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, 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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2019 was a significant year, both for the national smart meter rollout and for Smart Energy GB’s campaign. In 2019, the second generation of smart meters (SMETS2 meters), that are automatically integrated with the smart meter national communications infrastructure (the DCC), began to be rolled out at scale. By the end of the year, the installation of SMETS2 meters was the norm. As we entered 2020 almost 3.5 million SMETS2 smart meters had been installed in consumers’ homes across the country.

This is vitally important. It is this generation of smart meters, along with the DCC infrastructure into which the first generation (SMETS1) meters are also now being enrolled, that delivers the transformation for the country that has been promised by smart meters. End-to-end digitisation of our energy system is critical to both the decarbonisation of our energy supply and to meeting the country’s legally binding goal to be CO2 net-zero by 2050.

Smart Energy GB’s campaign was crucial to the continued growth of smart meter penetration in 2019. Throughout our commitment to utilizing best practice in consumer research and campaign evaluation (including Marketing Mix Modelling econometric analysis) we have been able to track the impact of Smart Energy GB’s campaigns on the continued growth of consumer awareness and understanding of the smart meter product, and desire to take up smart meters.

By the end of 2019, over a third of GB households had converted to smart meters. This already makes the smart meter rollout one of the fastest and most successful voluntary technology/infrastructure upgrades of recent times. However largely because of technical delays in the delivery of parts of the smart metering infrastructure in previous years, the rollout still has some years ahead before it will be complete. So I was pleased that in autumn 2019, the government, in the form of a consultation, started to lay out the vision for the goals and framework to oversee the second half of the smart meter rollout. Our response to that consultation set out the significant role to be played by centralised consumer engagement in the years leading up to 2024/2025.

We look forward to government publishing the conclusions of its consultation in 2020, and providing the clarity and vision required to lead to the complete switchover from the analogue energy system to a fully smart future.

Throughout 2019, the board continued to operate to high standards of governance. The year involved some significant renewal in the membership of the board. I would particularly like to thank board colleagues who stepped down in 2019 for their contributions and welcome those new colleagues who joined the board as the year progressed. I would also like to thank the independent Chair of the board’s Audit & Risk Committee for that group’s important work through 2019, and the Chair of the group of larger energy suppliers, the PMF Forum, who have the responsibility, alongside the board, for scrutinising Smart Energy GB’s performance.

Finally, 2019 saw important changes in the Smart Energy GB team, including at the end of the year the Chief Executive’s decision to move on in 2020 to become the Chief executive of Unicef. The whole board would like to thank Sacha for his six and a half years as the founding CEO of Smart Energy GB, building and leading the organisation from conception to the scale and strength that it has today. We wish him the best for the future, and reflect that he will be handing on a robust and high-performing organisation to his successor, with a continuing and vital task to deliver for the future benefit of Great Britain.

Introduction from the Chief Executive, Sacha Deshmukh

2019 was a year in which Smart Energy GB continued to deliver strongly in terms of outcomes, campaign effectiveness and creativity, research, insight and evaluation, and organizational efficiency. At the start of the year, Smart Energy GB was asked by energy suppliers to establish a new centralised enquiry and booking service to work across suppliers involved in the smart meter rollout. We established this service speedily and delivered on time and on budget. While, in the middle of the year, energy suppliers decided to manage demand for smart meters, and so asked us to discontinue this service. I am proud of what we delivered and the role that it could have continued to play in delivering better coordination and efficiency at the heart of the smart meter rollout.

Our campaign in 2019 stretched far and wide, as required by a rollout that by last year was delivering over 10,000 smart meter installations every day. As smart meters are now sitting at the centre of the country’s capability to deliver a zero-carbon future, we brought that to life in new creative campaigns, in both paid and earned channels, that engaged the country in the importance of the smarter future.

A significant achievement of our campaign in 2019 was the activity that we delivered in partnership with other organisations. In many cases, this was local activity, often with community groups. This involved support and outreach to those who require greater support to engage with taking up smart meters and using those meters to manage their energy use better and ensure that they stay warm. So, I would like to call out the important work of our many Smart Meter Champions, whom we have supported through our training, grant-making and resource delivery programmes. I want to say to all these Champions that your work inspired us all.

Equally important, and very significant in its impact, was our work in partnership with major national organisations such as the National Trust and the RHS. By such organisations working with us to communicate the importance of the smart meter rollout, we really have been able to get across the significance for our country and our planet of the small action that each and every one of us makes in taking up a smart meter in our homes.

I am proud that Smart Energy GB continued to put such an emphasis on being a great place to work during the year. With continued investment in training, development and a focus on work-life balance and continued improvement in diversity and inclusion, across our three offices in the three nations, we continued to provide an example within the marketing and communications sector of diversity and inclusion, across our three offices in the three nations, we continued to provide an example within the marketing and communications sector of the importance of providing an excellent working environment to generating organisational creativity and cross channel thinking.

As I approach the end of my time at Smart Energy GB, I look back with great pride at the organisation’s achievements over the last six and a half years, but even more so with enormous gratitude to the colleagues with whom I have worked since 2013. The passion and dedication of the Smart Energy GB team to campaigning to make Britain’s energy system more sustainable, reliable and consumer-focused continues to inspire. I am pleased that government and stakeholders have recognized that Smart Energy GB continues to have an important role to play, at least until the middle of this new decade. The time is right to pass the baton to a successor who will lead Smart Energy GB through the next phase in its life. I wish everyone at Smart Energy GB the very best for the future and know that such an excellent team will be able to build an even more exciting organisation and campaign on the strong foundation we have created together.

Foreword from the Chair, Mark Lund OBE
16.5m smart meters have now been installed in GB homes and small businesses

In homes

£250 – the net benefit to each household by 2030

Net-Zero – smart meters are a key step towards reaching our carbon emissions target

£6bn net benefit to GB

Smart meter owners are likely to understand their energy usage and want to reduce it

Six in ten with a smart meter would recommend them

£390m in air quality benefits

In transport smart meters will enable a 54% CO₂ reduction by 2035

In homes smart meters will contribute to a 25% saving of CO₂ by 2035

3.5m second generation meters installed

94% awareness of smart meters

How Smart Meters Are Transforming Great Britain’s Energy Industry

In-home display
- energy use displayed in pounds and pence
- information which helps households to take control
- smart pay as you go

Secure communications network
- new services from other providers
- power networks
- energy suppliers
- accurate bills
- new tariffs

Gas and electricity smart meters

A smarter grid
- integration of renewables
- easier to identify power cuts
- managing supply and demand

Enabling smart homes of the future
- electric cars, smart appliances and beyond

Secure communications network
• new services from other providers
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81% of people with a smart meter have a better idea of what they’re spending on energy.

78% of smart meter owners say they have changed how they do things round the house to use less energy.

By the end of 2019, 11.07m adults without a smart meter stated they would seek or accept a device within the next six months.

75% of people with a smart meter believe their bills are accurate.

69% of people with a smart meter are more conscious of their energy use.

62% of people with a smart meter would recommend to family and friends.

We have conducted more than 100,000 interviews with consumers to shape our campaign.

128 news and consumer media partnership articles.

823 million media impressions.

Key information available on our website in 7 different languages.

10 million views of the myth busting social media campaign.

Above the line advertising media reached 99.6 per cent of all GB adults with nearly 2.9 billion impressions (Source: IPA Touchpoints 2019).

1,278 pieces of public correspondence.

120 conversations with MPs, MSPs and AMs.

196,881 – number of people we’ve reached through our work with partnership organisations.

