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 Modifications to the Standard Conditions of Electricity and Gas Supply Licences, Electricity Distribution Licences and Gas Transporter Licences (Smart Meters) 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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“Around 5 million smart meters have now been installed across Great Britain and as the installation programme ramps up, it is supported by a strong foundation of growing understanding and enthusiasm created by Smart Energy GB’s campaign.”
2016 was a significant year for Smart Energy GB, and a significant year for the national smart meter rollout of which we are a part.

Smart Energy GB is the national public engagement campaign supporting the most significant upgrade to our country’s energy infrastructure in a generation. It is our task to engage every household and microbusiness across Great Britain, and ensure that they understand what smart meters are, how they are being rolled out, are enthusiastic about getting a smart meter fitted in their home or business and use their new smart meters to take better control of their energy use. This constitutes the farthest reaching public engagement campaign seen in Britain for 50 years.

Around 5 million smart meters have now been installed across Great Britain and as the installation programme ramps up, it is supported by a strong foundation of growing understanding and enthusiasm created by Smart Energy GB’s campaign. Very encouragingly we have also started to see those consumers who have smart meters consistently report that the new meters are helping them get their energy consumption under better control and that they would recommend smart meters to their friends and neighbours. This is vital given the long-term aim to change Great Britain’s energy consumption behaviour to make our energy use more sustainable in all ways.

A campaign of our scale can best succeed if it works as a coalition involving organisations that consumers trust, and if the campaign articulates the authentic voice of consumers. That’s why it is so important that in 2016 our campaign grew to involve not just a number of national charities, but also the grassroots organisations that joined our Smart Energy GB in Communities programme.

I am pleased that Smart Energy GB’s campaign in 2016 performed well against the targets that had been set for us by large energy suppliers in our Performance Management Framework for the year. But we are also committed to learning the lessons from the comprehensive evaluation that we undertake of all our campaign activities, to ensure that our campaign in 2017 incorporates lessons from what has worked well, and improves in areas where we can enhance our approach. I am also pleased that we continued to deliver our campaign efficiently and that, by driving continued in-year savings, we have ended 2016 with a 12 per cent underspend on our budget for the year. We return that budget underspend to our energy supplier funders.

2016 was my first year as Chair of Smart Energy GB. As a board we scrutinised the company’s performance closely through the year, but also carefully considered the views of energy suppliers in shaping the company’s plans as we move into 2017. The board has been a terrific source of both challenge and support during the year and the wealth of experience and different skills from all the sectors represented has been an enormous help to me and to the executive team. A number of our non-executive directors stood down at the end of their terms of office in May 2016, and I would like to thank them for their service through the first years of Smart Energy GB’s creation and life. I also want to welcome those non-executive directors who joined the board in 2016; and thank the ongoing contribution of our board observers from the Department of Business, Energy & Industrial Strategy, Ofgem and the energy networks who have valuably supported the board in our work through the year.

The end of 2016 was an important moment for the national smart meter rollout. The national communications infrastructure that sits at the heart of the smart metering system, the DCC, went live across Great Britain in the autumn. This will enable the ramp up in installation numbers envisaged for 2017 and the consequent growth in our task. We look forward to this with no complacency, but with confidence that our campaign, and the robustness of our organisation and its governance, provides a strong platform as we move through 2017 and beyond.

Mark Lund,
Chair
Introduction from the Chief Executive

From Gaz & Leccy making their TV advertising debut, to generating millions more consumers who are passionate about smart meters, 2016 was a year of notable events and activities for Smart Energy GB and our campaign.

Our campaign through the year was truly multi-channel, with both our Gaz & Leccy and Estimation Nation strands of creative activity on TV, a vibrant approach across campaigns in digital channels and platforms, marketing partnership activity with a wide range of national charities and local organisations, an imaginative PR programme, and comprehensive stakeholder relations and thought leadership activity that brought to life the smarter futures that the smart meter rollout will enable.

Our consumer research shows that Gaz & Leccy are now strongly established in the national imagination. They were at the centre of the support that we delivered to the smart meter installations that took place in 2016, and have given us good momentum on which to build the next stage in both the messaging and scale of our campaign as the smart meter rollout expands into its mass phase.

The enthusiasm with which a large number of charity partners have started work with us has been one of the most exciting aspects of the year. We have been privileged to work with a number of experts who gave us excellent advice through the establishment and growth of that marketing partnership programme, and also to work closely with a number of sector leaders who make up the consortium that manages our community based programme.

The very best thinking in consumer behaviour change has remained at the heart of our campaign approach. I was also particularly pleased that in 2016 we produced our publication, *A smart route to change*, which provided an analysis of a behaviour change model that we believe all involved in the smart meter rollout can learn from and apply, and also published the results of new consumer research on potentially valuable behaviour change interventions. We hope that energy suppliers will work with us to build from that publication, expanding from the new research into trials on the interventions set out in that paper.

The range of opinion-former engagement with the smart meter rollout increased in 2016, notably through participation in our Smarter Britain series of events and publications. In 2016 we have also seen national figures join our campaign and put their names to backing the transformation delivered by smart meters, in the form of renowned artist Sir Peter Blake, and the Poet Laureate, Carol Ann Duffy.

Rigorous measurement and evaluation has been core to our approach through the year, and allowed us to optimise our campaign as well as creating a strong bank of data and evidence on which to plan our campaign approach for the future. That strong evaluation approach, combined with continued strict adherence to a value for money model, also means that we managed our resources effectively in 2016, and will be returning a significant budget surplus to energy suppliers.

I am pleased that in 2016 we worked closely with energy suppliers, to secure their inputs into our campaign and to contribute our expertise to their work in the stages of the smart meter installation customer journey that are delivered by energy suppliers. This included our running two written consultations on our targets and plans for 2017. I would like to thank all the energy suppliers who responded to those consultations as those inputs were very valuable in helping us to properly shape our plans for the future.

The dedication, commitment and vibrant enthusiasm of our team continues to be a key to our achievements and, on a personal level, working with my colleagues is one of the most rewarding aspects of my role. The executive has also been constructively challenged and supported by the non-executive board and members of its sub-committees through the year, and their contribution has been critical to our success.

Sacha Deshmukh,
Chief Executive
“The very best thinking in consumer behaviour change has remained at the heart of the whole campaign approach.”
How smart meters are transforming Great Britain’s energy industry

- **82%** of people with smart meters have taken at least one step to reduce energy use.
- **81%** of smart meter users would recommend one to a friend, neighbour or relative.
- **£5.7bn** in savings delivered back to consumers.

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

Smart meters will enable **24 hour switching**.

In-home display:
- Information which helps households to take control.
- Energy use displayed in pounds and pence.

Enabling smart homes of the future:
- Electric cars, smart appliances and beyond...

Gas and smart:
- Business premises

Smart prepay:
Secure communications network

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

Gas and electricity smart meters

- Accurate Energy Bill:
  - £12.56
  - £11.23
  - £23.79

10,000+ jobs are being created

Smart meters will save an estimated 29.8m tonnes of CO₂ by 2030

Moving to a smart grid will add £13bn GVA to our economy

A smart power grid could save £8bn per year

Almost a third of people are interested in using a time-of-use tariff

Smart Energy GB Annual Report 2016
2016: Smart Energy GB’s year in highlights
Over 90,000 consumers spoken to in order to shape our campaign

28 hours and 40 minutes of TV and radio news and current affairs coverage

Over 60% of the country recognise Gaz & Leccy

Over 4 million more people understand, in detail, what a smart meter is and who will install it

Over 19 million views of our films on YouTube

3.7 million more people are interested in having a smart meter

Key information available in 7 different languages

2 in 3 people take action to find out more about smart meters and their energy use after seeing our campaign

439 people in 239 organisations trained to deliver smart meter information to local communities

12 industry awards for our nationwide campaign

3.7 million more people are interested in having a smart meter

4 million more people understand, in detail, what a smart meter is and who will install it

Over 19 million views of our films on YouTube

2 in 3 people take action to find out more about smart meters and their energy use after seeing our campaign

439 people in 239 organisations trained to deliver smart meter information to local communities

12 industry awards for our nationwide campaign
At its establishment, Smart Energy GB set out the balance of roles for our national consumer engagement activity alongside energy suppliers’ activation of, and responsibility to organise and deliver smart meter installations for, their individual customers. This was based on research with consumers and reflected Smart Energy GB’s legal duties, and those of energy suppliers as set out in the energy supplier licences.

A diagram setting out these roles has been published in our Consumer Engagement Plan (available on our website), and is set out again below:

Reflecting the obligations in the energy supplier licences for Smart Energy GB to complement the consumer engagement activity of individual energy suppliers, the purple circles in the customer journey represent Smart Energy GB’s task to get decision makers in households across Great Britain to understand what smart meters are and be enthusiastic to seek out, or accept when offered, an installation by their energy supplier(s) or seek information as to when their energy supplier may be able to perform their installation.

Regardless of which company is their household’s energy supplier(s), individual household decision makers made enthusiastic about smart meters by Smart Energy GB’s campaigns will need to interact with their own energy supplier to seek out their smart meter installation and/or be enthusiastic when their energy supplier offers to install; as well as be home to greet and facilitate the installation when it actually takes place. Reflecting the obligations set out in the energy supplier licences for all energy suppliers to ensure that their own activity is coordinated with that of Smart Energy GB, individual energy supplier consumer engagement is therefore represented by the blue circles in the diagram and is largely focused at the point of direct activation (e.g. offering and booking the installation appointment and then arriving at the house as promised and completing the installation) of individual consumers.
The orange circle relates to the area of supporting consumers in successfully using their smart meters to better manage their energy and reduce waste. Energy suppliers have a responsibility for delivering this for their individual customers, both through engagement tools that they can provide thanks to the new data provided by smart meters (for example, online smart energy reports) and also through service innovations that are only possible in a digital smart meter world (such as modern pay-as-you-go, or new time-of-use tariffs).

