news criticisms of smart meters and the rollout were significantly greater in 2018 than had been anticipated, the combined impact is that significantly increased marketing effectiveness was only able to replace seekers/accepters who leave the pot to get their installations; despite the campaign’s effectiveness, the impact of the technological problems in the rollout and resulting negative news means that growing the absolute numbers of seekers/accepters was not possible.

Usage behaviour change

In 2018, technological problems in the operation of some smart meters unfortunately drove a decline in satisfaction levels amongst the smart population, and also lie behind some difficulties in achieving goals to support consumers with smart meters in using their meters to manage better their energy consumption.

As a result, in the area of usage behaviour change, at the year-end we exceeded one target in this area (the percentage of GB adults who have a smart meter who agree that, "I always keep track of the amount of energy I use around the home" (62 per cent v. a target of 52 per cent).

However, results against the second objective on usage behaviour clearly show that concerns are not just perceptual amongst non-owners, and that technological issues are significantly impacting real world product experience.

The percentage of GB adults (who have a smart meter) who agree that, "having a smart meter makes me feel more in control of my energy" at year-end was 58 per cent against a target of 66 per cent. This lower result was though entirely caused by the issue of the loss of smart functionality by some smart customers. Only 45 per cent of smart owners without smart functionality agreed with the statement, and if we discount the group of smart customers who have lost their smart functionality from the figures, the target of 66 per cent would have been achieved.

We can now see the impact of real-world technical problems on consumer satisfaction with smart meters, with the number of people who have a smart meter saying they would recommend a smart meter to a friend falling from 71 per cent to 66 per cent during the year. As such, we hope that in 2019 the smart meter rollout will deliver the expected switchover to SMETS2 meters on the currently planned schedule, and will provide clarity on a swift and transparent plan for the enrolment and adoption of SMETS1 meters into using DCC services.
PR
The impact of news media criticism of the management of the rollout in the second half of the year was very significant.

Approximately two thirds of negative media stories about smart meters in 2018 were concerned with technical or logistical problems with the current smart meter experience.

Of overall media coverage, the overwhelming majority of content was based on criticisms about the performance of the product, or criticisms of the management and delivery of the smart meter rollout as a whole, although there were a few exceptional examples based around exaggerations/myths (for one of which, a scare-story in spring 2018 implying that there is a significant risk of smart meters installations leading to safety threats to the home - we were notably successful in efforts to minimize negative impact and indeed point out that the reality is that the smart meter rollout is overwhelmingly helping improve safety in homes).

The overwhelming levels of negative news criticism of the problems in the rollout created a very challenging environment leading to an adverse impact on results.

The average percentage of GB adults who recall seeing or hearing any news, articles or opinion pieces about smart meters recently who state it made them feel more positive about smart meters over July to Dec was 40 per cent against a target of 50 per cent.

Despite the overwhelmingly negative editorial environment, we did manage to secure considerable (in fact ahead of target) levels of positive coverage of smart meters to the extent that we have had more than twice as many impressions as targeted.

Value for money
Value for money continues to be at the heart of all our activity; ensuring we buy and use our responses as efficiently and effectively as possible. The metric in this area focuses on the largest area of expenditure, the buying of advertising space. We are pleased to report that we continue to deliver media buying at an “A: Excellent” level of value for money as determined by the external audit carried out by Media Sense.
The following 2018 PMF metrics relate to **domestic activation outcomes**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Year-end 2018 target</th>
<th>Year-end 2018 result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The percentage of the non-smart GB adult population who state that they would seek or accept a smart meter in the next six months</td>
<td>49%</td>
<td>39%</td>
</tr>
<tr>
<td>2. The percentage of the non-smart GB adult population who are prepay (PPM) customers and who state that they would seek or accept a smart meter in the next six months</td>
<td>49%</td>
<td>43%</td>
</tr>
<tr>
<td>3. The percentage of the non-smart GB adult population who have a low income and who state that they would seek or accept a smart meter in the next six months</td>
<td>49%</td>
<td>33%</td>
</tr>
<tr>
<td>4. The percentage of the non-smart GB adult population who are over 65 and who state that they would seek or accept a smart meter in the next six months</td>
<td>49%</td>
<td>26%</td>
</tr>
<tr>
<td>5. The percentage of the non-smart GB adult population who are living in rented accommodation and who state that they would seek or accept a smart meter in the next six months</td>
<td>49%</td>
<td>43%</td>
</tr>
</tbody>
</table>

The following 2018 PMF metrics relate to **domestic usage behaviour change outcomes**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Year-end 2018 target</th>
<th>Year-end 2018 result</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. The percentage of GB adults (who have a smart meter) who agree that, “I always keep track of the amount of energy I use around the home”</td>
<td>52%</td>
<td>62%</td>
</tr>
<tr>
<td>7. The percentage of GB adults (who have a smart meter) who agree that, “Having a smart meter makes me feel more in control of my energy”</td>
<td>66%</td>
<td>58%</td>
</tr>
</tbody>
</table>
The following 2018 PMF metrics relate to **PR achievements** to support the news/media environment relating to smart meters