196,881 – number of people we’ve reached through our work with partnership organisations.
2019 was a year of transition in the rollout as we moved from SMETS1 meters to SMETS2 meters. By the end of 2019, there were over 3.5 million SMETS2 meters operating in Britain. While the total number of smart meter installations were lower than originally forecast, the transition to SMETS2 will provide an important foundation for 2020. There will be further technological developments required in 2020 to make sure that smart meters are available to customers across the length and breadth of the country and the first generation of smart meters are upgraded to make them interoperable between energy suppliers.

Against this context, Smart Energy GB had a successful year delivering against the ambitious task set for us by the large energy suppliers who set our objectives. At the start of the year, we rapidly established two new customer channels where customers could be directed to their supplier by phone or online. We set up these channels on time and to the specification required. This, along with a campaign that was focused on converting customers, enabled Smart Energy GB to perform well against its conversion target in the first half of the year.

While the Performance Management Framework (PMF) forum decided to remove the conversion target at the mid-point of the year, we performed well against all remaining targets in the second half of the year. We managed to generate more seekers and accepters than our target while also decreasing the numbers of rejecters. We also overperformed on the usage metrics that track to what extent consumers are changing their behaviour with smart meters to manage their household energy consumption.

Underpinning this performance has been the new campaign direction in 2019. This saw our outputs focus more on the national benefits of smart meters in two ways. Firstly, in terms of the role of smart meters in supporting the transition to net-zero. Secondly, with the part that smart meters play in upgrading our national infrastructure. The messaging places smart meters as crucial technology that is required for a smarter, greener and more efficient energy infrastructure. We have seen the approach resonate with customers as key drivers to get smart meters.

During the year, we have also increased our focus on the media environment. The news team had a busy year. We ran a number of PR campaigns that had excellent reach and impact. As such, we were not surprised that we delivered record levels of coverage and positive sentiment for our campaign in 2019, significantly more than set out in our PR targets.

In the final quarter of the year, we were pleased to see the publication of The Department for Business Energy and Industrial Strategy’s (BEIS) consultation on the post-2020 policy framework. The proposals in the consultation set the direction of how the rollout will continue through to 2024 and makes it clear how important the national consumer engagement campaign will be in meeting the government’s aims and helping the whole of the country get the benefits of smart metering technology.

Strategic report
Brand and Advertising

The year saw a significant shift in our strategic approach to advertising. We shifted to an award-winning, compelling two-pronged strategy, underpinned by communicating the national importance of smart meters.

The desire strand of activity aimed to build demand by demonstrating the connection between a brighter and cleaner energy future for us all, using the small act of applying for a smart meter. Young people featured as the leading voices, in order to drive the importance of the action. We deployed simple, positive and uplifting messaging, without resorting to scaremongering.

Meanwhile, the action campaign aimed to prompt consumers to acquire smart meters by communicating the personal benefits, with a more straightforward product focus.

“I Want” performed particularly well in terms of recall and likeability amongst those who saw the campaign. This helped the overall activity outperform its targets from day one. In total, we delivered over 121,000 consumers to suppliers who were actively ready to sign up for a smart meter. This is over 65 per cent higher than the target for the end of H1.

In the second part of 2019, we were asked to focus on driving high-level desire for smart meters, particularly among our passive-rejecter audience. With this new task in mind, “I Want” quickly evolved to deliver our “Thank you” executions.

These “Thank You” executions carried through much of the tonality and visual approach of “I Want” to make sure we built on the success and recall of “I Want”. Meanwhile, the messaging became more focused on the national (versus environmental) benefits of smart meters by talking about the need to upgrade our national energy system in order to better cope with future energy demand. We took the opportunity to talk to smart meter owners for the first time, thanking them for playing their part which helped build a sense of social norming.

Spontaneous message take-out from this campaign has been effective. Our research shows that messaging that highlights the national benefits of building a smart energy system is consistently a top take-out from consumers, linking closely to the idea of smart meters making a positive difference to our nation. This creative has done a good job of driving reappraisal among key rejecter segments, but there is an opportunity to further build the national benefit narrative in 2020 and improve the campaign’s ability to cut through and deliver broader reappraisal.

From the campaign for a smarter Britain.
Smart meters can’t solve climate change on their own. But with the smarter, more efficient energy grid they help to create, they’re a start.

I WANT TO BREATHE CLEANER AIR.

Smart meters can’t solve climate change on their own. But with the smarter, more efficient energy grid they help to create, they’re a start.

I WANT A SMART METER.

Search: I want a smart meter or call: 0300 304 9000

Calls to this number from UK landlines and mobiles are charged at the standard rate (i.e. same rate as calls to 01 and 02 numbers), and may be included in your usual call allowance. Please check with your provider.
Marketing Partnerships

This year the team focused on reaching consumers aged over 65, who had proved the hardest to engage using only mainstream communication approaches.

A key part of our Partnership Marketing strategy was to leverage strong consumer brands to carry our message that smart meters deliver compelling national and environmental benefits. To this end, we worked with National Trust, the Royal Horticultural Society (RHS) and Ideal Home Show Scotland.

Our multi-channel campaign with the National Trust saw one of the best known and most trusted brands in Britain talk directly to their members and supporters to actively advocate the installation of smart meters. At the centre of this partnership was an experiential activation – our “Travel to 2050” experience. This was an inspiring installation, designed to show visitors what a low carbon, energy-efficient future might look like and what might happen if we don’t act now. To extend the message, National Trust also distributed content through their members’ magazine, their e-newsletter and online. In addition, the team ran a series of co-branded print advertorials in some of the nation’s biggest newspapers. This campaign shared the importance National Trust places on installing smart meters and the work that we were doing.

Our work with ideal Home Show Scotland took us to their Glasgow-based show where we had over 4,000 interactions with consumers and generated over 15 million impressions across social media platforms.

We continued our support to local and regional partners via the Smart Energy GB In Communities Funding Programme. Through this, we worked with 23 regional partners across the nations including many well-known and very trusted brands – Age UK Notts, Carers Scotland, Citizens Advice Lancashire, Care & Repair Cymru, Cardiff Council Advice Service and Groundwork London.

Our innovative and wide-reaching work with partner organisations resulted in the most successful year to date as we reached more consumers than ever before. We worked with trusted brands to engage over four million people with smart meters and their benefits.

Our partners focused on delivering face-to-face activity, which has proved to be the most effective in increasing the desire for smart meters. Regional partners reached people in a range of ways, including through community events – choir sessions, bingo, flu clinics and a rural coffee caravan.

Through the In Communities Funding Programme, we also increased knowledge and local expertise by training 370 Smart Meter Champions.

We continued to offer free printed and downloadable resources for partners to create their own smart meter campaigns. Materials were available in a range of formats include BSL, braille, easy read and large print to enhance accessibility. Partners visiting the resource centre planned to share them with over 380,000 people.
Research, evaluation and analytics activity

Every piece of activity undertaken in our campaign is underpinned and evidenced by careful data analysis and consumer insight. This ensures the evolving views of the nation were kept at the heart of our campaign.

Over the course of the year, we conducted just under 100,000 research interviews with the British public, hearing from consumers of all ages, backgrounds and circumstances, as well as microbusinesses.

Our key biannual research studies, Smart energy outlook and smart meters and energy usage, again provided us with an in-depth understanding of how the public are feeling about smart meters this year, and how this is changing over time. This year we also reintroduced our study of microbusiness owners’ attitudes towards smart meters, in order to help inform decision making for our forthcoming non-domestic campaign.

We have continued to publish detailed research reports this year that have been shared with both internal and external stakeholders.

As well as being an important part of participating in the wider debate around smart metering, these reports help to make sure that the insights generated from the team are distributed as widely as possible so that the broader rollout programme and associated stakeholders can benefit.