Reflecting our objectives as set out in the energy supplier licences, Smart Energy GB also has a role in supporting consumers in successfully reducing energy using their smart meters, as represented in the orange circle. In summer 2016, Smart Energy GB published *A smart route to change*, a white paper that set out the behavioural science model that we believe all involved in the smart meter rollout should apply in designing tools/interventions to support consumers in using smart meters to reduce their energy waste. In that paper we also opened an invitation to energy suppliers, either individually or collectively, to work with Smart Energy GB on trials of a number of such potential tools/interventions. That paper is published on our website.
Strategic report
Smart Energy GB’s campaign approach is based on a philosophy that the most effective and efficient public engagement campaigns use a range of channels; with coherence and complementarity in the messaging applied across those channels.

We have also, in our activity across all our campaigns, reflected that our success is dependent on:

1. Applying lessons from best practice in behavioural science and welcoming that our task as set out in law is to support adoption and to support consumers in using their smart meters. We believe a campaign that helps consumers to understand the benefits of smart meters is also a positive driver to their willingness to accept an installation (i.e. the opposite of a “fit and forget” approach).

2. Recognising that energy is a low-interest category for consumers, and one in which there have historically been trust issues between consumers and many of the companies from whom they purchase energy. Thus we needed to establish and maintain the national nature and importance of the smart meter rollout, and the position of Smart Energy GB as the independent and trustworthy voice of a rollout reaching customers of all energy suppliers.

3. Recognising that the scale of our task, alongside the low-interest situation in the energy sector, means that we must be more imaginative, high quality and exciting in our creative development across all our channels than typical public engagement campaigns in other areas.

4. Using the best planning tools to manage our channel selection; including econometric modelling in our channel planning and budgeting (econometrics in campaign planning uses a statistical tool, which allows the impact of a mix of media channels to be forecast using both benchmark and actual data) and a unique tool, Smart compass, in then selecting and buying specific paid media. Alongside this we segment and target our proactive earned media (“PR”) activity.

5. Understanding that many amongst harder to reach groups (as defined in our 2015 publication Smart energy for all) and microbusiness audiences (as defined in our 2015 publication Smart energy for business) either simply do not access traditional communication channels or only trust messages if conveyed to them by a trusted intermediary. As such, outreach campaigns - often working in marketing partnerships with others such as charities who will deliver our messages and help engage consumers with smart meters - are key to our reach to these groups in particular.
A description of the campaigns that we have delivered in 2016
Our Core campaign
The role of this campaign was to drive mass awareness and understanding of smart meters and their key benefits in a highly engaging way. It brought to life the core idea that smart meters help us all bring our gas and electricity under control. Our core campaign in 2016, with characters Gaz & Leccy at its heart, compellingly conveyed the benefits of smart meters offering consumers a new world of control.

Reflecting the extremes of regional difference in targeted smart meter rollout in 2014 and 2015, in those years the core campaign was primarily delivered via regionally specific media (e.g. out of home advertising and radio) as well as being introduced digitally, with great success. But from summer 2016 the core campaign was deployed in national channels, including in TV advertising. In 2016, the Post Office® was also the key offline information partner in this campaign, as Smart Energy GB leaflets containing information on smart meters were made available in Post Office® branches across England, Scotland and Wales.
Our Estimation Nation campaign
The role of this campaign was to capture people’s attention and make them see the real need for smart meters, in a low-interest category (energy) where people have come to accept the current way of buying and using energy. It used everyday, real life scenarios to draw people in and make the issue relevant.

This was a cut-through campaign, conveying the need for smart meters by highlighting the tangible modernisation of energy retail by imagining if estimation were used in other areas of life. We delivered this campaign using a wide range of channels including TV, video-on-demand (VOD), digital, PR and media partnerships. Our Estimation Nation series of films in this campaign started online but at its culmination, in spring 2016, was used for VOD and TV advertising. PR activity in this campaign also saw Great British Bake Off star Ian Cumming back the smart meter rollout, by highlighting the absurdity of estimation in a series of cooking based activities.
The Education campaign

The role of this campaign was to provide a suite of educational content for consumers, who are interested in smart meters but need further information and reassurance in order to have the confidence to say ‘yes’ to an installation, for distribution via our own digital channels and for further use by partners wishing to provide their own audiences with trusted, independent information. Comprehensive educational content was distributed by Smart Energy GB ourselves (e.g. digitally), but also importantly, content created by Smart Energy GB was used by individual energy suppliers as well as by other partners; in English and other languages, as well as other accessible formats. This campaign has also included partnership media content, notably with the Telegraph and the Trinity Mirror stables, with the Editor-in-Chief of the Mirror personally backing smart meters in a letter to all his readers.

Dear Reader
I’ve been Editor-in-Chief at the Daily Mirror for four years. And over that time, there has been one consumer issue that you have repeatedly asked us about – the rising cost of energy bills. We’ve had pensioners writing to us, worrying about how they will ever find the money to keep the lights on. We’ve had young professionals complaining their estimated bills are far higher than they should be.

And we’ve had young families desperate for tips on how they can cut their electricity usage, without worrying every time they put on a washing machine.

It’s time to start saving cash and energy. And by now you’ll probably know that the biggest energy upgrade in decades is being rolled out to millions of homes in England, Scotland and Wales. Over the next four years, suppliers will replace our analogue meters with new digital ones at no extra cost, helping us take control of our spending and doing away with estimated bills.

Having been following our series on smart meters, you’ll have read about the difference they already make to people’s lives.

Now it’s time to think about how they could help you too.

**BIG SAVINGS**

First, there’s the lower bills you could get. It’s estimated that Britain will have saved £6 billion by 2030 thanks to the rollout. That’s all down to the meters’ in-home displays, which show how much energy you’re using in near real-time. By keeping tabs on which appliances are costing you the most, you’ll quickly be able to adjust your use accordingly.

By using the information from your smart meter, you have to fix a time and agree to the installation, as well as the date that will work best for you. At this point, you can still change your mind and the installation will be deferred.

Once your new smart meter has been installed, you’ll have access to in-home displays, which show how much energy you’re using in near real-time on an in-home display, which show how much you’re using in near real-time. This means you can take control of your energy use and make adjustments to cut your costs.

Every home across Britain will be replaced by our analogue meters with smart meters, we can help you compare suppliers and choose the best tariff for your needs.

In a recent survey of more than 10,000 people, 72% of those with smart meters said they had the information they needed to choose the right tariff – far higher than the proportion with traditional meters (57%). The same survey revealed that 81% of people with smart meters felt their bills were accurate.

More than half (52%) said their new meter was helping them to save money.

**GO GREEN**

Finally, consider how smart meters will help our planet. It is expected that by rolling out smart meters, we can save 32.7 million tonnes of CO2 by 2030. Energy Minister Lord Bourne called them “a key part of our plan to build a system of energy infrastructure fit for the 21st century, bringing
The Patriotic campaign
The role of this campaign was to highlight the smart meter rollout as a change of major national importance; and to activate the groundswell of patriotism that should accompany a major national infrastructure upgrade of this type and the sense that every household has their part to play.

As part of this campaign, the Poet Laureate, Carol Ann Duffy, joined the national call for households to upgrade to smart meters through the publication of her new poem, *Meters*.

Another element of this campaign included legendary British artist, Sir Peter Blake, celebrating what he considers to be the iconic image created by the arrival of smart meter in-home displays in millions of homes across Great Britain.

In Wales we launched a further execution in this campaign at the end of 2016 when we brought together a number of smart meter experts in a traditional Welsh choir, to highlight the role of energy supplier staff as the real “heroes” of the rollout. The song from this choir, called *Changes*, was released in early 2017.
The For All campaign
The role of this strand of campaign activity was to provide dedicated support to those audiences who may encounter additional barriers to understanding and adopting smart meters, utilising the most appropriate channels by audience and tailored activities across the marketing and communications mix.

Our detailed examination and analysis of the needs of these audiences, Smart energy for all (which was published in 2015), allowed us to plan and deliver across a variety of means, including digital channels, targeted media, PR activity and especially our marketing partnership activity with a number of national partners and through the grassroots Smart Energy GB in Communities programme.

In 2016 we were advised by an expert panel on best practice approaches for these audiences, and would like to thank the members of that panel for giving up their time to help advise and assist us in planning our activity in the year:

- Catina Barrett
  Head of Inclusion, Learning and Work Institute (formerly NIACE)
- Steve Cole
  Policy Leader, National Housing Federation
- Alison Dunn
  Chief Executive, Citizens Advice Gateshead
- Julia Parnaby
  Head of Knowledge & Information, Alzheimer’s Society
- Shelagh Marshall
  Chair, Age Action Alliance Isolation & Loneliness Working Group
- Helen Milner
  CEO, Tinder Foundation
- Rachel Nearman
  CEO, GoOnUK
- Jacky Peacock
  Executive Director, Advice4Renters
- Dr Tim Rotheray
  Director, Association for Decentralised Energy
- Peter Sumby
  Director of Development and Delivery, National Energy Action
The Language campaign

The role of this campaign was to ensure that major audience groups without English or Welsh language proficiency are still able to understand and engage with the campaign. From mid-year 2016, as our core campaign launched on TV channels, to add to our English and Welsh language campaign we also launched adapted versions of our advertising in Polish, Gujarati, Urdu, Bengali and Punjabi (the five languages spoken by communities in Great Britain with the lowest proficiency in English or Welsh), complementing our website, which also exists in these languages.
The Prepay campaign
The role of this campaign was to ensure that prepay customers understand that smart meters are also for them and are engaged with the benefits. Our prepay campaign started with the launch of a partnership with PayPoint, which in 2016 provided information on smart meters at PayPoints in 1,000 specially selected shops, as well as on the receipts of prepay customers topping up gas and electricity in store. In the second half of the year we also delivered specifically created advertising and PR targeted at prepay customers.
The Microbusiness campaign
The role of this campaign was to demonstrate to microbusinesses why smart meters are right for them. Reflecting our responsibility to extend (where efficient) our activity to reach microbusiness customers, we designed our overall campaign approach to be transferable to a microbusiness setting without the need for the development of a new central creative approach. This has allowed us to produce microbusiness targeted activity, including a repurposing of the film content from the Estimation Nation campaign, targeted specifically at microbusinesses and delivered via digital channels.