<table>
<thead>
<tr>
<th>Metric</th>
<th>Year-end 2018 target</th>
<th>Year-end 2018 result</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. The percentage of GB adults who recall seeing or hearing any news, articles or opinion pieces about smart meters recently who state it made them feel more positive about smart meters</td>
<td>50% average across H2</td>
<td>40% average across H2</td>
</tr>
<tr>
<td>9. Total earned media impressions containing positive messages about smart meters placed by Smart Energy GB</td>
<td>100 million (average per quarter)</td>
<td>227 million (average per quarter)</td>
</tr>
</tbody>
</table>

The following 2018 PMF metrics relate to **organisational value for money** in key areas of Smart Energy GB’s activity

<table>
<thead>
<tr>
<th>Metric</th>
<th>Year-end 2018 target</th>
<th>Year-end 2018 result</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Value for money in paid media activity</td>
<td>A: Excellent</td>
<td>A: Excellent</td>
</tr>
</tbody>
</table>
Throughout its history Smart Energy GB has taken very seriously the requirements for it to adhere to best practice in relation to corporate governance.

In the case of Smart Energy GB, adhering to best practice does not just mean adhering to the overall rules of governance required of any company by company law; it means adhering to the broad requirements as set out in company law and then also in addition adhering to specific additional governance requirements and ways of working as set out in law specific to Smart Energy GB.

In the spirit of continued improvement and optimisation of governance practices, in summer 2018 the Smart Energy GB board commissioned PricewaterhouseCoopers LLP (PwC) to conduct an independent review of governance in Smart Energy GB. The remit of their review was to examine current governance practices and structures, and advise whether they reflect current best practice in company and public service governance (and if not, what improvements should be made). In addition, PwC were instructed to consider and advise whether in their opinion there are any other improvements that could be made to enhance the transparency, accountability, efficiency and effectiveness of practice within Smart Energy GB’s governance arrangements and processes. To inform their considerations, PwC interviewed a number of stakeholders with an interest in Smart Energy GB’s governance.

PwC concluded that Smart Energy GB has an unusually complex set of governance structures for an organisation of its type and size. However, they noted that this complexity was a result of the requirements set out in the laws that created the organisation. They noted that the complexity has some implications, including a significant amount of management time needed to service multiple groups. However, despite this the review reported that there was no overall appetite from stakeholders for major reform to the current structures of governance.

PwC’s conclusion on the operations of the Smart Energy GB board and its sub-committees included positive feedback when compared against their governance framework, noting, for example, that Smart Energy GB has always operated consistent with the governance requirements set out in the licences and the company’s Articles of Association.

PwC recommended some refinements to some board ways of working. The board welcomed these recommendations and has now reflected them into its current ways of working.

PwC raised some questions about the way the PMF forum operates and made some recommendations for enhancements in its way of working. The Smart Energy GB board ensured that these recommendations were communicated to the PMF forum for its considerations, and hopes that they will find PwC’s analysis and recommendations useful to the continued improvement of the PMF forum’s ways of working.
Working at Smart Energy GB

We continue to strive to put our people at the heart of our organisation as we recognise that we need talented, motivated people to deliver engaging and successful campaigns. We continue to be a great place to work and we were pleased to receive that recognition in the Great Place to Work scheme in May 2018.

We have also continued our commitment to good causes in the wider community (outside our Smart Energy GB walls) by actively encouraging our people to make the most of their five annual volunteer days. The varied volunteering activities undertaken by our staff have included befriending lonely elderly people, helping in soup kitchens and working in charity shops. We have also held numerous fundraising activities in our offices whether it was supporting members of the team do the Three Peaks Challenge or a Smart Attire Day where employees dressed up and donated money to Smart Works and Suited and Booted; charities who help vulnerable people to gain employment.
Community is about how we work together as a team. It focuses on excellent communication and working well together (70 per cent of the team agree that we work collaboratively across teams). Our physical office environment is important too, both to make sure it is a place that offers a good environment to work in but also one that is managed in such a way that we minimise our impact on the environment.

We are pleased to see that our efforts to make Smart Energy GB a great place to work have had an impact. In our 2018 staff survey, we were pleased to receive positive feedback from our people about how they feel about working for Smart Energy GB with 89 per cent of staff reporting that they are proud of what we accomplish at Smart Energy GB.
We also recognise that Smart Energy GB, like any organisation, needs to manage its own impact on the wider environment. We are extremely proud to have achieved Carbon Trust Standard in 2018. This is a reflection on the entire team’s hard work in reducing our carbon footprint. Since 2017, we have reduced our carbon footprint by 3.5 per cent which is the equivalent of 3.7 tonnes of waste recycled instead of landfill (or 26,225 miles driven by an average passenger vehicle).