Beyond our evaluation programme for advertising activity, we have continued to embed and improve our evaluation tools for monitoring PR coverage, social media listening and evaluation of various elements of our partnership marketing programme. These tools ensure we can evidence impact and optimise future campaigns. They also mean that we can be on the front foot both when reacting to news stories on the rollout, as well as when designing new, proactive PR activity.

Media Partnerships

During 2019, media partnership activity saw Smart Energy GB join forces with some of Great Britain’s biggest charities to tell the smart meter story in unexpected ways.

The first wave of content focused on explaining the environmental benefits of smart meters and the wider smart energy system with the Guardian, The Times and The Sunday Times. This was in addition to a partnership with the Spectator, which produced a bespoke podcast and 16 page supplement released at the Conservative Party Conference in October.

A second wave of activity ran in the last quarter of 2019, this time in partnership with WWF and National Trust. Co-branded content with WWF was produced with the Daily Mail, the Guardian, The Times and The Sunday Times, which demonstrated the importance of smart meters in tackling the climate crisis. As part of our wider marketing with National Trust, co-branded content was created with a number of media partners, including the Daily Mail, the Express, the Sun and the Observer. The partnerships outlined how smart meters are crucial in helping Britain to protect the environment and heritage for generations to come.

Smaller scale partnerships were also delivered in the second half of 2019 with the Daily Record and the Herald, in addition to one-off pieces in the Mirror and Metro.
Consumer PR

Throughout 2019, our award-winning consumer PR team continued to be the most prominent voice talking about smart meters in editorial coverage, with increased volumes across broadcast, print and online media.

As in all previous years we have seen an increase in proactive PR coverage. Over the past 12 months coverage across England, Wales and Scotland increased by 285 per cent. Proving to be a standout year for Smart Energy GB - with over 527 million proactive impressions secured across a range of media platforms - PR executions in 2019 generated over 2,798 articles. Messaging covered innovation, showcasing smart meters’ as the foundation of smart technology; environment, shining a light on the vital role smart meters play in tackling the climate emergency and investment, demonstrating why smart meters are good for Great Britain.

We have continued to work with a range of academics, expert spokespeople and celebrity ambassadors to help consumers understand the importance of upgrading to a smarter, more efficient energy system.

In a first for the organisation, Smart Energy GB teamed up with Go Ultra Low, the joint government and electric vehicle industry campaign to produce an innovative joint PR initiative - Smart E-Home. Launched in July, Smart E-Home was the highest performing PR campaign of the year, with smart meter PR sentiment reaching 50 per cent. The campaign, which was supported by a panel of experts including Carol Vorderman, demonstrated how the small steps we are taking now, such as requesting a smart meter, will help pave the way for future smart lifestyle technology.

The “Missing Piece” campaign launched in October revealed that energy efficiency is mentioned in less than 3 per cent of climate change conversations in Parliament, media, TV documentaries and on social media. A bespoke report conducted by the University of Salford and the Energy Saving Trust was published at launch alongside consumer research, finding that if every household acted on energy efficiency now, we could achieve 11 per cent of the UK’s 2050 net-zero carbon target. Supported by conservationist and TV presenter Chris Packham, the campaign earned smart meters their rightful place on the sustainability agenda.

Other proactive PR activity in 2019 included the Areas for a Beautiful Future campaign. Making environmentally friendly choices such as getting a smart meter and recycling were at the heart of the campaign, which saw West Lothian crowned as the most sustainable area in Great Britain. Supported by TV presenter and eco-conscious mum, Helen Skelton, the campaign delivered strong penetration in consumer and lifestyle media.

Throughout the year, we have also undertaken smaller press office campaigns including Big Energy Saving Week and Eco-Christmas and delivered country-specific activations including Dancing on Pavegen with Scotland rugby union player Max Evans.
Digital

Digital media played a key role during the year in seeking out and correcting the myths and misinformation surrounding the rollout.

Myth busting social
Our digital team has been at the forefront of the social media conversation on all things smart meters in 2019. The team also spent a huge amount of the year busting myths online using their expertise to make sure unfounded rumours were quashed.

This work began in the very first week of 2019 when a situation arose from a video posted by a Facebook user to his personal account, which went viral. The video showed him misusing an electromagnetic field (EMF) reader to suggest that his smart meter was giving off what appeared to be dangerous results. The video was removed immediately after contact was made with Facebook with further interactions resulting in removal from other groups across the platform.

It was obvious that misleading content of this nature could seriously impact the campaign. In almost no time, the team designed a rebuttal video to dispel the issues raised. We tested various items from an electric toothbrush to an analogue meter with the same EMF reader. All items gave a reading, none of which were harmful to health.

The viral nature of the video confirmed our fears that there was an undercurrent of misinformation being shared on social platforms that we usually can’t find or engage with. We decided to tackle the myths that were being widely shared and believed on social platforms with our own Myth Busting Campaign. In June 2019, we launched our campaign which aimed to tackle four common myths about smart meters that we see on social media - privacy, health, radiation and inaccurate bills. We decided to tackle these myths using humorous myths that we’ve seen posted as comments under our ads on our social channels to highlight how bizarre some of them can be, as well as the four key myths we chose to focus on with our campaign. We then debunked those myths.

The campaign ran across Twitter, Facebook, Instagram infeed and Instagram stories and has racked up over 10 million views during the course of 2019.

Myth busting search
To further tackle misinformation about smart meters prevalent online, we also launched a defensive search campaign. This pay-per-click campaign would essentially make sure that one of our search results ranked at the top of the search engine page when people were searching terms like ‘smart meter dangers’, thus ensuring our result ranked higher than the misinformation claiming smart meters are dangerous. Our aim was to put up a wall of accurate information between the searchers and the misinformation.

Through this proactive campaign, accurate and informative content about smart meters was presented in 25,000 cases where a negative search term had been used (total clicks the campaign delivered):
- over 189,000 impressions delivered
- an impressive click through rate across the campaign of over 13 per cent

Tackling rejection
In December 2019 we launched a partnership with The Economist to help their audience, one we had highlighted as having a higher than average tendency to resist smart meters. The aim was to understand the importance of the devices through a five-minute documentary, hosted on an Economist hub page. This documentary outlined Britain’s energy evolution, from the coal-powered industrial revolution to the new green energy revolution, in which smart meters play an integral role. In the first eight days of the campaign, the hub page received almost 14,000 views (161 per cent of the Economist’s expected benchmark) and the video completion rate was 47 per cent, compared to an Economist bench of 20-28 per cent.

For left Examples of “Myth busting” campaign
Left Online video in conjunction with The Economist
News Team

The Smart Energy GB News Team continues to respond to media enquiries with speed and quality and remains the first port of call for journalists with questions about the smart meter rollout.

Operating 24 hours a day, seven days a week, the news team is on hand to quickly and effectively answer queries from any media outlet while staying abreast of breaking stories and opportunities to amplify messaging about smart meters and the smart energy system they help to create.

An example of this responsive approach came at the end of 2019. The news team generated over 250 positive articles and interviews across print, radio and TV when users of Octopus Energy’s Agile tariff enabled through smart meters were paid to use abundant wind energy during storms.

Throughout 2019 the news team has seen an increase in enquiries from journalists whilst at the same time increasing the number of direct contacts and briefings we have held with journalists. A particular focus was placed on direct contacts and briefings we have held with senior producers and journalists at broadcasters to ensure that their knowledge of smart meters is up to date, putting emphasis on the national and consumer benefits. This work has directly resulted in the softening of tone across a number of titles, greater understanding of the wider benefits of a smart energy system and the incorporation of this message into articles.

Our myth-busting work saw the team reach out to local and regional media. This resulted in the correction of numerous inaccurate articles, the publication of letters and 20 broadcast interviews across BBC regional radio delivering reassurance and factual information to consumers.