Delivery in this campaign has also included focused stakeholder relations with representative bodies of businesses and specialist advertising. Also part of this campaign has been targeted PR, notably with our small business Energy Doctor execution delivered through both digital and traditional media, with the support of the Carbon Trust.

In September 2016 we also established a partnership with the Thames Valley Chamber of Commerce; a partnership which will deliver smart meter engagement to microbusinesses across Berkshire, Buckinghamshire, Oxfordshire and Swindon through a number of channels, and provide an important test bed for the value for such partnership activity on a broader basis in 2017 and beyond.
The Smart Future campaign
The role of this campaign was to secure the most influential opinion formers’ support for smart meters in order to add to the base of expert support for the longer-term campaign messages. We have delivered our Smarter Britain series of events and published a wide range of opinion former content supporting the smart meter rollout (films of this content are available on Smart Energy GB’s YouTube channel). We have also been active in all three parliaments across Great Britain, to build and enhance cross-party political support for smart meters and serve parliamentarians in their duty to answer constituents’ questions.

All our campaigns have been supported by important cross-cutting activity. This has included a comprehensive digital approach including the award winning multi-lingual Smart Energy GB website, a range of social media content, film and other content, digital distribution and YouTube repository, and a very effective search engine marketing approach around key terms. Cross-cutting all campaigns is our press office which, as well as producing proactive PR content for a number of campaigns, also services incoming media inquiries. We take a closer look at these, and some other important areas underpinning our campaigns in 2016, in the next section.
During 2016 we spoke to more than 90,000 consumers in our research activities.
The comprehensive use of research and evaluation to shape, assess and hone our campaign was a core part of Smart Energy GB’s approach in 2016.

During 2016 we spoke to more than 90,000 consumers in our research activities.

These included the participants in *Smart energy outlook*, our biannual tracking research into public attitudes to energy and smart meters, which has the largest sample size of any independent tracking research of its type.

We also conducted deeper research, in spring and autumn, into consumer attitudes and views with a number of more vulnerable audience groups.

This was followed up with a series of workshops in Edinburgh and London, during which consumers talked to us about the role of energy in their lives and how we should best articulate the change that smart meters are bringing to that experience.

We conducted a piece of specific research with consumers on their experience of contacting energy suppliers about smart meter installations, in order to inform our understanding of the consumer experience across the smart meter customer journey; and also spoke to consumers about their experience of smart meter installations.

Our campaign executions are pre-tested, to ensure that we optimise against consumer insights in our creative executions. All our campaign activity is also comprehensively evaluated, so that we can apply our ongoing “test and learn” approach. This includes monthly tracking of our campaign, a thorough programme of evaluation of delivery by our marketing partners, specific tracking research with microbusiness audiences, social listening, evaluation of our PR activity, surveying of participants at our stakeholder events, user experience research with consumers who visited our stands at the Royal Welsh Show and the Eisteddfod, and research with parliamentarians to ensure that we properly service their needs to communicate to constituents about smart meters.

In 2016 we conducted research on a number of potential behaviour change interventions, the results of which were incorporated into our white paper on behaviour change, *A smart route to change*, which was published in the summer.

We also regularly survey our own staff team, to ensure that Smart Energy GB delivers a strong working environment for our colleagues.

We would like to thank the range of research agencies who have worked with us across these research and evaluation programmes in 2016 including:

- Populus
- Hall & Partners
- Acacia Avenue
- Annalect
- Optimisa
- MTM
- ComRes
- Ebiquity
- Brandwatch
A closer look at our work with stakeholders and parliamentarians

Throughout 2016 we worked closely with opinion formers, parliamentary representatives and stakeholders.

At our Smarter Britain series of events across England, Scotland and Wales, leading national and international academics, industry experts and environmental campaigners spoke about the importance of smart technology and the central role of smart meters to the future of our environment, infrastructure and economy. These events were attended by 354 senior stakeholders and opinion-formers over the course of the year and articulated the long-term national benefits of smart meters, thus creating a wider context for consumers thinking about the benefits to the nation as well as for them and their family. A range of films from these events is available on Smart Energy GB’s YouTube channel.

We worked with parliamentarians across all three nations of Britain to ensure that MPs, MSPs and AMs have the information they need in order to answer their constituents’ questions about smart meters and the rollout. We held regular drop-in sessions in Westminster, Cardiff and Edinburgh, at which we gave detailed briefings to parliamentarians and demonstrated smart meter technology (engaging a total of 144 elected parliamentarians throughout the year).

Extending this engagement to local communities, we worked with local councils to help them use our educational materials directly with their residents. Fourteen are now using our materials on their own websites, a number we plan to grow in 2017. We also exhibited at the LGA, WLGA and COSLA events, talking directly to councillors from around Britain to assist them with their constituents’ questions.

We sent regular campaign updates to charities, stakeholders, parliamentarians and others to keep them fully informed of our campaign activities around the country and aware of how they can use our campaign materials with those consumers with whom they interact.
A closer look at our work with more vulnerable audiences

A key task in 2016 was to use marketing partnerships to extend the efficient reach of our campaign – in particular with more vulnerable consumers and those with additional barriers, such as language proficiency or access to online resources. This was aided by learnings from the BBC Switchover Help Scheme, which identified that 15 per cent of the adult population may not easily engage with mainstream communication channels, and the audiences identified in our own Smart energy for all paper. In 2016, our marketing partnerships programme helped us to engage at least 670,000 people within our priority audiences.

Our partnership agreement with Post Office® brought the Post Office’s® branch network into our campaign as our off-line information distribution partner. This partnership supported us in fulfilling our responsibilities to those people who cannot access the deeper information that is available online about smart meters.

We also brought into the campaign a range of other marketing partnerships with trusted organisations around the country who have a track record of reaching harder to reach audiences in diverse and impactful ways. Smart Energy GB’s partners on a national level in 2016 included the British Institute of Learning Disabilities (BILD), PayPoint, the National Housing Federation, the National Association of Arms Length Management Organisations (ALMOs), Age UK (in partnership with Age Scotland and Age Cymru), the Scottish Federation of Housing Associations, Community Housing Cymru, Citizens Advice England and Wales, and Action with Communities in Rural England (ACRE).
In addition, we executed a programme of support for grassroots partners, called *Smart Energy GB in Communities*. This programme was delivered by a consortium made up of National Energy Action (NEA), Energy Action Scotland, Media Trust and the Charities Aid Foundation (CAF) and supported local organisations in becoming part of our campaign. This included a bid fund (which provided partners with grants to support community based smart meter engagement), regional support (which drives partner engagement at a regional and local level) and campaign training support (which provides local organisations with the skills and resources to spread smart meter messages through marketing and communications training). In 2016 we engaged 562 organisations via this programme, including 82 to whom we awarded grants for projects to commence before the end of the year, and have built important expertise within these organisations.

Part of our campaign to reach more vulnerable audiences is inclusive up-weighted advertising. Inclusive up-weighted advertising is a targeted strand of paid media activity using a hybrid Gaz & Leccy/educational creative aimed at landing the core campaign messages specifically for *Smart energy for all* audiences. Our PR programme also included specialist consumer features to reach audiences with additional barriers, such as the Mature Times and My Weekly for older readers, the NUS website for younger adults and group renters, and Inside Housing for people working with social tenants.
Off mains gas?

Did you know you can get a smart meter to monitor your electricity?

Smart meters will replace the traditional meters we currently have in our homes; they take regular meter readings and share these wirelessly, through a secure network, with your energy supplier.

Smart meters mean the end of estimated bills with near real time information on energy usage in pounds and pence, so you have more control over your bills. No one from an energy supplier will have to come to read your meter and there’s no extra cost to you to get one installed.

Everyone in Britain will be offered a smart meter by their energy supplier by 2020 as part of a national upgrade to our energy system.

To find out more please visit the Smart Energy GB website: smartenergyGB.org
Prepay customers can get Gaz & Leccy under control.

Every home in Britain can claim a smart meter from their energy supplier by 2020, at no extra cost.

For more information visit smartenergyGB.org/prepay
A closer look at our delivery in branded digital channels

Within the first two weeks of 2016, Smart Energy GB launched our expanded website, which in 2016 received traffic of just under 2 million - an increase of almost 300 per cent on 2015. During the course of the year the website was translated into six additional languages and a resource centre was added to enable our partners and stakeholders to access and edit branded collateral and training materials.

We were pleased when our website won the Digital Impact award for “Best use of digital in the energy sector”.

We launched our first socially-led campaign with the Gaz & Leccy awards. Three million people engaged with this campaign on Facebook, 250,000 on Twitter, and thousands nominated their social media friends for an award, triggering an increase in conversation around energy behaviours of 600 per cent.

Social media supported our Estimation Nation TV advertising through the Estimation Game, an offshoot of our Supermarket TV commercial. To support the unleashing of Gaz & Leccy on TV, we created a suite of gifs and snippets of the pair in action to use in social channels. We also made use of a brand new ad format from Facebook called Canvas. This allowed us to showcase a montage of our Gaz & Leccy creative including digital banners, stills and the hairdryer TV commercial.

In the final quarter of the year we launched on Snapchat to reach a younger demographic and launched an Instagram channel to showcase a selection of our content. Instagram quickly became our fourth highest referring website.

And to finish the year we launched our 2016 festive campaign on social, which proved our most popular piece of content to date, with 3.6 million views and nearly 19,000 likes and shares on Facebook, and 22,000 likes and shares and just under a million views on Instagram.
It’s time to get Gaz & Leccy under control.

Every home can get a smart meter from their energy supplier by 2020.
A closer look at our advertising

In 2016 Smart Energy GB expanded our advertising campaigns to start using a full national channel mix, including TV advertising, but continuing with our use of other key channels including VOD, radio and press.