Our priority has been to minimise our environmental impact by reducing the resources we consume, the waste we generate and by processing our waste and recycling in the most environmentally friendly way possible.

We share our commitment to reducing our environmental impact with every member of our team right from the beginning. On their first day, they are taken through our environmental sustainability induction which details our environmental objectives and provides them with information on how they are expected to contribute.

Throughout 2018, we held a number of staff engagement sessions to educate and inspire our team to reduce their individual carbon footprint both at work and at home. Staff are also encouraged to submit their own energy saving ideas to our environmental management team.

In our London office, where circa 90 per cent of our staff work day-to-day, we recycle 91 per cent of our waste including food, printer toner, lightbulbs and batteries.

We remain committed to ensuring the correct recycling route for any waste generated in our offices. Through the processes we use, we have prevented approximately 3,115 tonnes of carbon emissions by recycling material that would have otherwise ended up as landfill.

Our waste disposal suppliers send all unrecyclable waste to a state-of-the-art recovery facility where it’s incinerated to produce heat and electricity in order to power local homes.
Our campaign in 2019

During 2019, we hope that the next generation of smart meters (SMETS2) will be widely available across the country and as such, that in 2019 our campaign will be able to deliver intended significant numbers of consumers who want to convert to smart meters without the encumbrance of further technical problems or delays in smart meter technology.

The PMF forum of large energy suppliers has the legal duty and responsibility to set the targets within our Performance Management Framework for 2019 that set our goals. Our 2019 goals include specific targets focused on conversion, the generation of the overall levels of seekers/accepters in the remaining non-smart population, the generation of proactive PR with positive messages and outtake, the level of rejection of smart meters amongst the remaining non-smart population and value for money targets relating to the cost of generating conversion and the value for money we achieve in our paid media buy.

To deliver intended conversion targets, we will continue to prompt the most significant group of consumers to start their customer journey directly with energy suppliers. However, for the first time in 2019 we will be supplementing this by introducing new entryways into the customer journey to secure a smart meter installation. The first will be an online journey whereby customers can be redirected from our website to energy suppliers so that a smart meter installation appointment can be made. The second will be a telephone service which customers can use to be passed through to their individual energy supplier for a smart meter installation appointment to be made. These new entryways will sit alongside the starting points for the customer journey that already exist under the control of individual energy suppliers.

Our 2019 budget was approved by our members as per the requirements of our Articles of Association and ahead of the deadlines for annual approval of Smart Energy GB budgets as set out in law. Details of our 2019 Consumer Engagement Plan and 2019 budget were published in December 2018 in our Consumer Engagement Plan and budget 2019 and are available on our website.
Management and administrative information

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:

• build consumer confidence in the installation of smart metering systems by gas and electricity suppliers;
• build consumer awareness and understanding of the use of smart metering systems (and the information obtained through them);
• increase the willingness of energy consumers to use smart metering systems to change their behaviour so as to enable them to reduce their consumption of energy; and
• assist consumers with low incomes or prepayment meters, or consumers who may encounter additional barriers in being able to realise the benefits of smart metering systems due to their particular circumstances or characteristics, to realise the benefits of smart metering systems while continuing to maintain an adequate level of warmth and to meet their other energy needs.

These objectives apply in respect of energy consumers at domestic premises and, where it is cost effective to extend consumer engagement activities undertaken by Smart Energy GB so as to also include the engagement of energy consumers at relevant designated premises (i.e. microbusiness customers), in respect of such consumers.

In support of these objectives, Smart Energy GB’s business model is broadly made up of marketing and communications activity. Our staff team is made up of three divisions (Consumer Engagement, Corporate Affairs and Finance and Operations).
The management team across the organisation is detailed below:

Claire Baines  
Deputy Director of Marketing

Phillippa Brown  
Head of Partnership Marketing

Robert Cheesewright  
Director of Corporate Affairs

Ellen Clark  
Director of PR and Digital Media

Josh Coe  
Head of News

Sacha Deshmukh  
Chief Executive

Ed Duncan  
Head of Brand and Consumer Advertising

Alistair Gibbons  
Director of Finance and Operations

Laura Gurnett  
Head of Consumer PR

Claire Howes  
Director of Marketing

Fflur Lawton  
Head of Public Affairs

Iagan MacNeil  
Head of Policy

Penny Mills  
Head of Digital

Marcus Reidy  
Head of Insight

Sorrel Shalet  
Head of People

Gavin Sheppard  
Chief Marketing Officer

Peta Simey  
Head of Marketing Operations

Victoria Spooner  
Head of Industry Relations

Peter Thorne  
Head of Technology

Shaun Tyndall  
Head of Finance and Operations
Smart Energy GB is a not-for-profit company, limited by guarantee.