The news team has also worked continuously with journalists from national newspapers and broadcasters to ensure that their knowledge of smart meters is up to date, putting emphasis on the national and consumer benefits. This work has directly resulted in the softening of tone across a number of titles, greater understanding of the wider benefits of a smart energy system and the incorporation of this message into articles.

Our myth-busting work saw the team reach out to local and regional media. This resulted in the correction of numerous inaccurate articles, the publication of letters and 20 broadcast interviews across BBC regional radio delivering reassurance and factual information to consumers.

Policy and Public Affairs

Our policy and public affairs work throughout focused on contributing to the policy debate around smart meters whilst highlighting the role that smart meters play in a smart energy system.

In May, we published a report by Delta-EE on environmental consultancy, on the role of smart meters in responding to climate change. This paper provided the evidence of the necessity of smart meters and enabled us to engage with new and different organisations and stakeholders to explain the role of smart meters. We also hosted a breakfast briefing in Westminster to share the results of the paper, as well as focusing our fringe at the Labour Party Conference on the question ‘Can a smart energy system tackle the climate crisis?’

At the end of September, we hosted a fringe meeting at the Conservative party conference entitled ‘What does the Smart Energy future look like for consumers?’ The panel for the event was Vicky Ford MP, and representatives from Citizens Advice, Octopus Energy and Smart Energy GB. They shared their views on energy customer of the future and answered questions from the audience.

In February, we published the first of our Delta-EE research papers, focusing on the potential cost savings for consumers. The report evaluated a range of possible scenarios based on the role of smart meters within the home. The research clearly demonstrated that all consumers can make greater financial savings in their households than predicted, depending on the extent of their own interventions and energy behaviour change. This information proved to be invaluable when engaging with stakeholders, especially those who were consumer advocates and working with those in fuel poverty.

In Wales, we hosted a Smart Meters event at the Senedd, with a keynote speech from Lesley Griffiths, the Minister for Environment, Energy and Rural Affairs. Over 40 stakeholders, including 6 Assembly Members attended to hear about the important role of smart meters in supporting a smart energy system for the future.

In Scotland, we organised a drop-in based on a Smart Energy Gameshow. The purpose of the event was to demonstrate to MSPs through our quiz questions that significant energy and carbon savings can be made if everyone gets smart meters. We spoke to 21 MSP’s about smart meters and the rollout. We encouraged them to share photos and the message on social media, leading to 118,940 impressions.

In 2019, Smart Energy GB spoke at over 30 stakeholder events, covering a range of subjects including environment, energy data, future cities, housing and health.

Our Public Correspondence function continued to deliver a customer-focused quality service to those who ask us questions about smart meters and the rollout. In 2019, over 1,180 public enquiries were received and responded to via phone, email and letter.

Later in 2019 we wanted to inform the debate around the development of Time of Use tariffs.
Our research, ‘Lifestyle tariffs’, provided evidence about the current attitudes, desires and concerns amongst consumers for the new tariffs. These findings have helped inform our policy work. We held a well-attended round table on the topic as well as briefing officials in BEIS and Ofgem on the findings.

We have continued to play an important role in discussions relating smart meter data, being involved in the Public Advisory Group (PIAG) and advising UCL on engaging consumers with their Smart Meter Research Portal. We have recently commissioned new research on the potential barriers to innovating with smart meter data to help inform future policy and ensure the conditions are right for innovation.

One of the most significant pieces of work in 2019 was our response to the government consultation on the policy framework post-2020. We were pleased to see the important role which Government placed on consumer engagement and used our expertise to propose further policy changes which will lead to the completion of the smart meter rollout most effectively.
Energy suppliers are one of our most important stakeholders. In 2019 the Industry relations team placed an emphasis on keeping them abreast of our campaign activity and securing their input.

Throughout the year, we reported regularly to the forum of large energy supplier representatives that was established by industry to set our objectives and scrutinise and feed back on delivery against our Performance Management Framework (PMF).

We periodically review the terms of reference of groups that we convene. In 2019, we looked at the approaches of both the Smart Energy GB Marketing forum and the Smart Energy GB PR forum. Following the success of closer integration between these two forums in 2018, we formally combined the two forums into a single Supplier Marketing and PR forum.

Throughout the year we delivered campaign updates, information on activity launches, and Deep-dive sessions on quarterly activity at face-to-face sessions. We also provided debriefs on Smart Energy GB commissioned research, focusing on insight that suppliers could leverage for their own smart meter communications including summaries of:

- Econometrics
- Smart energy outlook
- Outlook Recontact
- Usage Tracker
- Drivers of seek and unlikely to take up
- Smart meter domestic customer funnel analysis
- Rejecter message testing research
- Smart functionality re-contact

We used the workshop element of our forum sessions to gather energy supplier feedback on key challenges and opportunities and to help identify how Smart Energy GB could best support suppliers, including asset development and supporting supplier-customer journeys.

Working closely with internal teams and energy supplier representatives, we supported integrated planning for delivering against the 2019 targets set for us by the PMF forum. This included the development and delivery of the optimum telephone and online customer journeys to ensure a joined-up experience for consumers on their journey towards installation.

Through around 100 proactive communications sent out to representatives of the Supplier Marketing and PR forum and supplier news team members, we shared relevant information, campaign materials, media reports and activity plans. This was to help suppliers leverage Smart Energy GB’s activity from all consumer/stakeholder facing teams. This included providing forward-looking quarterly summaries for:

- Brand and Advertising
- Consumer PR and Digital
- Marketing Partnerships
- Public Affairs and Policy

In addition to our dedicated file sharing folder, through which suppliers can access all available presentations, reports and relevant files, we created a campaign assets folder, designed to support a more agile model of asset sharing. Smart Energy GB introduced the new model in response to supplier appetite for more flexible assets that can be deployed quickly and adapted by individual suppliers. Along with completed assets, raw files are uploaded and can be used or edited however suppliers see fit in smart meter communications, without direct involvement from Smart Energy GB.

In some cases, these are subject to usage rights. In order to provide as much flexibility as possible, we maintain a Usage Rights document for reference and help suppliers navigate the options available to them.

In June, Smart Energy GB co-hosted a workshop with BEIS on how suppliers can leverage our insight, data and assets for engagement activities with their own customer base. The event heard from Gary Muncaster, Managing Director, Populus and Jon Harper from Ipsos Mori.

Throughout 2019 we also continued to contribute to discussions through 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 Operations Group
- The Implementation Managers Forum
- The Cost Control and Benefits Realisation Group
- The Consumer Reference Group
- The Independent Suppliers Forum
- The Local Pilot Working Group

Below PMF Forum held at Smart Energy GB
People

At Smart Energy GB, we recognise that to create an exciting and engaging campaign to encourage the whole country to adopt smart meters, we need an engaged and enthusiastic team.

In our 2019 staff survey, we’re pleased to see that 80 per cent of our people said they feel proud of what we accomplish at Smart Energy GB.

We are proud to have won a ‘Best Workplaces’ award for the third year running. We have been recognised as a ‘UK Best Workplace for Women’ and a ‘Centre of Excellence for Wellbeing’. Furthermore, Campaign magazine ranked us as a ‘Best Place to Work’ for the second year running.

This year has seen a continued commitment to training and development of our staff. This has contributed to a significant number of internal promotions. Our commitment to people development has seen 20 per cent of our workforce receiving an increase to their responsibilities and/or a promotion during their time with us. Our staff survey tells us that 75 per cent of our people agreed they had received the right amount of training and development to enhance their future careers.