Our Estimation Nation advertising films were very successful in both digital and mainstream channels. TV and VOD delivery of that strand of advertising in April and May of 2016 reached over 37 million people; with a multi-channel experience during the final of 2016’s Britain’s Got Talent show particularly successful at driving engagement.

Our core campaign, featuring Gaz & Leccy at its heart, expanded from digital, out-of-home and radio channels to also include use in TV and press advertising. Our mid-year 60-second TV ad was also translated into Punjabi, Urdu and Bengali for digital distribution, with additional voice-overs for extra context. Our press advertising also included executions in Polish, Punjabi, Urdu, Gujarati and Bengali.

In the final quarter of the year we launched specific prepay advertising executions across channels, with a creative approach that complemented our communications delivered via our partnership activity with PayPoint.

In our first year of multi-channel full mix advertising, our various campaigns consistently out-performed a number of relevant industry benchmarks for message takeout across the campaign, and for call to action in our radio executions. In particular, take out from the advertising that the rollout is happening between now and 2020, for all homes, at no extra cost, and applying to both gas and electricity, was on average more than 20 per cent ahead of the relevant comparator across the course of 2016.
THIS IS LECCY
In 2016, Smart Energy GB built up our position as the most prominent and most favourable voice on smart meters in earned media. We were quoted in 18.4 per cent of all media coverage of smart meters, with our own work generating 1,613 pieces of earned coverage throughout the year.

Through working with national cultural figures Carol Ann Duffy, the Poet Laureate, and Sir Peter Blake, the ‘godfather of British pop art’, we were able to elevate the smart meter rollout into a change of major national importance, building on a sense of patriotism and of a national movement, which will involve every household. Duffy’s poem and Blake’s picture celebrate the digital transformation taking place across the country.

Alongside these patriotic PR ‘moments’, we worked with consumer magazines, programmes and websites through the year to give them the information they need to let their readers and viewers know about the benefits of smart meters and how to get one. This strand of work generated articles in diverse outlets, from Best magazine to the uSwitch website.

We focused on messages for prepayment customers as the weather turned colder in the second half of the year, in particular working with consumer expert Sue Hayward highlighting her ‘top tips for prepay customers’. This activity alone generated 50 radio interviews with a total reach of 3.07 million.

Our PR engagement with influential bloggers through the year used creative events such as an estimated baking competition to introduce the concept of accurate billing to lifestyle bloggers.

We also maintained a 24/7 press office, able to answer reporters’ questions on smart meters around the clock.
A closer look at our engagement with energy suppliers

Securing the input of energy suppliers into our work is very important, as is our reporting to energy suppliers on the progress of our campaign.

Through 2016 we reported regularly to the forum of large energy supplier representatives, which the industry had established to scrutinise and feed back on our achievements against our PMF. We would like to thank those individuals for working so closely with us. At the end of 2016, large energy suppliers requested that from 2017 onwards we hand over secretarial activities for this forum to a new energy-industry established secretariat, and we look forward to working closely with that new administrative function in the years ahead.

We secured the inputs of energy suppliers into our campaign, as well as ensuring that energy supplier representatives had the information that they needed on our plans to cascade to their colleagues, through the meetings of the Smart Energy GB Energy Supplier Marketing Forum and the Smart Energy GB Energy Supplier PR Forum, both of which met regularly through the year.

We also presented to energy suppliers via the Smart Metering Implementation Programme bodies managed by the Department of Business, Energy & Industrial Strategy, including the Smart Metering Delivery Group and the Smart Metering Steering Group (the latter of which is chaired by the Minister responsible for smart metering).
Award recognition of our campaigns in 2016

We are delighted that through 2016 the quality and impact of our campaigns has been recognised by the marketing and communications sector in the form of twelve industry awards in the year:

- Campaign Media Award in the Financial, Corporate and Utilities category
- Four British Arrows Awards (Silver: best new advertiser to TV; Silver: best advertiser in the household appliances, maintenance and services category; Bronze: best web-based series; Bronze: best over 90 second web-based film)
- Advertising Producers Association IDEAS award
- Two Creative Circle awards (Silver awards: Best brand activity at a public event)
- Digital Cinema Media Award for Best Use of Innovation in Cinema
- Digital Impact Award (Silver)
- Two silver Campaign Big awards

In addition, our media relations team achieved finalist status in the PRWeek Awards 2016 (best use of creativity and best not-for-profit) and in the PRCA Awards, and our public affairs work was shortlisted for the Public Affairs Awards 2016. Our marketing team’s work was also shortlisted for the Marketing Week Awards, the Marketing Society Excellence Awards, the Clear Channel Outdoor Planning Awards, the Marketing New Thinking Awards, and the Masters of Marketing Awards.
Smart Energy GB wins

Smart Energy GB wins the Creative Circle, Campaign Media Awards Winner 2016, and the Campaign Big Awards Silver Winner 2016.

Shortlisted for:

- British Arrows Awards 2016: Smart Energy GB, Smart Meters, Darts
- British Arrows Awards 2016: Smart Energy GB, Smart Meters, Estimation
- Digital Impact Awards 2016 Winner
- Ideas: Interactive Digital Experiential Advertising Showcase
- Digital Cinema Media

Shortlisted for:

- New Thinking Awards: Ideas, Create, Change
- MWA Marketing Week Awards 2016: Shortlisted, Compelling Content
- The Masters: Shortlisted
- The Public Affairs Awards 2016: Shortlist
- Clear Channel Outdoor Planning Awards
- Outdoor Media Awards 2016: Shortlist
Large energy suppliers (who hold the legal responsibility to set the PMF for Smart Energy GB) determined the PMF metrics, and targets for each of those metrics, that they wanted Smart Energy GB to achieve in 2016.

They tasked us with delivering ambitious results. The targets we were set did not just aim to increase consumer awareness that smart meters exist; they also tasked us with significantly increasing the number of consumers who had a deep knowledge of what smart meters are and who installs them (measured in a metric called “understanding”)

We were also tasked with significantly increasing the number of consumers who both had understanding of smart meters and said that they are keen to get smart meters installed in their homes (measured in a metric called “propensity”).

We were tasked with achieving the goals of growing both understanding and propensity not just amongst the GB adult population as a whole, but meeting equally ambitious targets for the harder to reach groups of those on low incomes and consumers using prepayment meters.

Reflecting our legal responsibility to extend our campaign from the domestic consumer to microbusiness audiences (where it is efficient for us to do so), large energy suppliers tasked us with significantly increasing microbusiness decision makers’ understanding of smart meters and propensity to get smart meters installed in the location of their business.

To ensure that our campaign is supporting consumers in changing their behaviour, we were tasked with achieving a strong target level of reported energy use reduction by energy consumers who have smart meters.

And finally, in order to ensure that we are working efficiently in our largest cost area, paid media, we were tasked with delivering our media purchasing as “good value for money” when independently assessed against market rates.

Throughout 2016 we have reported to large energy suppliers (through their PMF forum) on our ongoing performance. Those energy suppliers also exercised their responsibility to keep the 2016 PMF targets under review, but did not at any point in 2016 choose to change any of the targets that they had set Smart Energy GB at the start of the year.

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1. The methodology for assessing “understanding” was developed by expert pollsters Populus in 2014 for the first wave of our national public attitudes tracking (Smart energy outlook), and sought to test that consumers have a deep knowledge of both what smart meters deliver in benefits and how they are installed. As such, in order to be judged to have “understanding” a respondent needed to:
   - Have heard of a smart meter, and
   - Recognise that smart meters can only be installed by an energy supplier, and
   - Recognise that smart meters show them their energy use in pounds and pence, and
   - Recognise that smart meters deliver accurate energy bills.

2. Populus developed the methodology for measuring levels of “propensity” to adopt smart meters. In order to be judged to have “propensity”, a respondent needed to:
   - Have heard of a smart meter, and
   - Recognise that smart meters can only be installed by an energy supplier, and
   - Recognise that smart meters show them their energy use in pounds and pence, and
   - Recognise that smart meters deliver accurate energy bills, and
   - State that they are fairly or very interested in having a smart meter installed, or be part of the still statistically very small group who has had their smart meters installed.
We are pleased that across most areas we delivered on (or in a number of cases ahead of) the targets we had been tasked with delivering in 2016.

In particular, our campaign in 2016 was very successful at driving consumer enthusiasm to get smart meters installed, with our propensity results exceeding our targets and so our campaign in 2016 leading to a year-end number of approximately 12 million GB adults who both know what a smart meter is and who are interested in getting smart meters installed or already have one in their homes.

We are especially pleased that the 2016 results for propensity amongst the harder to reach groups of those on low incomes and prepayment meter customers are in fact even stronger than those for the population as a whole; reflecting success by our campaign in conveying the compelling benefits of smart meters for those groups in particular.

The strength of our campaign creatively was reflected in the high level of consumers stating that, having seen the Gaz & Leccy campaign, they had propensity to adopt a smart meter. Our result against this metric was a 2016 full-year average of 47 per cent, significantly exceeding the target set for this metric of 35 per cent.

We made good progress in increasing the overall numbers of GB consumers who have a deep knowledge (“understanding”) of smart meters, with that number increasing from 12.5 million GB adults at the end of 2015 to 16.5 million adults at the end of 2016. However, this did fall short of the target for 2016 for increasing the number of GB adults with understanding that we had been tasked with delivering (33 per cent vs. 35 per cent). Similarly, we significantly increased the number of GB adults with low incomes who had understanding (from 2 million GB adults to 2.5 million GB adults), but fell short our target of 2.6 million GB adults with understanding of smart meters by 100,000 (33 per cent vs. 35 per cent). Amongst prepayment customers we increased the number of GB adults with understanding from 1.5 million at the end of 2015 to 2.2 million at the end of 2016, but were disappointed that this was 300,000 adults lower that the target of 2.5 million GB adult prepayment customers with understanding that we had been set to achieve by the year-end (31 per cent vs. 35 per cent).

Achieving the depth of knowledge demanded by the understanding metric would undeniably be tough for any public engagement campaign, but nevertheless we will be working closely with energy suppliers and our expert advisers to consider the causes of these shortfalls in 2016, and what combination of reach and/or message impact should be adjusted to ensure that we have the most effective possible approach to reach our 2017 targets in this area.