The company is governed by a non-executive board, whose make-up is set out in law, led by an independent non-executive chair. The non-executive board is made up of:

- a non-executive chair
- two non-executive directors nominated by and representing Citizens Advice
- two non-executive directors representing energy consumers
- two non-executive directors nominated by and representing small domestic energy suppliers
- two non-executive directors nominated by and representing non-domestic energy suppliers
- six non-executive directors nominated by and representing relevant energy suppliers (i.e. domestic energy suppliers with over 250,000 customers)

The term of individual non-executive directors extends to the annual general meeting that falls two years after their appointment (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 to observe board meetings.
The non-executive directors of Smart Energy GB during 2018 are detailed below:

- **Mark Lund** (appointed 1st Jan 2016)
- **Chris Adams** (appointed 14th Jun 2018)
- **Chris MacLeod** (appointed 11th May 2016)
- **Belinda Moore** (appointed 14th Jun 2018)
- **Lynn Morrison** (appointed 10th Apr 2017)
- **Steve Mulinganie** (appointed 30th Jun 2013)
- **Penny Shepherd** (appointed 14th Jun 2018)
- **Peter Simon** (appointed 17th Feb 2017)
- **Andrew Springall** (appointed 14th Jun 2018)
- **Mel Stanley** (appointed 14th Jun 2018)
- **James Taylor** (appointed 3rd May 2017)
- **Dhara Vyas** (appointed 6th Nov 2018)
- **Jane Bednall** (Resigned 14th Jun 2018)
- **Jean Fiddes** (Resigned 14th Jun 2018)
- **Mervyn Kohler** (Resigned 14th Jun 2018)
- **Victoria MacGregor** (Resigned 5th Nov 2018)
- **Patrick New** (Resigned 14th Jun 2018)
- **Christopher Thewlis** (Resigned 14th Jun 2018)
- **Stephen Veal** (Resigned 14th Jun 2018)
- **Shwezin Win** (Resigned 14th Jun 2018)
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 2018 was:

- Hugh Spicer (Co-opted independent chair)
- Victoria MacGregor (Non-executive director, resigned in November 2018)
- Christopher MacLeod (Non-executive director, appointed September 2018)
- Belinda Moore (Non-executive director, appointed September 2018)
- Brian Stratton (Co-opted committee member and observer to board meetings nominated by energy network operators)
- Shwezin Win (Non-executive director, resigned June 2018)
- Dhara Vyas (Non-executive director, appointed November 2018)

During 2018 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);
- PwC’s Governance report;
- The scheme of delegation review; and
- 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 organisation’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 2018, the committee's membership included Mark Lund, Peter Simon and Hugh Spicer.
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:** 1 Alfred Mews, London, W1T 7AA  
**Company Secretary:** Alistair Gibbons  
**Website:** [smartenergyGB.org](http://smartenergyGB.org)  
**Bankers:** Barclays Bank Plc, 27 Soho Square, London, W1D 3QR  
**Solicitors:** Bates Wells Braithwaite LLP, 10 Queen Street Place, London, EC4R 1BE  
**Auditors:** Crowe U.K. LLP, St Bride’s House, 10 Salisbury Square, London, EC4Y 8EH
Our activity, costs and risks are dependent on the wider environment of the smart meter rollout, 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 2018**

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

The budget for the 2018 financial year was originally £50.113 million (2017: £49.140 million). Smart Energy GB finished the year with operating expenses of £47.051 million (2017: £46.997 million). 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 66 presents a nil surplus. The money saved against our budget has been treated as a reduction in the year’s income in accordance with FRS102.

Our staff costs were £4.817 million (2017: £4.166 million), a breakdown of which can be found in note number 3 of the accounts. Details relating to the remuneration of senior management can be found in note number 3.

Smart Energy GB was set up as a not-for-profit company and, as confirmed by HMRC, is not liable to pay corporation tax on its trading profits. Indeed, all profits are repayable to energy suppliers. As such, we report a surplus of nil. No tax is therefore payable on our trading surpluses but we do pay tax, in full, on bank interest received.

As at 31st December 2018, our net assets were £0.374 million (2017: £0.374 million), representing the accumulated surplus of the organisation.

Total fixed assets as at 31st December 2018 were £0.543 million (2017: £1.009 million).

We raised invoices to the value of £11.932 million (ex VAT) for the first quarter’s activity in 2019 before 31st December 2018 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 2018 are included in trade debtors.

It is the board’s policy to review the financial position of the organisation regularly during the year as well as at year end. It has reviewed the financial position at each of its meetings during 2018.
Financial outlook for 2019

Our domestic energy supplier members approved by vote our budget of £48,434 million for 2019. Details of our 2019 Consumer Engagement Plan and budget can be found on our website at smartenergyGB.org.