We have renewed our focus on improving diversity, inclusion and mental health in the workplace. In order to achieve this, we have introduced a diversity & inclusion (D&I) working group and a mental health working group to Smart Energy GB, who helped identify a number of actions that we have implemented, including:

- conducting our first anonymous D&I survey
- running training sessions on ‘unconscious bias’ and ‘leadership: creating a workplace where everyone can be themselves’ as well as mental health and disability awareness sessions
- introducing the option of apprenticeships to all junior posts being recruited to
- updated our recruitment practices to be as inclusive as possible and reflect the latest best practice in this area (e.g. blind CVs and a statement on our job adverts welcoming applications from under-represented categories)
- the introduction of eight mental health first aiders to the organisation
- hosting our first work experience students from the Mayor of London’s Access Aspiration programme
- introducing a mentoring programme open to all employees

As a cause-driven organisation, it is not only our shared goal to deliver the biggest consumer engagement campaign of our lifetime, but also to empower our employees to contribute to causes they support themselves. Collectively our employees have participated in over 900 hours of volunteering this year, undertaking activities such as mentoring school children, helping the homeless and working in charity shops.
Large energy suppliers (those with over 250,000 domestic customers or those that provide energy to over 100,000 business premises) 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, making any amendments as they deem necessary. Large energy suppliers have exercised this responsibility through the operation of a forum, known as the PMF forum. This has met regularly throughout 2019 to review Smart Energy GB’s on-going performance. Its role has been to determine, based on that performance and overall progress in the smart metering rollout, the right goals for Smart Energy GB. The PMF forum membership comprises all energy suppliers with more than 250,000 domestic customers (for the domestic campaign) and over 100,000 business premises (for the nondomestic campaign). In 2019 both PMF forums were independently chaired by Maxine Frerk.

A variety of research sources are used to provide the data against which Smart Energy GB’s performance can be measured. 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. This 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 (over 14,000-person research sample). This 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 twice-yearly for a number of years, with waves 11 and 12 of this research being conducted in the mid-year (May) and year-end (November) of 2019 respectively.

The results against 2019 metrics are detailed on the next page. We are pleased with the results, which exceed targets for seek/accept, usage and PR. Though discontinued in the year, we are pleased with the performance against the conversion targets.
**Conversion metrics**

<table>
<thead>
<tr>
<th>PMF Metric number/name</th>
<th>End-H1 2019 target</th>
<th>End-H1 results</th>
<th>End-H2 2019 target</th>
<th>End-H2 results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Additional conversions (GB adults)</td>
<td>3.23m or 6%</td>
<td>2.71m or 5%</td>
<td>Discontinued for H2</td>
<td></td>
</tr>
<tr>
<td>2. Additional conversions (65+)</td>
<td>0.75m or 6%</td>
<td>0.54m or 5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Additional conversions (prepay)</td>
<td>0.55m or 6%</td>
<td>0.53m or 6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Additional conversions (low income)</td>
<td>0.48m or 6%</td>
<td>0.38m or 5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Additional conversions (renters)</td>
<td>1.17m or 6%</td>
<td>1.34m or 7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Seek/accept metrics**

<table>
<thead>
<tr>
<th>PMF Metric number/name</th>
<th>End-H1 2019 target</th>
<th>End-H1 results</th>
<th>End-H2 2019 target</th>
<th>End-H2 results</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Definitely Seek/Accept (GB adults)</td>
<td>4.32m or 16%</td>
<td>3.03m or 9%</td>
<td>Discontinued for H2</td>
<td></td>
</tr>
<tr>
<td>7. Seek/accept (GB adults)</td>
<td>11.37m or 40%</td>
<td>10.76m or 32%</td>
<td>7.64m or 33%</td>
<td>11.07m or 35%</td>
</tr>
</tbody>
</table>

**Rejection metric**

<table>
<thead>
<tr>
<th>PMF Metric number/name</th>
<th>End-H1 2019 target</th>
<th>End-H1 results</th>
<th>End-H2 2019 target</th>
<th>End-H2 results</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Rejecters (GB adults)</td>
<td>11.63m or 41%</td>
<td>14.13m or 42%</td>
<td>11.15m or 48%</td>
<td>12.65m or 40%</td>
</tr>
</tbody>
</table>

**VFM**

<table>
<thead>
<tr>
<th>PMF Metric number/name</th>
<th>End-H1 2019 target</th>
<th>End-H1 results</th>
<th>End-H2 2019 target</th>
<th>End-H2 results</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. Cost per additional conversion</td>
<td>The original (annualised) target of £7.92 was discontinued by the PMF during the year.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PR metrics**

<table>
<thead>
<tr>
<th>PMF Metric number/name</th>
<th>End-H1 2019 target</th>
<th>End-H1 results</th>
<th>End-H2 2019 target</th>
<th>End-H2 results</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. 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>45% mean average over H1 2019</td>
<td>45%</td>
<td>45% mean average over H2 2019</td>
<td>48%</td>
</tr>
<tr>
<td>12. Total earned media impressions containing positive messages about smart meters placed by Smart Energy GB</td>
<td>290 million</td>
<td>416 million</td>
<td>290 million</td>
<td>611 million</td>
</tr>
</tbody>
</table>

**Usage metrics**

<table>
<thead>
<tr>
<th>PMF Metric number/name</th>
<th>End-H1 2019 target</th>
<th>End-H1 results</th>
<th>End-H2 2019 target</th>
<th>End-H2 results</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. Smart population reporting “I actively manage how much energy I use around my home.”</td>
<td>56%</td>
<td>57% with smart functionality</td>
<td>56%</td>
<td>67% (with smart functionality)</td>
</tr>
<tr>
<td>14. Smart population reporting “a great deal of difference/fair amount of difference” for “What difference, if any, has having a smart meter made to how much energy you use at home?”</td>
<td>34%</td>
<td>34% with smart functionality</td>
<td>34%</td>
<td>41% (with smart functionality)</td>
</tr>
</tbody>
</table>
Environmental management

Environmental achievements
Continuing our drive for reducing our environmental impact, we are delighted to have had our carbon footprint measured by the Carbon Trust, with a 19 per cent reduction on the previous year. This reduction is the equivalent of an average passenger car driving around the circumference of the earth over 5 times!
In 2019, we recycled 92 per cent of our waste, which is a 10 per cent improvement from when our records started in 2016. We are proud that none of our waste goes to landfill and instead is safely processed to provide heating and hot water to over 100,000 UK homes.

Ethical products
One of our objectives is to regularly review products and supplies used in our offices to ensure that our environmental impact is minimised. In 2019, we made numerous changes for the better. Our hand soaps are now all-natural, bee-friendly and are provided by a disability-positive employer. Our pens are made out of recycled plastic bottles. Our cleaning products have started to be changed over to more eco-friendly versions. Following suggestions from the team, we also implemented eco-friendly hand towels as well as offering ethical sanitary products.

Staff Engagement
Throughout 2019, 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. A highlight was that we had a member of Feedback Global attend to run a session on fighting food waste. We discussed how to reduce food waste at home as well as the effects food waste has on the planet. We also engaged staff through our annual environmental lunch and learn where we shared our progress as an organisation and shared tips on how to reduce their own carbon footprint.
Our campaign in 2020

During 2020, we hope that the remaining technology issues are addressed as soon as possible to maximise the opportunity for consumers to benefit from smart meter technology. Our role will be to continue to encourage the take up of smart meters and to influence consumers’ behaviour to benefit from this technology. As 68 per cent of consumers are yet to get a smart meter, the scale of the task is still large.