We are pleased that we performed well against our target in the important area of consumer behaviour change, with 43 per cent of consumers with smart meters reporting energy use reduction in our tracking research, against a target of 40 per cent.

Our microbusiness campaign in 2016 performed well. We delivered 1.4 million microbusiness decision makers (i.e. those responsible for financial and energy purchase decisions in microbusinesses) with understanding, against a target of 1.3 million (27 per cent vs. 25 per cent). Our 2016 campaign also successfully generated enthusiasm for smart meter installations amongst microbusiness decision makers, achieving our target of one million microbusiness decision makers with propensity (19 per cent of GB microbusiness decision makers).

Finally, in the important area of assuring that we deliver value for money in our largest cost area, media buy, we exceeded the target set for us and achieved an independently assessed grade of “A: Excellent”.
12 million GB adults know what a smart meter is and are interested in getting smart meters installed or already have one in their homes.

43% of consumers with smart meters report energy use reduction in our tracking research.
<table>
<thead>
<tr>
<th>PMF metric</th>
<th>2016 year-end target</th>
<th>2016 year-end result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Propensity to adopt a smart meter amongst a general sample of the British adult population.</td>
<td>21% (as measured in Smart energy outlook with fieldwork in November 2016); equivalent to 10.5m adults in Great Britain; (based on a % of the adult population in Great Britain of 50m, as reported in ONS 2014 Mid Year Population Projection)</td>
<td>24% (as measured in Smart energy outlook with fieldwork in November 2016); equivalent to 12.0m adults in Great Britain; (based on a % of the adult population in Great Britain of 50m, as reported in ONS 2014 Mid Year Population Projection)</td>
</tr>
<tr>
<td>2 Propensity to adopt a smart meter amongst those with low incomes.</td>
<td>21% (as measured in Smart energy outlook with fieldwork in November 2016); equivalent to 1.6m adults in Great Britain; (based on a % of the adult population in Great Britain of 50m, as reported in ONS 2014 Mid Year Population Projection and 15% of the adult population having low incomes based on Smart energy outlook wave Nov '16)</td>
<td>22% (as measured in Smart energy outlook with fieldwork in November 2016); equivalent to 1.7m adults in Great Britain; (based on a % of the adult population in Great Britain of 50m, as reported in ONS 2014 Mid Year Population Projection and 15% of the adult population having low incomes based on Smart energy outlook wave Nov '16)</td>
</tr>
<tr>
<td>3 Propensity to adopt a smart meter amongst prepayment energy customers.</td>
<td>21% (as measured in Smart energy outlook with fieldwork in November 2016); equivalent to 1.5m adults in Great Britain; (based on a % of the adult population in Great Britain of 50m, as reported in ONS 2014 Mid Year Population Projection and 14% of the adult population having prepayment meters based on Smart energy outlook wave Nov '16)</td>
<td>25% (as measured in Smart energy outlook with fieldwork in November 2016); equivalent to 1.8m adults in Great Britain; (based on a % of the adult population in Great Britain of 50m, as reported in ONS 2014 Mid Year Population Projection and 14% of the adult population having prepayment meters based on Smart energy outlook wave Nov '16)</td>
</tr>
<tr>
<td>4 Propensity to adopt a smart meter having seen the Gaz &amp; Leccy campaign.</td>
<td>35% (as measured in monthly tracking research)</td>
<td>47% (as measured in monthly tracking research)</td>
</tr>
<tr>
<td>5 Understanding of what a smart meter is amongst a general sample of the British adult population.</td>
<td>35% (as measured in Smart energy outlook with fieldwork in November 2016); equivalent to 17.5m adults in Great Britain; (based on a % of the adult population in Great Britain of 50m, as reported in ONS 2014 Mid Year Population Projection)</td>
<td>33% (as measured in Smart energy outlook with fieldwork in November 2016); equivalent to 16.5m adults in Great Britain; (based on a % of the adult population in Great Britain of 50m, as reported in ONS 2014 Mid Year Population Projection)</td>
</tr>
<tr>
<td>6 Understanding of what a smart meter is amongst those with low incomes.</td>
<td>35% (as measured in Smart energy outlook with fieldwork in November 2016); equivalent to 2.6m adults in Great Britain; (based on a % of the adult population in Great Britain of 50m, as reported in ONS 2014 Mid Year Population Projection and 15% of the adult population having low incomes based on Smart energy outlook wave Nov '16)</td>
<td>33% (as measured in Smart energy outlook with fieldwork in November 2016); equivalent to 2.5m adults in Great Britain; (based on a % of the adult population in Great Britain of 50m, as reported in ONS 2014 Mid Year Population Projection and 15% of the adult population having low incomes based on Smart energy outlook wave Nov '16)</td>
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<tr>
<td>7 Understanding of what a smart meter is amongst prepayment energy customers.</td>
<td>35% (as measured in Smart energy outlook with fieldwork in November 2016); equivalent to 2.5m adults in Great Britain; (based on a % of the adult population in Great Britain of 50m, as reported in ONS 2014 Mid Year Population Projection and 14% of the adult population having prepayment meters based on Smart energy outlook wave Nov '16)</td>
<td>31% (as measured in Smart energy outlook with fieldwork in November 2016); equivalent to 2.2m adults in Great Britain; (based on a % of the adult population in Great Britain of 50m, as reported in ONS 2014 Mid Year Population Projection and 14% of the adult population having prepayment meters based on Smart energy outlook wave Nov '16)</td>
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<td>PMF metric</td>
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<tr>
<td>------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
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<tr>
<td>8 Reported energy use reduction</td>
<td>40% (as measured by annual usage tracker of members of the adult population who have a smart meter in November 2016); equivalent to 1.4m* adults in Great Britain; (based on a % of the adult population in Great Britain of 50m**, as reported in ONS 2014 Mid Year Population Projection and 7% of the adult population having a smart meter based on Smart energy outlook wave Nov '16)</td>
<td>43% (as measured by annual usage tracker of members of the adult population who have a smart meter in November 2016); equivalent to 1.5m* adults in Great Britain; (based on a % of the adult population in Great Britain of 50m**, as reported in ONS 2014 Mid Year Population Projection and 7% of the adult population having a smart meter based on Smart energy outlook wave Nov '16)</td>
</tr>
<tr>
<td>9 Understanding of what a smart meter is amongst a representative sample of microbusinesses.</td>
<td>25% (as measured by biannual tracker of microbusinesses November 2016); equivalent to 1.3m* microbusinesses in Great Britain; (based on a % of the microbusiness population in Great Britain of 5m**, as reported in BEIS Business Population Estimates 2016)</td>
<td>27% (as measured by biannual tracker of microbusinesses November 2016); equivalent to 1.4m* microbusinesses in Great Britain; (based on a % of the microbusiness population in Great Britain of 5m**, as reported in BEIS Business Population Estimates 2016)</td>
</tr>
<tr>
<td>10 Propensity to adopt a smart meter amongst a sample of microbusinesses.</td>
<td>19% (as measured by biannual tracker of microbusinesses November 2016); equivalent to 1.0m* microbusinesses in Great Britain; (based on a % of the microbusiness population in Great Britain of 5m**, as reported in BEIS Business Population Estimates 2016)</td>
<td>19% (as measured by biannual tracker of microbusinesses November 2016); equivalent to 1.0m* microbusinesses in Great Britain; (based on a % of the microbusiness population in Great Britain of 5m**, as reported in BEIS Business Population Estimates 2016)</td>
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<tr>
<td>11 Assessment of the value for money of Smart Energy GB media buy in 2016.</td>
<td>Assessed on an “A to D” scale by independent auditors MediaSense with a target of “B: good value for money achieved against market rates”</td>
<td>“A: Excellent”</td>
</tr>
</tbody>
</table>

*Population figures provided are rounded to one decimal place. Note that translation of percentage figures to estimated population figures will magnify the margin of error inherent in both the percentage figure and population estimate figure.

**GB adult population, and microbusiness population, figures rounded to zero decimal places, used as recommended by Populus Ltd (Smart energy outlook primary research provider). Zero decimal place figure used as the base for calculations, due to potential for error magnification given a) length of time elapsed since the figure was estimated and b) inherent margin of error in the population estimate.
Running a committed and effective organisation in 2016

Using best practice thinking on the motivation and mobilisation of the most effective teams in the creative industries, in 2016 we identified three pillars to be at the heart of how we should operate as an efficient and effective organisation: craft, cause and a high-quality working environment.

Craft relates to every colleague's individual skills and the opportunities they have to deliver work of the highest quality. This means supporting every colleague through actively planned training to enable them to practice and grow the skills, knowledge, behaviour and mastery that make them an excellent practitioner in their field. Senior leadership has encouraged people to take the greatest responsibility they can, and supported colleagues to innovate in developing compelling and creative projects.

Cause relates to the motivation of our team to be part of a campaign that aims to do something good for the world on an individual, household, national or even global level. This means articulating how our teamwork is having a positive impact on the world and contributing to a bigger goal. It also means recognising that people who work for a cause such as Smart Energy GB also care about other causes as well as the one in their workplace, and we support them in expressing these passions via five days paid leave per year for volunteering.

In 2016 we established our permanent office in London and continued in the efficient serviced accommodation that in 2016 met the needs of our small teams based in Edinburgh and Cardiff.

Our office environments reflect our values, our standards and our ambitions. In particular, we make sure we ‘walk the walk’ when it comes to minimising our impact on the environment and have developed our own environmental management system. We use smart technology to minimise our use of heating, air conditioning and appliances. We encourage staff to cycle to work by providing bike parking and showers. We have also increased our recycling rates. And approximately one third of our furniture for our office fit-out was sourced second-hand. We also live our values in the standards we ask of every company we work with. We are a Living Wage employer and we require every supplier to meet such standards in the way they remunerate their staff, as well as on environmental impact and their commitment to equality and diversity.