Our plans for 2019 were based on analysis of the scale of campaign required to meet the 2019 PMF targets set for us by large energy suppliers and information provided to us and other parties involved in the Smart Metering Implementation Programme by the Department of Business, Energy & Industrial Strategy (BEIS) about the plans across the smart meter rollout.

Large energy suppliers have a duty to keep the PMF targets that they task Smart Energy GB with delivering under review. Were they at any point in 2019 to change our PMF targets for the year, that could have a material impact on our plans and budget for 2019.

If the Smart Metering Implementation Programme fails to deliver the elements of DCC and SMETS2 meter infrastructure in the way that is intended in 2019, this may lead to public concern about the delivery of smart metering and/or reputational damage to smart meters.

If energy suppliers as a whole do not deliver their elements of the customer journey in relation to the booking of appointments for installation and then the actual installation of smart meters to standards expected by a reasonable energy consumer, this may affect the reputation of Smart Energy GB who will in 2019 be directing consumers to start their customer journeys with those energy suppliers. Any failures by energy suppliers in these areas may also lead to a wider public reluctance to seek out or accept smart meter installations, which could materially affect Smart Energy GB’s ability to deliver against our intended targets.

Any one of these situations, if realised, could materially affect Smart Energy GB’s ability to meet its targets in 2019 and/or require Smart Energy GB to modify (either reduce, redirect or increase within the boundaries of available budget) the amount of activity that is carried out in 2019 to maintain consumer enthusiasm to adopt smart meters by those consumers yet to adopt, and action to best manage energy consumption by those consumers who have smart meters.

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, to determine which would best allow the company to consistently demonstrate to energy suppliers that through the quality of governance of the Smart Energy GB board, the company is giving them the assurance that they are meeting their licence obligation to do “such things within [their] power[s] to ensure that in achieving its objectives [Smart Energy GB] acts in a manner which is transparent, impartial, cost effective and represents value for money”.

The board decided that, even though Smart Energy GB is not in the public sector, we should reflect the most respected cost effectiveness/value for money model used by public service organisations. We believe that model has been developed by the National Audit Office (NAO).
The NAO model is used in all their independent assessment of UK public bodies’ cost effectiveness and value for money for both service provision organisations (which is relevant for Smart Energy GB when we are delivering campaigns through channels under our own control) and commissioning bodies (which is also relevant for Smart Energy GB when we commission other organisations to deliver parts of our campaign on our behalf, such as charities contracted as part of our marketing partnership programme).

The model for the assessment of cost effectiveness/value for money is set out below, in diagrammatic form as published by the NAO:
The Smart Energy GB board uses this model in its budget development processes, and in its oversight of Smart Energy GB’s value for money in delivery of planned activities.

The Smart Energy GB board has an obligation to report on the extent to which expenditure represents value for money.

The Smart Energy GB board has paid close attention to how Smart Energy GB applies its value for money model and uses its money. The board is presenting the financial statements with an underspend of £3.055 million against its 2018 budget.

This underspend is a result of a review of expenditure that led to a reallocation of expenditure, following in-year econometric analysis which provided new information on the potential maximum investment in paid media that would reflect value for money in relation to effectiveness. Following consideration of this information, the board reallocated some funds originally intended to be spent on paid media to consumer PR activity, but also decided that some of the originally planned paid media budget was not needed for any task in 2018. The net result was the single largest contributing factor to the underspend.

The Smart Energy GB board therefore believes that the expenditure of Smart Energy GB in 2018 enabled it to deliver as successfully as possible against its objectives to effectively engage with the GB population in a proportionate manner that supports the national rollout of smart meters in that year, and in preparation for future years.

**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 model 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

Similarly, 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 efficacy of the coordinated approach delivered by Smart Energy GB, and the importance of this efficiency and effectiveness in delivering a 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 board’s view is reinforced by the potential extension of the deadlines for the completion of the smart metering rollout, and the government’s recent decision to propose an extension of Smart Energy GB’s role in relation to the non-domestic market.

Taking the above into account, the board believes that the company has adequate resources to continue its existence for the foreseeable future. The accounts have therefore been prepared on the basis that the company is a going concern. The board will review this position during the year.

**Going concern**
The Smart Energy GB board has considered the funding position and the risks to which the organisation is exposed. In particular, the board considered the government’s policy on the 2020 deadline. If this deadline remains, Smart Energy GB would expect to wind down and cease trading in 2021. However, there is a possibility that this deadline will be changed, but if this change occurs it is only likely to be extended. In 2019, Smart Energy GB will be urging BEIS to clarify the policy framework and timetable leading to the completion of the smart metering rollout.

Similarly, 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.
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 licences (for example, sections 45.4 to 45.8 of the licence conditions relating to the constitution of Smart Energy GB and the exercise of judgement and decision making by the board), 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 Smart Energy GB board has conducted formal reviews of the risk register twice during the year. It has also welcomed the contribution made by the ARC which has also reviewed and contributed to the register during the year.