Domestic campaign

In pursuit of that broad aim, the domestic PMF forum has informed Smart Energy GB that in 2020 it will judge the performance of the domestic campaign by examining the following areas:

- **PR metrics** will be tracked as in previous years. Performance in this area is very dependent on what media stories emerge, but broadly the PMF forum is looking for Smart Energy GB to maintain or improve on current performance.
- **progress on partnerships and social media advocacy** will be judged through regular updates on the effectiveness of individual initiatives.
- the success of the local area pilot will be judged in line with criteria to be developed by the working group.
- **usage metrics** will be tracked as in 2019 and supported as necessary by more in-depth research. Broadly the PMF forum is looking for Smart Energy GB to maintain or improve on current performance but recognising that changes in the pool of smart meter owners will impact on this, as will any supplier activity aimed at helping customers manage their usage.
- **seek/accept** will continue to be tracked as in previous years but with no set target.
- suppliers are interested in tracking seek/accept for pre-payment meter customers and seeing that level maintained,
- **seek/accept** will also be tracked for the range of socio-demographic groups considered previously in order to identify any groups that are significantly under-indexing (once account is taken of existing installation levels etc.) and where targeted action is needed.
- **rejection levels** will be tracked (including hard rejecters). Suppliers would be very keen for Smart Energy GB to help in tackling hard rejecters but recognise that this may not be cost-effective at this stage. Suppliers are looking for a reduction in the number of rejecters (after taking account of rejecters who do nonetheless get an installation). The recontact survey will be important in understanding the pattern of shifts in attitudes.
- **on value for money**, suppliers will look to work with Smart Energy GB as it develops its Annalect analysis to build a better, common understanding of the value for money of Smart Energy GB activity in delivering the outcomes being sought. This reflects NAO guidance and government best practice, i.e. focussing on the cost of delivering the outcomes (rather than just the cost of the inputs such as media spend). This also reflects the licence requirement for the PMF to include provisions to assess “the effectiveness of the steps taken by Smart Energy GB for the purpose of achieving its objectives”.

Micro business campaign

The PMF forum has reviewed and given direction on the potential roles for Smart Energy GB to play in delivering the microbusiness campaign. Details can be found in our published consumer engagement plan 2020. This campaign will include deploying activity in the following channels:

- partnering with representative groups and using their own communication channels to their memberships.
- working with third party intermediaries (TPIs) so that they use their communication channels to the businesses whom they work with.
- earned media (reactive and proactive PR).
- bought media (with trade media focus); and
- radio advertising.

The non-domestic PMF forum has confirmed to Smart Energy GB that in terms of monitoring performance in 2020, suppliers will want to track:

- levels of awareness that smart meters are available to businesses which they would hope would increase on current levels.
- levels of seek/accept (but with no target set).
- suppliers are interested in tracking seek/accept for pre-payment meter customers and seeing that level maintained;
- rejection levels will be tracked (including hard rejecters). Suppliers would be very keen for Smart Energy GB to help in tackling hard rejecters but recognise that this may not be cost-effective at this stage. Suppliers are looking for a reduction in the number of rejecters (after taking account of rejecters who do nonetheless get an installation).
- levels of seek/accept (but with no target set).
- suppliers are interested in tracking seek/accept for pre-payment meter customers and seeing that level maintained.

During 2020, we hope that the remaining technology issues are addressed as soon as possible to maximise the opportunity for consumers to benefit from smart meter technology. Our role will be to continue to encourage the take up of smart meters and to influence consumers’ behaviour to benefit from this technology. As 68 per cent of consumers are yet to get a smart meter, the scale of the task is still large.
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 in 2019 were 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.

During the year, the licence conditions were changed to widen our role to focus on microbusinesses. Therefore, from January 2020, our campaign will also include the engagement of energy consumers at relevant designated premises (i.e. microbusiness customers). 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).
Non-executive directors

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
- 2 non-executive directors nominated by and representing Citizens Advice
- 2 non-executive directors representing energy consumers
- 2 non-executive directors nominated by and representing small domestic energy suppliers
- 1 non-executive director nominated by and representing non-domestic energy suppliers
- 1 non-executive director nominated by and representing non-domestic-only energy suppliers
- 6 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, the Chair of the PMF forum and the Chair of the Audit and Risk Committee to observe board meetings.

The non-executive directors of Smart Energy GB during 2019 are detailed below:

- **Mark Lund** (Chair)  
  (appointed 1st Jan 2016)

- **Pamela Conway**  
  (appointed 18th Oct 2019)

- **Christopher Macleod**  
  (appointed 11th May 2016)

- **Edward Tarelli**  
  (appointed 11th Apr 2019)

- **Chris Adams**  
  (appointed 14th Jun 2018)

- **Belinda Moore**  
  (appointed 14th Jun 2018)

- **Andrew Coleman**  
  (appointed 5th Jun 2019)

- **Dhara Vyas**  
  (appointed 6th Nov 2018)

- **Alexander Constanti**  
  (appointed 23rd Jan 2020)

- **Penny Shepherd**  
  (appointed 14th Jun 2018)

- **Richard Hughes**  
  (appointed 24th Sep 2019)

- **Stephen Rimell**  
  (appointed 18th Oct 2019)

- **Andrew Springall**  
  (appointed 9th May 2019)

- **Steve Mulinganie**  
  (resigned 24th Sep 2019)

- **Penny Shepherd**  
  (resigned 16th May 2019)

- **Peter Simon**  
  (resigned 24th Sep 2019)

- **Andrew Springall**  
  (resigned 9th May 2019)

- **Mel Stanley**  
  (resigned 31st Aug 2019)
Audit and risk committee

The board is supported in its work by an independently chaired sub-committee, the Audit & Risk Committee (ARC). The ARC meets four times a year and is chaired by Hugh Spicer. Its membership in 2019 was:

- **Hugh Spicer** (Co-opted independent chair)
- **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)
- **Dhara Vyas** (Non-executive director, appointed November 2018)

During 2019 the main areas of focus of the ARC have been:

- value for money review of our media plan;
- the risk register;
- key financial policies (e.g. procurement and treasury management);
- the scheme of delegation review;
- a review of governance best practice; 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 2019, the committee’s membership included Mark Lund, Steven Day, Jill Dougan, and Hugh Spicer.

Membership

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

- **Company Number:** 08455995
- **Registered Office:** 1 Alfred Mews, London, W1T 7AA
- **Company Secretary:** Alistair Gibbons
- **Website:** smartenergyGB.org
- **Bankers:** Barclays Bank Plc, 27 Soho Square, London, W1D 3QR
- **Solicitors:** Bates Wells Braithwaite LLP, 10 Queen Street Place, London, EC4R 1BE
- **Auditors:** Crowe U.K. LLP, St Bride’s House, 10 Salisbury Square, London, EC4Y 8EH
The business environment

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 2019

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 in 2019, reflecting legal obligations in the Standard Conditions of Electricity & Gas Supply, Electricity Distribution and Gas Transporter Licences.

The budget for the 2019 financial year was originally £48.434million (2018: £50.113million).

Smart Energy GB finished the year with operating expenses of £39.734million (2018: £47.051 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 37 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 £5.201million (2018: £4.817 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 2019, our net assets were £0.374 million (2018: £0.374 million), representing the accumulated surplus of the organisation.

Total fixed assets as at 31st December 2019 were £0.188 million (2018: £0.543 million).

We raised invoices to the value of £10.3 million (ex VAT) for the first quarter’s activity in 2020 before 31st December 2019 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 2019 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 2019.
**Financial outlook for 2020**

Our energy supplier members approved by vote our budget of £40.889 million for 2020 for the domestic campaign and £1.666 million for the non-domestic campaign. Details of our 2020 Consumer Engagement Plan and budget can be found on our website at [smartenergyGB.org](http://smartenergyGB.org).

Our plans for 2020 were based on analysis of the scale of campaign required to meet the responsibilities set out for us in 2020 by the PMF forum of large energy suppliers (for both domestic and non-domestic).