Smart Energy GB is here to communicate with the entire nation, and we reflect this diversity in our approach to our own team. In 2016, every manager across the company received training on equality, diversity and the avoidance of unconscious bias. We will continue to build on this in 2017, as reflects its importance. We were also proactive in the way we recruited, making active steps to advertise posts to non-traditional entrants to the marketing and communications professions.

In 2016 we were delighted to see our commitment to our team reflected in the survey of staff that we conduct every year. Nearly everyone in the team at the time of surveying (61 out of 63 members of staff) responded to the survey, the key results of which included:

- 95 per cent of staff said they are proud of what we accomplish at Smart Energy GB
- 89 per cent agreed that Smart Energy GB does enough to promote and support diversity amongst the team
- 87 per cent agreed that Smart Energy GB gives the training opportunities they need
95% of staff said they are proud of what we accomplish at Smart Energy GB
Reflecting the significant upscaling in the smart meter rollout planned by energy suppliers in 2017 and beyond, Smart Energy GB’s task in 2017 also significantly increases.

On 12th September 2016 large energy suppliers instructed Smart Energy GB as to the PMF targets that they wish Smart Energy GB to deliver in 2017.

These are ambitious targets, but they reflect the importance of 2017 as a year within the overall smart meter rollout. They also reflect the need for Smart Energy GB to generate significant levels of consumer enthusiasm to adopt smart meters in this year (and thus enthusiastic consumer take up of installations from their energy suppliers) if energy suppliers are to be able to meet the targets of smart meter installations in 2017 that they have committed to government and the regulator that they will deliver.

The PMF targets that Smart Energy GB has been tasked with achieving in 2017 are set out below:

<table>
<thead>
<tr>
<th>PMF metric</th>
<th>2017 target</th>
</tr>
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<tbody>
<tr>
<td>1. Level of consumer understanding of what a smart meter is, amongst the</td>
<td>May 2017: 47%</td>
</tr>
<tr>
<td>British adult population.</td>
<td>November 2017: 59%</td>
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<tr>
<td>2. Level of consumer understanding of what a smart meter is, amongst the</td>
<td>May 2017: 47%</td>
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<td>sub-demographic of the British adult population with low incomes.</td>
<td>November 2017: 59%</td>
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<td>3. Level of consumer understanding of what a smart meter is, amongst the</td>
<td>May 2017: 47%</td>
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<tr>
<td>sub-demographic of the British adult population who have prepayment meters.</td>
<td>November 2017: 59%</td>
</tr>
<tr>
<td>4. Level of consumer understanding of what a smart meter is, amongst the</td>
<td>May 2017: 47%</td>
</tr>
<tr>
<td>sub-demographic of the British population who are older (65 plus).</td>
<td>November 2017: 59%</td>
</tr>
<tr>
<td>5. Level of consumer understanding of what a smart meter is, amongst the</td>
<td>May 2017: 47%</td>
</tr>
<tr>
<td>sub-demographic of the British adult population who live in rented</td>
<td>November 2017: 59%</td>
</tr>
<tr>
<td>accommodation.</td>
<td></td>
</tr>
<tr>
<td>6. Comprehension of the timing of the rollout amongst the British</td>
<td>May 2017: 30%</td>
</tr>
<tr>
<td>adult population.</td>
<td>November 2017: 45%</td>
</tr>
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<td>7. Comprehension of the timing of the rollout amongst the sub-demographic</td>
<td>May 2017: 30%</td>
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<td>of the British adult population with low incomes.</td>
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<td>8. Comprehension of the timing of the rollout amongst the sub-demographic</td>
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<td>of the British adult population with prepayment meters.</td>
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<td>9. Comprehension of the timing of the rollout amongst the sub-demographic</td>
<td>May 2017: 30%</td>
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<tr>
<td>of the British population who are older (65 plus).</td>
<td>November 2017: 45%</td>
</tr>
<tr>
<td>10. Comprehension of the timing of the rollout amongst the sub-demographic</td>
<td>May 2017: 30%</td>
</tr>
<tr>
<td>of the British adult population who live in rented accommodation.</td>
<td>November 2017: 45%</td>
</tr>
<tr>
<td>11. Number of consumers who express consideration for smart meters</td>
<td>May 2017: 29%</td>
</tr>
<tr>
<td>amongst the British adult population.</td>
<td>November 2017: 35%</td>
</tr>
</tbody>
</table>

Note on metrics 1 to 10: Smart Energy GB will report on the metrics broken down by customers who have a smart meter or not.
<table>
<thead>
<tr>
<th>PMF metric</th>
<th>2017 target</th>
</tr>
</thead>
</table>
| 12. Number of consumers who express consideration for smart meters amongst the sub-demographic of the British adult population with low incomes. | May 2017: 29%  
November 2017: 35% |
| 13. Number of consumers who express consideration for smart meters amongst the sub-demographic of the British adult population with prepayment meters. | May 2017: 29%  
November 2017: 35% |
| 14. Number of consumers who express consideration for smart meters amongst the sub-demographic of the British adult population who are older (65 plus). | May 2017: 29%  
November 2017: 35% |
| 15. Number of consumers who express consideration for smart meters amongst the sub-demographic of the British adult population who live in rented accommodation. | May 2017: 29%  
November 2017: 35% |
| Note on metrics 11 to 15: Smart Energy GB will report on the metrics only for customers who have not yet had a smart meter installed. | |
| 16. Level of consumer understanding of what a smart meter is amongst microbusiness decision makers. | May 2017: 47%  
November 2017: 59% |
| 17. Understanding of the timing of the rollout amongst microbusiness decision makers. | May 2017: 30%  
November 2017: 45% |
| 18. Consideration to seek or accept a smart meter installation in the next six months amongst microbusiness decision makers. | May 2017: 29%  
November 2017: 35% |
| 19. Independent audit of partnership commitments (major delivery partner’s and national delivery partners’ activity against contractual commitments). | Independent audit of our partnership marketing major delivery partner’s and national delivery partners’ activity against contractual commitments.  
The audits would include examination of the following areas:  
1) Project inputs: Has the partner invested the resources it committed to in its contract?  
2) Project outputs: Did the partner undertake the activities it committed to in its contract?  
3) M&E requirements: Did the partner achieve the M&E requirements committed to in its contract?  
The following scale would be used to report:  
1 = little or no progress against commitments  
2 = commitment partially met  
3 = commitment largely met but with some exceptions  
4 = commitment fully met  
5 = commitment exceeded  
The report would provide a rating for each contract, as well as an overall rating across contracts. A mid-year and end of year report would be produced. For 2017 a target of “4” for both the mid-year and end-year has been set. |
**PMF metric** | **2017 target**
--- | ---
20. Independent audit of partnership bid fund grants. | Independent audit of a sample of partnership bid fund grants. The methodology for this would look at:

1) Project inputs: Has the bid fund recipient invested the resources it committed to?
2) Project outputs: Did the bid fund recipient undertake the activities it committed to?
3) M&E requirements: Did the bid fund recipient achieve the M&E requirements it committed to?

The following scale would be used to report:

1 = little or no progress against commitments
2 = commitment partially met
3 = commitment largely met but with some exceptions
4 = commitment fully met
5 = commitment exceeded

The report will provide a rating for each bid fund recipient examined, as well as an overall rating across bid fund recipients. A mid-year and end of year report would be produced. For 2017 a target of ‘4’ for both the mid-year and end-year has been set.

21. Independent assessment of Smart Energy GB’s paid media prices. | Assessed on an “A to D” scale by independent auditors MediaSense with a target of “A: Excellent value for money achieved based on comparison against market rates”

22. Reported energy use reduction amongst a sample of the generalised British adult population who have had smart meters installed in their homes. | May 2017: 40%
November 2017: 40%

23. Ensure that all partnership relationships positively contribute to consumers who may encounter additional barriers due to their particular circumstances, to realise the benefits of smart metering. | Smart Energy GB will provide a narrative report on a six-monthly basis explaining how this standard is being met. This report will include an evaluation on how the partnership marketing spend has been effective in ensuring hard to reach and vulnerable customers perform in line with the national population for awareness, understanding and consideration, and to what level the spend has contributed to any incremental performance of these targets.

Smart Energy GB used well-used and respected econometric modelling (EM) to drive efficient and effective campaign planning for 2017. Details of our 2017 campaign plans were published in December 2016 in our Consumer Engagement Plan and budget 2017. The board was pleased that the company’s members voted overwhelmingly to approve the board’s recommended budget for 2017.
Management and administrative information

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

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

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

In support of these objectives, Smart Energy GB’s business model is broadly made up of marketing activity as well as communications through earned media (“PR”) and communication in partnership with other organisations who will assist us in taking the smart meter message to their audiences. Reflecting this, our staff team is made up of three directorates. The senior management team is made up of the three directors leading each of these areas, who each report to the Chief Executive.

Sacha Deshmukh
Chief Executive

Claire Maugham
Director of Policy and Communications

Alistair Gibbons
Director of Finance and Operations

Gavin Sheppard
Director of Marketing
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:

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

The term of individual non-executive directors extends to the annual general meeting that falls two years after their appointment (although they can be re-appointed). Smart Energy GB board meetings are also attended by observers nominated by and representing the Secretary of State for Business, Energy & Industrial Strategy and the energy network operators. In addition, Smart Energy GB has extended an invitation to Ofgem to observe board meetings.
The non-executive directors of Smart Energy GB during 2016 are detailed below

Mark Lund
Shwezin Win
Mervyn Kohler
Jean Fiddes

Steve Mulinganie
Rofi Ihsan
Mike Dixon
Victoria MacGregor

Jane Bednall
Stephen Veal
Christine McGourty
Chris Thewlis
(resigned 31st January 2017)

Chris MacLeod
Patrick New

Andrew Ward
(resigned 11th May 2016)

Chris Welby
(resigned 11th May 2016)

Neil Pennington
(resigned 11th May 2016)

Stephen Alambritis
(resigned 11th May 2016)

Paul Clark
(resigned 11th May 2016)

Vaughn Harris
(resigned 11th May 2016)

Teresa Perchard
(resigned 31st March 2016)
Audit & Risk Committee
The board is supported in its work by an independently chaired Audit & Risk Committee (ARC). The ARC is chaired by Hugh Spicer and its membership in 2016 was:

- Hugh Spicer (Co-opted independent chair)
- Victoria MacGregor (Non-executive director)
- Brian Stratton (Co-opted committee member and observer to board meetings nominated by energy network operators)
- Shwezin Win (Non-executive director)
- Teresa Perchard (Non-executive director, resigned 31-Mar-16)
- Fiona Larkin (Co-opted committee member, resigned 20-Apr-16)

During 2016 the main areas of focus of the ARC have been:

- Value for money review of our media plan and partnerships
- Value for money review of our book-keeping contract
- The risk register
- The Finance Manual and key finance policies e.g. expenditure and forecasting process
- The scheme of delegation review; and
- The year-end accounts preparation and audit process

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

The ARC has been satisfied with the organisation's approach to risk management and internal control and has reported no material concerns to the board.