Although outside 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 management team throughout the lifetime of the programme and will influence the design and implementation of our consumer engagement work.

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

We were paid in advance for our activity in the first quarter of 2019 by some energy suppliers. Our cash deposits were made within the company’s Treasury Management Policy.
Get a smart meter and you could save enough energy to power this many blow-dries

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Save your energy for proper pampering. See how much energy you’re using and make changes to use less. Search “Get a smart meter” today.

Representative of a typical in-home display. Based on UK Gov’s projected annual savings of 2% and a Blow Dryer using 2.47kWh. Savings possible by customers measuring energy use and cutting waste. Eligibility may vary. Available in England, Scotland and Wales by 2020.
Non-executive directors’ responsibilities in relation to the financial statements

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

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

Under company law the non-executive 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 non-executive 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 non-executive 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.

So far as each of the non-executive directors at the date of this report is aware, there is no relevant audit information of which the company’s auditor is unaware. Each non-executive director has taken all the steps that he/she ought to have taken as a non-executive 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.

On 25th June 2018, Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP. Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor for the next financial year.

The Directors’ Report, which includes the Strategic Report was approved by the board on 6th March and signed on its behalf by:

Mark Lund
Chair
Independent Auditor’s Report to the members of Smart Metering Communications Body Limited

Opinion
We have audited the financial statements of Smart Metering Communications Body Ltd for the year ended 31st December 2018 which comprise statement of income and retained earnings, balance sheet, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

• give a true and fair view of the state of the company’s affairs as at 31st December 2018 and of its result for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
• have been prepared in accordance with the requirements of the Companies Act 2006

Material uncertainty related to going concern
We draw attention to note 1 in the financial statements, which indicates that the statutory mandate for their operations ceases in December 2020 and the operations of the company may not continue beyond that date. As stated in note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information
The directors are responsible for the other information. 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.

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

We have nothing to report in this regard.

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 in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Opinion on other matter 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 strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the strategic report and the directors’ report have 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors’ report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

• adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; 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 set out on page 60, 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.

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.

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.

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
15th March 2019
### Statement of income and retained earnings for the year ended 31st December 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>£ 2018</th>
<th>£ 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>47,020,190</td>
<td>46,982,185</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(47,051,452)</td>
<td>(46,997,229)</td>
</tr>
<tr>
<td>Operating (deficit)/surplus</td>
<td>2</td>
<td>(31,262)</td>
</tr>
<tr>
<td>Interest income</td>
<td>38,635</td>
<td>18,589</td>
</tr>
<tr>
<td>Profit on ordinary activities before taxation</td>
<td>7,373</td>
<td>3,545</td>
</tr>
<tr>
<td>Taxation on profit on ordinary activities</td>
<td>4</td>
<td>(7,373)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Income at the beginning of the period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Income at the end of the period</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The notes on pages 69 to 74 form part of these financial statements.
Balance sheet as at 31st December 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>£ 2018</th>
<th>£ 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>5</td>
<td>27,500</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>6</td>
<td>515,535</td>
</tr>
<tr>
<td><strong>Total Fixed Assets</strong></td>
<td></td>
<td><strong>543,035</strong></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>7</td>
<td>12,287,129</td>
</tr>
<tr>
<td>Cash at bank</td>
<td></td>
<td>11,272,660</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td><strong>23,559,789</strong></td>
</tr>
<tr>
<td><strong>Creditors: Amounts falling due within one year</strong></td>
<td>8</td>
<td>(23,728,879)</td>
</tr>
<tr>
<td><strong>Net current liabilities</strong></td>
<td></td>
<td><strong>(169,090)</strong></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td><strong>373,945</strong></td>
</tr>
</tbody>
</table>

The accounts have been prepared in accordance with the Companies Act 2006, is approved by the board on 6th March 2019 and signed on its behalf by:

Mark Lund
Chair

The notes on pages 69 to 74 form part of these financial statements.
### Cash flow statement for the year ended 31st December 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>£ 2018</th>
<th>£ 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash inflow from operating activities</td>
<td>a)</td>
<td>753,919</td>
</tr>
<tr>
<td>Net cash outflows from investing activities</td>
<td>b)</td>
<td>2,526</td>
</tr>
<tr>
<td>Increase/Decrease in cash in the period</td>
<td>c)</td>
<td>756,445</td>
</tr>
</tbody>
</table>

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

- Profit before tax on ordinary activities | 7,373 | 3,545 |
- Depreciation and amortisation | 495,922 | 493,756 |
- Loss on Disposal | 6,535 | 16,376 |
- Interest received | (38,635) | (18,589) |
- Decrease/(Increase) in debtors | 364,657 | 3,495,747 |
- (Decrease)/Increase in creditors | 654,754 | (4,711,261) |
- Tax payable/paid | (7,373) | (3,545) |