Large energy suppliers have a duty to keep the PMF that they task Smart Energy GB with delivering under review. Were they at any point in 2020 to change our PMF targets for the year, that could have a material impact on our plans and budget for 2020.

If the Smart Metering Implementation Programme fails to deliver remaining technical elements of metering infrastructure in the way that is intended in 2020, this may lead to public concern about the delivery of smart metering and/or reputational damage to smart meters.

Any one of these situations, if realised, could materially affect Smart Energy GB’s ability to meet its targets in 2020 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 2020 to maintain consumer enthusiasm to adopt smart meters by those consumers yet to adopt, and action to best support the management 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 - the model that 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. The latter 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:

![Value for money diagram](https://example.com/values-for-money.png)
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 the 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 £8.8 million against its 2019 budget. This underspend is a result of:

- a change in campaign direction in the middle of the year when the conversation target was removed as a PMF objective. This released £7.5 million of expenditure
- staffing came in £200k under forecast, which was mostly due to us being able to absorb all staffing movement within the original budget, and thus releasing all of the staffing contingency
- the local area pilot: we only spent £81k of the forecast £500k for this project due to the delay in implementation. This project has been pushed into 2020, where it has been budgeted
- we received a rebate of £297k from PHD relating to activity mostly in 2018, but also partly in 2017.

The Smart Energy GB board, therefore, believes that the expenditure of Smart Energy GB in 2019 enabled it to deliver as successfully as possible against its objectives. These were 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.

**Going concern**

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

Regarding the length of Smart Energy GB’s existence, in considering the going concern status of the organisation, the board considered the government’s policy on the deadline of the smart meter implementation programme which, in the recent consultation on the policy framework governing the rollout, stated the need for the rollout and the need for national consumer engagement, to last until 2024. While the government has not formally responded to the consultation, the board takes comfort from government’s verbal assurances plus the evidence of the progress of the rollout (with 69 per cent of the population still yet to get a smart meter) and the organisation’s efficacy in driving adoption.

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 the 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.

The Smart Energy GB board has considered the current financial position of the company for the foreseeable future being at least twelve months from the date of approval of these financial statements. The statutory mandate for the company’s operations ceases in December 2020. The directors are confident the mandate will be extended by government and that the activities of the company will continue for the foreseeable future. On that basis, they have prepared the financial statements on the going concern basis. However, until this is formally confirmed, there exists an uncertainty as to whether the company will continue to operate as a going concern.
Risk management and internal control

Smart Energy GB has based its breakdown of governance and management responsibilities on a range of good practice, including the description of value for money set out by HM Treasury in its publication Managing Public Money. This model states that “Public sector organisations should have good quality internal governance and sound financial management. Appropriate delegation of responsibilities and effective mechanisms for internal reporting should ensure that performance can be kept on track. Good practices should be followed in procuring and managing resources and assets; hiring and managing staff; and deterring waste, fraud and other malpractice.”

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

- Procurement policy
- The full finance manual of all financial policies and procedures
- HR policies and procedures
- Delegation of appropriate financial authorities.

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

The Smart Energy GB board has taken a positive approach to risk management and internal control and has welcomed the approach of the senior leadership team to review risks regularly and to use the risk register as an active management tool. The Smart Energy GB board has conducted formal reviews of the risk register 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 leadership 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 2020 by some energy suppliers.

Statement on compliance with s172(1)

Companies Act 2006

The board of directors of Smart Energy GB consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31st December 2019. In particular:

- Our Consumer Engagement Plan and budget was designed to have a long-term beneficial impact on the delivery of the company’s objectives as well as meeting those annual objectives of the PMF forum. We will continue to operate our business within tight budgetary controls and in line with our targets. The plan and budget was developed with, and following the direction of energy suppliers (who constitute the PMF forum)
- Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees are our primary considerations in the way we do business (see page 18 for further information about working at Smart Energy GB)
- Our plan was informed by extensive engagement with consumers via an extensive variety of research, enabling us to gain an understanding of their attitudes and priorities
- Our plan considered the impact of the company’s operations on the community and environment and our wider societal responsibilities, and in particular, how we impact the environment. Not least because our work encourages consumers to better manage their household energy consumption, it’s important we aim to minimise the impact on the environment
- The intention of Board of Directors is to behave responsibly and ensure that management operates the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan.
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 the 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.

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
We have audited the financial statements of Smart Metering Communications Body Ltd for the year ended 31st December 2019 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 31 December 2019 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.

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.

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 confirmation has not been received that the company will continue beyond that date. 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 this respect.

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 of this other information, we are required to report that fact.

We have nothing to report in this regard.
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 55), 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
19th March 2020
### Statement of income and retained earning

**for the year ended 31st December 2019**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>39,688,671</td>
<td>47,020,190</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(39,733,639)</td>
<td>(47,051,452)</td>
</tr>
<tr>
<td>OPERATING DEFICIT</td>
<td>2 (44,968)</td>
<td>(31,262)</td>
</tr>
<tr>
<td>Interest income</td>
<td>54,631</td>
<td>38,635</td>
</tr>
<tr>
<td>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</td>
<td>9,663</td>
<td>7,373</td>
</tr>
<tr>
<td>Taxation on profit on ordinary activities</td>
<td>4 (9,663)</td>
<td>(7,373)</td>
</tr>
<tr>
<td>TOTAL COMPREHENSIVE INCOME</td>
<td>10 -</td>
<td>-</td>
</tr>
</tbody>
</table>

The notes on pages 69 to 75 form part of these financial statements.

### Balance sheet

**as at 31st December 2019**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIXED ASSETS</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>187,798</td>
</tr>
<tr>
<td>TOTAL</td>
<td>187,798</td>
<td>544,035</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>7</td>
<td>8,074,605</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>7,695,882</td>
<td>11,272,660</td>
</tr>
<tr>
<td>CREDITORS: Amounts falling due within one year</td>
<td>8</td>
<td>(15,584,337)</td>
</tr>
<tr>
<td>NET CURRENT LIABILITIES</td>
<td>186,150</td>
<td>(169,090)</td>
</tr>
<tr>
<td>NET ASSETS</td>
<td>373,945</td>
<td>373,945</td>
</tr>
<tr>
<td>CAPITAL AND RESERVES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>10</td>
<td>373,945</td>
</tr>
</tbody>
</table>

The accounts have been prepared in accordance with the Companies Act 2006, is approved by the board on 12th March 2020 and signed on its behalf by:

Mark Lund
Chair

The notes on pages 69 to 75 form part of these financial statements.
Cash flow statement

<table>
<thead>
<tr>
<th>Notes</th>
<th>£ 2019</th>
<th>£ 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash inflow from operating activities a)</td>
<td>(3,486,019)</td>
<td>753,919</td>
</tr>
<tr>
<td>Net cash outflows from investing activities b)</td>
<td>(90,759)</td>
<td>2,526</td>
</tr>
<tr>
<td>Increase/(Decrease in cash in the period c)</td>
<td>(3,576,778)</td>
<td>756,445</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>£ 2019</th>
<th>£ 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax on ordinary activities</td>
<td>9,663</td>
<td>7,373</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>486,229</td>
<td>495,922</td>
</tr>
<tr>
<td>Loss on Disposal</td>
<td>14,401</td>
<td>6,535</td>
</tr>
<tr>
<td>Interest received</td>
<td>(54,631)</td>
<td>(38,635)</td>
</tr>
<tr>
<td>Decrease/(Increase) in debtors</td>
<td>4,212,524</td>
<td>(364,657)</td>
</tr>
<tr>
<td>(Decrease)/Increase in creditors</td>
<td>(8,144,542)</td>
<td>654,754</td>
</tr>
<tr>
<td>Tax payable/paid</td>
<td>(9,663)</td>
<td>(7,373)</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>(3,486,019)</td>
<td>753,919</td>
</tr>
</tbody>
</table>

b) Net cash flow from investing activities

<table>
<thead>
<tr>
<th>Notes</th>
<th>£ 2019</th>
<th>£ 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>54,631</td>
<td>38,635</td>
</tr>
<tr>
<td>Purchase of tangible assets</td>
<td>(145,390)</td>
<td>(36,109)</td>
</tr>
<tr>
<td></td>
<td>(90,759)</td>
<td>2,526</td>
</tr>
</tbody>
</table>