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

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 Clark Whitehill, 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 2016

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

The budget for the 2016 financial year was originally £43.589m (2015: £25.221m). Smart Energy GB finished the year with operating expenses of £38.509m (2015: £18.985m). 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 71 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 £3.613m (2015: £2.407m), 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 2016, our net assets were £0.374m (2015: £0.374m), representing the accumulated surplus of the organisation.

Total fixed assets were £1.482m (2015: £1.787m).

We raised invoices to the value of £13.858m (ex VAT) for the first quarter’s activity in 2017 before 31st December 2016 in line with our approved budget. Invoices that were unpaid as at 31st December 2016, have been classified as deferred income and appear on the balance sheet within creditors.

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 2016.
Financial outlook for 2017

Our domestic energy supplier members approved by vote our budget of £49.140m for 2017. Details of our 2017 Consumer Engagement Plan and budget can be found on our website at smartenergyGB.org.

Our plans for 2017 were based on expert analysis of the scale of campaign required to meet the 2017 PMF targets set for us by large energy suppliers (including detailed econometric analysis), and information provided to us and other parties involved in the Smart Metering Implementation Programme by the Department of Business, Energy & Industrial Strategy (BEIS) about the plans across the smart meter rollout.

Large energy suppliers have a legal duty to keep the PMF targets that they task Smart Energy GB with delivering under review. Were they at any point in 2017 to change our PMF targets for the year, that could have a material impact on our plans and budget for 2017.

If the Smart Metering Implementation Programme fails to deliver the elements of DCC infrastructure in the way that is intended in 2017 (for example in the delivery of prepay functionality or the plans for the enrolment of SMETS1 meters into the DCC), this may lead to public concern about the delivery of smart metering and/or reputational damage to smart meters.

If energy suppliers as a whole do not fulfil their elements of the customer journey in relation to the installation of smart meters to standards expected by the reasonable energy consumer, this may lead to public reluctance to seek out or accept smart meter installations, despite understanding of and enthusiasm for the benefits that those meters deliver when installed.

Any one of these situations, if realised, could require Smart Energy GB to modify (either reduce or increase) the amount of activity that we carry out in 2017 to maintain public understanding of, and enthusiasm to adopt and use 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 has decided that, even though Smart Energy GB is not in the public sector, we should reflect the most respected cost effectiveness/value for money model used by public service organisations. We believe that model has been developed by the National Audit Office (NAO).

The NAO model is used in all their independent assessment of UK public bodies’ cost effectiveness and value for money for both service provision organisations (which is relevant for Smart Energy GB when we are delivering campaigns through channels under our own control) and commissioning bodies (which is also relevant for Smart Energy GB when we commission other organisations to deliver parts of our campaign on our behalf, such as charities contracted as part of our marketing partnership programme).
The model for the assessment of cost effectiveness/value for money is set out below, in diagrammatic form as published by the NAO:

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

The 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 a material underspend of £5.104m against its 2016 budget.
This underspend is a result of the following main factors:

- **creative development and production (£1.9m underspend):** Gaz & Leccy recognition at the mid-year point meant that we decided that further extraordinary amplification of them as our principle creative platform (such as the previous cinema execution) was not required in the second half of the year. We further saw a better than expected ad stock, which allowed us to flight existing creative executions for longer.

- **marketing partnerships (£1.7m underspend):** the underspend in this area is due to planned agency support activity being brought in-house, later than planned deployment of partnership activity and decisions on the value for money and the practical implementation of partnerships deployed. We identified that greater value and agility could be achieved by bringing strategic planning in-house with our own team.

- **media relations (£0.8m):** due to good executions and delivery on target by our in-house team, we did not need additional retained PR agency support. We also reduced the retainer for our London-based stakeholder relations agency, due to increased capacity in the in-house Policy and Public Affairs team. Also, some consumer PR activity is being executed in Q1 2017 rather than in Q4, 2016.

- **staff costs (£0.7m underspend):** our recruitment profile within our original budget was ambitious and during the year a number of posts were recruited to later than expected, leading to the underspend.

The board therefore believes that the expenditure of Smart Energy GB in 2016 enabled it to deliver as successfully as possible against its objectives to effectively engage with the GB population in a proportionate manner that supports the national rollout of smart meters in that year, and in preparation for future years.

**Going concern**

The board has considered the funding position and the risks to which the organisation is exposed. The board believes that the company has adequate resources to continue its existence for the foreseeable future.

The board believes that there are no material uncertainties that call into doubt the company’s ability to continue to exist. The accounts have therefore been prepared on the basis that the company is 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 model set out by HM Treasury in its publication Managing Public Money.

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

Applying this model has allowed the Smart Energy GB board 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
- publishing updates on performance
- delegation of appropriate financial authorities

By applying this model (and also in addition, by receiving annual training on the proper exercise of fiduciary duties from a specialist company solicitor), the board is able to assure itself that it is properly fulfilling a number of its duties under the licences (for example, sections 45.4 to 45.8 of the licence conditions relating to the constitution of Smart Energy GB and the exercise of judgement and decision making by the board), and also properly exercising a number of the board’s broader fiduciary duties.

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

Although largely 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.

Although largely outside our control, the company attempts to mitigate these risks by 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 board and the senior management team throughout the lifetime of the programme and will influence the design and implementation of our consumer engagement work.

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

We were paid in advance for our activity in the first quarter of 2017 by some energy suppliers. Therefore our cash balances at the year-end of 2016 were relatively healthy. Our cash investments were made within the company’s Treasury Management Policy.
Non-executive directors’ responsibilities in relation to the financial statements

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

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

Under company law the non-executive directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the non-executive directors are required to:

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

The non-executive directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Crowe Clark Whitehill 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 1st March 2017 and signed on its behalf by:

Mark Lund
Non-executive director
Independent auditor’s report to the members of Smart Metering Communications Body Limited
Independent auditor’s report to the members of Smart Metering Communications Body Limited

We have audited the financial statements of Smart Metering Communications Body Limited for the year ended 31st December 2016 which comprises the Statement of Income and Retained Earnings, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors’ Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the FRC’s Ethical Standards for Auditors.

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

Opinion on financial statements
In our opinion, the financial statements:

• give a true and fair view of the state of the company’s affairs as at 31st December 2016 and of its result for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

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

• the information given in the Strategic Report and the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• have been prepared in accordance with the requirements of the Companies Act 2006.
Matters on which we are required to report by exception
In 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

• adequate accounting records have not been kept; or
• the financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors’ remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

Date: 9/3/17
Statement of income and retained earnings for the year ended 31st December 2016

<table>
<thead>
<tr>
<th>Notes</th>
<th>£ 2016</th>
<th>£ 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>38,485,167</td>
<td>18,968,836</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(38,509,227)</td>
<td>(18,985,135)</td>
</tr>
<tr>
<td>Operating (deficit)/surplus</td>
<td>2</td>
<td>(24,060)</td>
</tr>
<tr>
<td>Interest income</td>
<td>30,075</td>
<td>23,154</td>
</tr>
<tr>
<td>Profit on ordinary activities before taxation</td>
<td>6,015</td>
<td>6,855</td>
</tr>
<tr>
<td>Taxation on profit on ordinary activities</td>
<td>4</td>
<td>(6,015)</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>10</td>
<td>-</td>
</tr>
</tbody>
</table>

The notes on pages 74 to 79 form part of these financial statements.
## Balance sheet
as at 31st December 2016

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>£ 2016</th>
<th>£ 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>5</td>
<td>87,500</td>
<td>117,500</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>6</td>
<td>1,394,775</td>
<td>1,669,088</td>
</tr>
<tr>
<td><strong>Total Fixed Assets</strong></td>
<td></td>
<td>1,482,275</td>
<td>1,786,588</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>7</td>
<td>15,418,220</td>
<td>9,276,875</td>
</tr>
<tr>
<td>Cash at bank</td>
<td></td>
<td>11,258,836</td>
<td>4,144,421</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>26,677,056</td>
<td>13,421,296</td>
</tr>
<tr>
<td><strong>Creditors: Amounts falling due within one year</strong></td>
<td>8</td>
<td>(27,785,386)</td>
<td>(14,833,939)</td>
</tr>
<tr>
<td><strong>Net current liabilities</strong></td>
<td></td>
<td>(1,108,330)</td>
<td>(1,412,643)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>373,945</td>
<td>373,945</td>
</tr>
<tr>
<td><strong>Capital and reserves</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>10</td>
<td>373,945</td>
<td>373,945</td>
</tr>
</tbody>
</table>

The accounts have been prepared in accordance with the Companies Act 2006, approved by the board on 1st March 2017 and signed on its behalf by:

Mark Lund
Non-executive director

The notes on pages 74 to 79 form part of these financial statements.
Cash flow statement for the year ended 31st December 2016