**Net cash inflow from operating activities** | 753,919 | (723,971) |

#### b) Net cash outflow from investing activities

- Interest received | 38,635 | 18,589 |
- Disposal of tangible assets | - | - |
- Purchase of tangible assets | (36,109) | (37,239) |

**Net cash outflow from investing activities** | 2,526 | (18,650) |

#### c) Analysis of changes in net cash funds

<table>
<thead>
<tr>
<th>£</th>
<th>At 1st January 2018</th>
<th>£ Cashflows</th>
<th>£ At 31st December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>10,516,215</td>
<td>756,445</td>
<td>11,272,660</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 £11,272,660 (2017: £10,516,215).
1. Accounting policies
The principal accounting policies adopted and critical areas of judgment and estimation uncertainties are as follows:

a) Status of company
The company was incorporated in the United Kingdom on 21 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 regular 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 1 Alfred Mews, London, W1T 7AA (08455995).

b) 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.

c) Turnover
Turnover represents income received from domestic 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 paid before the period to which they relate are recorded as deferred income. All amounts stated are exclusive of VAT.

d) 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 which revenue is expected to be generated (five years). Amortisation is recognised within operating expenses in the Statement of Income and Retained Earnings.

e) 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 in order to reduce each asset to its estimated residual value over its estimated useful life. The useful life of all assets is currently aligned with the expected wind down date of the business which is the end of 2020. Depreciation is charged on a monthly basis starting from the month of acquisition. Items purchased over the value of £1,000 are capitalised.

f) Pensions
Defined contributions are paid to the Group Personal Pension Plan via Scottish Widows in accordance with company policy. The policy allows for contributions from the employer up to a maximum of 7 per cent. The cost of providing for employees’ pensions is charged to the profit and loss account as incurred.

g) Operating leases
Rentals under operating leases are charged on a straight-line basis over the lease term. The rent-free period is similarly spread on a straight-line basis over the lease term.

h) Taxation
Contributions from suppliers are not deemed to be trading income for corporation tax purposes. Corporation tax on any taxable income is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.
i) 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

j) Going Concern

The Smart Energy GB board has considered the current financial position of the company for the foreseeable future. The directors are confident the company will continue for at least twelve months from the date of approval of these financial statements, but they have also considered the period beyond that date as the current statutory obligations placed upon the energy suppliers to take all reasonable steps to offer smart meters to their consumers ends in December 2020. Beyond this point the activities of Smart Energy GB may continue either as a result of an extension of the current policy framework and deadlines by the Secretary of State, further government legislation or a choice by energy suppliers to voluntarily extend the existing role of Smart Energy GB and/or choose Smart Energy GB to deliver other areas of consumer engagement on their behalf.

The Smart Energy GB board is confident that the activities of the company will continue for the foreseeable future on that basis have prepared the financial statements on the going concern basis. However, a material uncertainty exists on exactly when Smart Energy GB will cease operations. This uncertainty will continue until there is clarity on the government’s policy framework beyond 2020. This will be monitored by the Board on an ongoing basis.
2. Operating loss/profit

The operating surplus is stated after charging

<table>
<thead>
<tr>
<th></th>
<th>£ 2018</th>
<th>£ 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortisation</td>
<td>495,922</td>
<td>493,756</td>
</tr>
<tr>
<td>Directors’ remuneration</td>
<td>62,100</td>
<td>40,000</td>
</tr>
<tr>
<td>Operating lease rentals</td>
<td>794,884</td>
<td>797,911</td>
</tr>
<tr>
<td>Audit fee</td>
<td>16,700</td>
<td>16,300</td>
</tr>
<tr>
<td>Auditors remuneration for non-audit fees</td>
<td>1,300</td>
<td>1,880</td>
</tr>
</tbody>
</table>

3. Employee information

Total staff costs were as follows:

<table>
<thead>
<tr>
<th></th>
<th>£ 2018</th>
<th>£ 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>4,099,860</td>
<td>3,581,947</td>
</tr>
<tr>
<td>Social security costs</td>
<td>482,383</td>
<td>409,041</td>
</tr>
<tr>
<td>Pension costs</td>
<td>234,414</td>
<td>174,831</td>
</tr>
<tr>
<td><strong>Total staff costs</strong></td>
<td><strong>4,816,657</strong></td>
<td><strong>4,165,819</strong></td>
</tr>
</tbody>
</table>

The average number of employees during the year was 81 (2017: 74).

During the year ended 31st December 2018 £62,100 was paid to 1 non-executive director (2017: £40,000). No non-executive director (2017: nil) is accruing benefits under money purchase or defined benefit pension schemes.

Following a restructure in the year, the number of posts within the executive senior leadership team was increased to 7 (2018: 4). Total remuneration for the executive senior leadership team was £832,000 (2017: £612,000) 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 2017.