Notes to the financial statements

for the year ended 31st December 2019

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 21st March 2013 and is limited by the guarantee of its members. The income and property of the company must be applied solely to the objects of the company, and no distribution of any surpluses may be made to its members. As a private company limited by guarantee, registered in England and Wales, each member has no equity interest and every member has undertaken to contribute an amount up to £1 to the assets in the event of a deficiency on winding up. The company’s registered office is 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) 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. They have also considered the period beyond that date as the current statutory obligations placed upon the energy suppliers to offer smart meters to their consumers continues for the foreseeable future. The 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.

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

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

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

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

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

Cash at bank and in hand is a financial asset and is measured at amortised cost with a carrying value of £7,695,882 (2018: £11,272,660).
g) Pensions
Defined contributions are paid to the Group Personal Pension Plan via Scottish Widows Ltd in accordance with company policy. The policy allows for contributions from the employer up to a maximum of 7 per cent. The cost of providing for employees’ pensions is charged to the profit and loss account as incurred.

h) 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.

i) 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.

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently re-measured where applicable at amortised cost. Financial assets are de-recognised when and only when:

(a) the contractual rights to the cash flows from the financial asset expire or are settled
(b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset
(c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party

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

<table>
<thead>
<tr>
<th></th>
<th>£ 2019</th>
<th>£ 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortisation</td>
<td>486,229</td>
<td>495,922</td>
</tr>
<tr>
<td>Director’s remuneration</td>
<td>62,100</td>
<td>62,100</td>
</tr>
<tr>
<td>Operating lease rentals</td>
<td>795,590</td>
<td>794,884</td>
</tr>
<tr>
<td>Audit fee</td>
<td>18,950</td>
<td>16,700</td>
</tr>
<tr>
<td>Auditor’s remuneration for non-audit fees</td>
<td>1,750</td>
<td>1,300</td>
</tr>
</tbody>
</table>

3. Employee information
Total staff costs were as follows:

<table>
<thead>
<tr>
<th></th>
<th>£ 2019</th>
<th>£ 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>4,441,342</td>
<td>4,099,860</td>
</tr>
<tr>
<td>Social security costs</td>
<td>513,564</td>
<td>482,383</td>
</tr>
<tr>
<td>Pension costs</td>
<td>246,044</td>
<td>234,414</td>
</tr>
<tr>
<td>Total staff costs</td>
<td>5,200,950</td>
<td>4,816,657</td>
</tr>
</tbody>
</table>

The average number of employees during the year was 78 (2018: 81).

During the year ended 31st December 2019 £62,100 was paid to 1 non-executive director (2018: £62,100). No non-executive director (2018: nil) is accruing benefits under money purchase or defined benefit pension schemes.

Total remuneration for the executive senior leadership team was £1,225,000 (2018: £832,000) 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 2018. The number of employees classified within the senior leadership team increased compared to the previous year to 7 (2018: 6).

During the year Smart Energy GB made termination payments of £97,229 (2018: £10,405), and £37,323 was outstanding at year-end (2018: £0).

4. Taxation
Current tax:

<table>
<thead>
<tr>
<th></th>
<th>£ 2019</th>
<th>£ 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Corporation tax on profits for the year</td>
<td>9,663</td>
<td>7,373</td>
</tr>
<tr>
<td>Tax charge on profit on ordinary activities</td>
<td>9,663</td>
<td>7,373</td>
</tr>
</tbody>
</table>
5. Intangible assets

<table>
<thead>
<tr>
<th></th>
<th>£ Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>At 1st January 2019</td>
<td>150,000</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
</tr>
<tr>
<td>At 31st December 2019</td>
<td>150,000</td>
</tr>
<tr>
<td>Amortisation</td>
<td></td>
</tr>
<tr>
<td>At 1st January 2019</td>
<td>122,500</td>
</tr>
<tr>
<td>Charge for the period</td>
<td>27,500</td>
</tr>
<tr>
<td>At 31st December 2019</td>
<td>150,000</td>
</tr>
</tbody>
</table>

Intangible assets are fully amortised (2018: 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>Cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1st January 2019</td>
<td>1,619,949</td>
<td>271,830</td>
<td>1,891,779</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>145,390</td>
<td>145,390</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(60,057)</td>
<td>(60,057)</td>
</tr>
<tr>
<td>At 31st December 2019</td>
<td>1,619,949</td>
<td>357,163</td>
<td>1,977,112</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1st January 2019</td>
<td>1,176,960</td>
<td>199,284</td>
<td>1,376,244</td>
</tr>
<tr>
<td>Charge for the period</td>
<td>405,936</td>
<td>52,793</td>
<td>458,729</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(45,656)</td>
<td>(45,656)</td>
</tr>
<tr>
<td>At 31st December 2019</td>
<td>1,582,896</td>
<td>206,421</td>
<td>1,789,317</td>
</tr>
</tbody>
</table>

7. Debtors

<table>
<thead>
<tr>
<th></th>
<th>£ 2019</th>
<th>£ 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>7,557,678</td>
<td>11,438,981</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>(65,457)</td>
<td>(72,685)</td>
</tr>
<tr>
<td>Prepayments</td>
<td>517,439</td>
<td>432,674</td>
</tr>
<tr>
<td>VAT reclaim</td>
<td>-</td>
<td>408,471</td>
</tr>
<tr>
<td>Other debtors</td>
<td>64,945</td>
<td>79,688</td>
</tr>
</tbody>
</table>

The carrying value of financial assets included within debtors and measured at amortised cost in 2019 was £7,622,623 (2018: £11,518,669).

8. Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>£ 2019</th>
<th>£ 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>866,967</td>
<td>6,016,470</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>265,250</td>
<td>160,756</td>
</tr>
<tr>
<td>Deferred income</td>
<td>10,327,957</td>
<td>11,903,585</td>
</tr>
<tr>
<td>Accruals</td>
<td>2,582,709</td>
<td>3,217,369</td>
</tr>
<tr>
<td>Year-end underspend to be returned to energy suppliers</td>
<td>1,201,510</td>
<td>3,093,140</td>
</tr>
<tr>
<td>Other creditors</td>
<td>339,944</td>
<td>337,559</td>
</tr>
</tbody>
</table>

The carrying value of financial liabilities included within creditors and measured at amortised cost in 2019 was £3,789,620 (2018: £8,571,398).
### 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>£ 2019</th>
<th>£ 2018</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>3,422,583</td>
<td>3,455,082</td>
</tr>
<tr>
<td>Later than five years</td>
<td>636,363</td>
<td>1,484,847</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,939,929</td>
<td>5,820,912</td>
</tr>
</tbody>
</table>

Operating lease expenditure totaling £795,590 (2018: £795,000) 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

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit and Loss Account</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1st January 2019</td>
<td>373,945</td>
<td></td>
</tr>
<tr>
<td>Surplus for the year</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>At 31st December 2019</td>
<td>373,945</td>
<td></td>
</tr>
</tbody>
</table>

### 11. Pensions

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

The total pension cost to the Company for the year ended 31st December 2019 was £246,044 (2018: £234,414).