<table>
<thead>
<tr>
<th>Notes</th>
<th>£ 2016</th>
<th>£ 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash inflow from operating activities</td>
<td>7,248,216</td>
<td>350,720</td>
</tr>
<tr>
<td>Net cash outflows from investing activities</td>
<td>(133,801)</td>
<td>(1,571,066)</td>
</tr>
<tr>
<td>Increase/(Decrease) in cash in the period</td>
<td>7,114,415</td>
<td>(1,220,346)</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>£ 2016</th>
<th>£ 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit on ordinary activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>468,189</td>
<td>68,146</td>
</tr>
<tr>
<td>Interest received</td>
<td>(30,075)</td>
<td>(23,154)</td>
</tr>
<tr>
<td>(Increase)/decrease in debtors</td>
<td>(6,141,345)</td>
<td>16,361,411</td>
</tr>
<tr>
<td>Increase/(decrease) in creditors</td>
<td>12,951,447</td>
<td>(16,055,683)</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>7,248,216</td>
<td>350,720</td>
</tr>
</tbody>
</table>

### b) Net cash outflow from investing activities

<table>
<thead>
<tr>
<th>Notes</th>
<th>£ 2016</th>
<th>£ 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>30,075</td>
<td>23,154</td>
</tr>
<tr>
<td>Disposal of tangible assets</td>
<td>55,280</td>
<td>654</td>
</tr>
<tr>
<td>Purchase of tangible assets</td>
<td>(219,156)</td>
<td>(1,594,874)</td>
</tr>
<tr>
<td>Net cash outflow from investing activities</td>
<td>(133,801)</td>
<td>(1,571,066)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>At 1st January £ 2016</th>
<th>£ Cashflows</th>
<th>At 31st December £ 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>4,144,421</td>
<td>7,114,415</td>
</tr>
</tbody>
</table>

Cash at bank and in hand is a financial asset and is measured at amortised cost with a carrying value of £11,258,836 (2015: £4,144,421).
Notes to the financial statements
for the year ended 31st December 2016

1. Accounting policies

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

a) Status of company

The company was incorporated in the United Kingdom on 21 March 2013 and is limited by the guarantee of its members. The income and property of the company must be applied solely to the objects of the company and no distribution of any surpluses may be made to its members. As a private company limited by guarantee, each member has no equity interest and every regular member has undertaken to contribute an amount up to £1 to the assets in the event of a deficiency on winding up. The company's registered office is 1 Alfred Mews, London, W1T 7AA (08455995).

b) Basis of accounting

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

The financial statements have been prepared on a going concern basis (as described on page 65) under the historical cost convention and in accordance with the Companies Act 2006.

c) Turnover

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

d) Intangible assets

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

e) Tangible assets

All assets are capitalised at cost when expenditure is deemed to meet the requirements for capitalisation as set out in FRS102. Depreciation is provided 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 £1,000 are capitalised.

f) Pensions

Defined contributions are paid to the Group Personal Pension Plan via Scottish Widows in accordance with company policy. The policy allows for matched contributions from the employer up to a maximum of 5 per cent. The cost of providing for employees' pensions is charged to the profit and loss account as incurred.
g) Operating leases
Rentals under operating leases are charged on a straight-line basis over the lease term. The rent-free period is similarly spread on a straight-line basis over the lease term.

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

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

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

Financial assets are de-recognised when and only when:
(a) the contractual rights to the cash flows from the financial asset expire or are settled;
(b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
(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>Description</th>
<th>£ 2016</th>
<th>£ 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortisation</td>
<td>468,189</td>
<td>68,152</td>
</tr>
<tr>
<td>Directors’ remuneration</td>
<td>40,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Operating lease rentals</td>
<td>704,696</td>
<td>493,959</td>
</tr>
<tr>
<td>Audit fee</td>
<td>15,810</td>
<td>15,500</td>
</tr>
</tbody>
</table>

### 3. Employee information
Total staff costs were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>£ 2016</th>
<th>£ 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>3,024,849</td>
<td>2,113,471</td>
</tr>
<tr>
<td>Social security costs</td>
<td>334,283</td>
<td>226,910</td>
</tr>
<tr>
<td>Pension costs</td>
<td>82,159</td>
<td>58,892</td>
</tr>
<tr>
<td>Total staff costs</td>
<td>3,441,291</td>
<td>2,399,273</td>
</tr>
</tbody>
</table>
The average number of employees during the year was 61 (2015: 36).

During the year ended 31st December 2016 £40k was paid to one non-executive director (2015: £20k). No non-executive director (2015: nil) is accruing benefits under money purchase or defined benefit pension schemes.

Total remuneration for the executive senior management team was £532k (2015: £489k) including all emoluments and pension contributions. The remuneration of the SMT was reviewed and agreed by the remuneration committee during the year, as it did in 2015.

### 4. Taxation

<table>
<thead>
<tr>
<th>Cost</th>
<th>£ 2016</th>
<th>£ 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK Corporation tax on profits for the year</td>
<td>6,015</td>
<td>4,631</td>
</tr>
<tr>
<td>Adjustments in respect of prior periods</td>
<td>-</td>
<td>2,224</td>
</tr>
<tr>
<td>Tax charge on profit on ordinary activities</td>
<td>6,015</td>
<td>6,855</td>
</tr>
</tbody>
</table>

### 5. Intangible assets

<table>
<thead>
<tr>
<th>Cost</th>
<th>£ Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1st January 2016</td>
<td>150,000</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
</tr>
<tr>
<td>At 31st December 2016</td>
<td>150,000</td>
</tr>
<tr>
<td>Amortisation</td>
<td></td>
</tr>
<tr>
<td>At 1st January 2016</td>
<td>32,500</td>
</tr>
<tr>
<td>Charge for the period</td>
<td>30,000</td>
</tr>
<tr>
<td>At 31st December 2016</td>
<td>62,500</td>
</tr>
<tr>
<td>Net book value</td>
<td></td>
</tr>
<tr>
<td>At 31st December 2016</td>
<td>87,500</td>
</tr>
<tr>
<td>At 31st December 2015</td>
<td>117,500</td>
</tr>
</tbody>
</table>

Intangible assets have a remaining amortisation period of two years and 11 months at 31st December 2016 (2015: three years and 11 months).
### 6. Tangible assets

<table>
<thead>
<tr>
<th></th>
<th>£ Fixtures and fittings</th>
<th>£ Computer Equipment</th>
<th>£ Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1st January 2016</td>
<td>1,498,257</td>
<td>221,413</td>
<td>1,719,670</td>
</tr>
<tr>
<td>Additions</td>
<td>163,638</td>
<td>55,518</td>
<td>219,156</td>
</tr>
<tr>
<td>Disposals</td>
<td>(55,280)</td>
<td>-</td>
<td>(55,280)</td>
</tr>
<tr>
<td><strong>At 31st December 2016</strong></td>
<td>1,606,615</td>
<td>276,931</td>
<td>1,883,546</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1st January 2016</td>
<td>4,597</td>
<td>45,985</td>
<td>50,582</td>
</tr>
<tr>
<td>Charge for the period</td>
<td>373,149</td>
<td>65,040</td>
<td>438,189</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 31st December 2016</strong></td>
<td>377,746</td>
<td>111,025</td>
<td>488,771</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31st December 2016</td>
<td>1,228,869</td>
<td>165,906</td>
<td>1,394,775</td>
</tr>
<tr>
<td>At 31st December 2015</td>
<td>1,493,660</td>
<td>175,428</td>
<td>1,669,088</td>
</tr>
</tbody>
</table>

### 7. Debtors

<table>
<thead>
<tr>
<th></th>
<th>£ 2016</th>
<th>£ 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>14,950,670</td>
<td>9,083,449</td>
</tr>
<tr>
<td>Prepayments</td>
<td>386,443</td>
<td>90,351</td>
</tr>
<tr>
<td>Other debtors</td>
<td>81,107</td>
<td>103,075</td>
</tr>
<tr>
<td></td>
<td>15,418,220</td>
<td>9,276,875</td>
</tr>
</tbody>
</table>

The carrying value of financial assets included within debtors and measured at amortised cost in 2016 was £15,031,778 (2015: £9,186,524).
8. Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>£ 2016</th>
<th>£ 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>679,350</td>
<td>40,138</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>1,259,179</td>
<td>1,174,490</td>
</tr>
<tr>
<td>Deferred income</td>
<td>13,858,327</td>
<td>9,471,861</td>
</tr>
<tr>
<td>Accruals</td>
<td>6,577,821</td>
<td>3,068,867</td>
</tr>
<tr>
<td>Year end underspend to be returned to energy suppliers</td>
<td>5,103,787</td>
<td>1,028,123</td>
</tr>
<tr>
<td>Other creditors</td>
<td>306,922</td>
<td>50,460</td>
</tr>
<tr>
<td></td>
<td><strong>27,785,386</strong></td>
<td><strong>14,833,939</strong></td>
</tr>
</tbody>
</table>

The carrying value of financial liabilities included within creditors and measured at amortised cost in 2016 was £7,564,094 (2015: £3,159,465).

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>£ 2016</th>
<th>£ 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not later than one year</td>
<td>868,796</td>
<td>863,562</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>3,519,870</td>
<td>3,017,004</td>
</tr>
<tr>
<td>Later than five years</td>
<td>3,181,815</td>
<td>647,006</td>
</tr>
<tr>
<td></td>
<td><strong>7,570,481</strong></td>
<td><strong>4,527,572</strong></td>
</tr>
</tbody>
</table>

Operating lease expenditure totalling £705k was recognised through the Statement of Income and Retained Earnings during the year (2015: £494k).

The company had no other off-balance sheet arrangements.
10. Capital and reserves

<table>
<thead>
<tr>
<th>Profit and Loss Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1st January 2016</td>
</tr>
<tr>
<td>Surplus for the year</td>
</tr>
<tr>
<td>At 31st December 2016</td>
</tr>
</tbody>
</table>

11. Pensions

Defined contributions are paid to the Group Personal Pension Plan via Scottish Widows in accordance with Company policy. The policy allows for matched contributions from the employer up to a maximum of 5 per cent.

The total pension cost to the Company for the year ended 31st December 2016 was £82,159 (2015: £58,892).
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