4. Taxation

<table>
<thead>
<tr>
<th></th>
<th>£ 2018</th>
<th>£ 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK Corporation tax on profits for the year</td>
<td>7,373</td>
<td>3,545</td>
</tr>
<tr>
<td>Adjustments in respect of prior periods</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Tax charge on profit on ordinary activities</strong></td>
<td><strong>7,373</strong></td>
<td><strong>3,545</strong></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 2018</td>
<td>150,000</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 31st December 2018</strong></td>
<td><strong>150,000</strong></td>
</tr>
<tr>
<td><strong>Amortisation</strong></td>
<td></td>
</tr>
<tr>
<td>At 1st January 2018</td>
<td>92,500</td>
</tr>
<tr>
<td>Charge for the period</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>At 31st December 2018</strong></td>
<td><strong>122,500</strong></td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
</tr>
<tr>
<td>At 31st December 2018</td>
<td>27,500</td>
</tr>
<tr>
<td>At 31st December 2017</td>
<td>57,500</td>
</tr>
</tbody>
</table>

Intangible assets have a remaining amortisation period of 11 months at 31st December 2018 (2017: 1 year and 11 months).

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 2018</td>
<td>1,606,078</td>
<td>270,264</td>
<td>1,876,342</td>
</tr>
<tr>
<td>Additions</td>
<td>13,871</td>
<td>22,238</td>
<td>36,109</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(20,672)</td>
<td>(20,672)</td>
</tr>
<tr>
<td><strong>At 31st December 2018</strong></td>
<td><strong>1,619,949</strong></td>
<td><strong>271,830</strong></td>
<td><strong>1,891,779</strong></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1st January 2018</td>
<td>773,910</td>
<td>150,550</td>
<td>924,460</td>
</tr>
<tr>
<td>Charge for the period</td>
<td>403,050</td>
<td>62,872</td>
<td>465,922</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(14,138)</td>
<td>(14,138)</td>
</tr>
<tr>
<td><strong>At 31st December 2018</strong></td>
<td><strong>1,176,960</strong></td>
<td><strong>199,284</strong></td>
<td><strong>1,376,244</strong></td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31st December 2018</td>
<td>442,989</td>
<td>72,546</td>
<td>515,535</td>
</tr>
<tr>
<td>At 31st December 2017</td>
<td>832,168</td>
<td>119,715</td>
<td>951,882</td>
</tr>
</tbody>
</table>
### 7. Debtors

<table>
<thead>
<tr>
<th></th>
<th>£ 2018</th>
<th>£ 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>11,438,981</td>
<td>10,472,444</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>(72,685)</td>
<td>-</td>
</tr>
<tr>
<td>Prepayments</td>
<td>432,674</td>
<td>486,162</td>
</tr>
<tr>
<td>VAT reclaims</td>
<td>408,471</td>
<td>908,286</td>
</tr>
<tr>
<td>Other debtors</td>
<td>79,688</td>
<td>55,581</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,287,129</strong></td>
<td><strong>11,922,473</strong></td>
</tr>
</tbody>
</table>

The carrying value of financial assets included within debtors and measured at amortised cost in 2018 was £11,518,669 (2017: £10,528,025).

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

<table>
<thead>
<tr>
<th></th>
<th>£ 2019</th>
<th>£ 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>5,016,470</td>
<td>2,070,990</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>160,756</td>
<td>160,012</td>
</tr>
<tr>
<td>Deferred income</td>
<td>11,903,585</td>
<td>12,262,229</td>
</tr>
<tr>
<td>Accruals</td>
<td>3,217,369</td>
<td>6,033,256</td>
</tr>
<tr>
<td>Year end underspend to be returned to energy suppliers</td>
<td>3,093,140</td>
<td>2,157,856</td>
</tr>
<tr>
<td>Other creditors</td>
<td>337,559</td>
<td>389,782</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23,728,879</strong></td>
<td><strong>23,074,125</strong></td>
</tr>
</tbody>
</table>

The carrying value of financial liabilities included within creditors and measured at amortised cost in 2018 was £8,571,398 (2017: £8,494,028).
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>£ 2018</th>
<th>£ 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not later than one year</td>
<td>880,983</td>
<td>880,983</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>3,455,082</td>
<td>3,487,581</td>
</tr>
<tr>
<td>Later than five years</td>
<td>1,484,847</td>
<td>2,333,331</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,820,912</td>
<td>6,701,895</td>
</tr>
</tbody>
</table>

Operating lease expenditure totalling £795,000 (2017: £798,000) 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 2018</td>
<td>373,945</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 31st December 2018</strong></td>
<td><strong>373,945</strong></td>
</tr>
</tbody>
</table>

11. Pensions
Defined contributions are paid to the Group Personal Pension Plan via Scottish Widows in accordance with Company policy. The policy allows for contributions from the employer up to a maximum of 7 per cent.

The total pension cost to the Company for the year ended 31st December 2018 was £234,414 (2017: £174,831).