INSTITUTE FOR GOVERNMENT

England & Wales · Charity number 1123926

Details

Status	Registered
Legal form	Charitable company
Company number	06480524
Registered	2008-04-30
Register	View on the Charity Commission register

Contact

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Activities

Objects: 1 THE ADVANCEMENT OF EDUCATION IN THE ART AND SCIENCE OF GOVERNMENT IN THE UK FOR THE BENEFIT OF THE PUBLIC AND ON A NON-PARTY POLITICAL BASIS; AND2 THE PROMOTION OF EFFICIENT PUBLIC ADMINISTRATION OF GOVERNMENT AND PUBLIC SERVICE IN THE UK BY PROVIDING PROGRAMMES OF EDUCATION, TRAINING, RESEARCH AND STUDY FOR THE PUBLIC BENEFIT AND ON A NON-PARTY POLITICAL BASIS.

Activities: The advancement of education in the art and science of government in the UK for the benefit of the public on a non-party political basis.

Classification

- **How:** Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** Education/training, Other Charitable Purposes
- **Who:** The General Public/mankind

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Geography

- **Area of benefit:** UK
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£6,857,604	£6,462,387	£4,367,922	58
2024-03-31	£6,418,767	£5,829,214	£3,972,705	55
2023-03-31	£5,740,123	£5,843,450	£3,383,152	53
2022-03-31	£5,399,417	£4,906,946	£3,486,479	51
2021-03-31	£5,456,952	£4,630,411	£2,994,008	50

Trustees

Name	Role	Appointed
Anand Aithal		2024-09-17
Baroness Susan Veronica Kramer		2018-12-11
Edward Michael Balls		2025-06-11
MIRANDA THERESA CLAIRE CURTIS		2008-09-01
Sir David Roy Lidington		2019-12-17
Sir IAN MICHAEL CHESHIRE		2016-06-22
Tamara Margaret Finkelstein		2023-07-05

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INSTITUTE FOR GOVERNMENT

England & Wales - Charity number 1123926

Accounts

INSTITUTE FOR GOVERNMENT

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR TO 31 MARCH 2025

Charity number 1123926

Company number 6480524

INSTITUTE FOR GOVERNMENT
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR TO 31 MARCH 2025

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INSTITUTE FOR GOVERNMENT
LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR TO 31 MARCH 2025

Board of Governors

Governor	
Lord Sainsbury of Turville	Chair
Anand Aithal	Appointed 17 September 2024
Baroness Valerie Amos	Resigned 5 November 2024
Sir Andrew Cahn	
Sir Ian Cheshire	Chair, Finance & Audit Committee
Miranda Curtis	
Baroness Susan Kramer	
Sir David Lidington	
Tamara Finkelstein	

Governors are appointed for an initial term of 3 years. They may be reappointed for further periods of 3 years.

After the year end, on 11 June 2025, Lord Sainsbury of Turville resigned and Edward Michael Balls was appointed to the Board. On that date, Sir Ian Cheshire became Chair of the Board. In May 2025, Anand Aithal took over as Chair of the Finance & Audit Committee.

Executive Directors

The Director and Chief Executive of the Institute is Dr Hannah White. The Director is responsible for the day-to-day running of the Institute along with a team of Directors and Programme Directors.

Bankers	Barclays Bank Acorn House 36-38 Park Royal Road London NW10 7JA
Registered Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Principal & Registered Office	2 Carlton Gardens London SW1Y 5AA
Website	www.instituteforgovernment.org.uk

The Institute for Government is a registered charity (No.1123926) and a company limited by guarantee registered in England and Wales (No.6480524). It was granted an exemption from the requirement to use the word Limited on 18 January 2008.

INSTITUTE FOR GOVERNMENT
GOVERNORS' ANNUAL REPORT
FOR THE YEAR TO 31 MARCH 2025

The Governors are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ended 31 March 2025 which are prepared to meet the requirements for a directors' report and accounts for Companies House.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our purposes and activities

The Institute for Government ("the Institute") is an independent charity. We work with all the main political parties in Westminster and with senior civil servants in Whitehall, providing evidence-based advice that draws on best practice from around the world.

The purposes of the Institute for Government are:

- The advancement of education in the art and science of government in the UK for the benefit of the public on a non-party political basis, and
- The promotion of efficient public administration of government and public service in the UK by providing programmes of education, training, research and study for the public benefit on a non-party political basis.

We continue to deliver our vision to increase the effectiveness of government in the UK, by improving the processes of government, and enhancing the decision making and skills of civil servants and politicians. Our focus is on bringing about long term, sustainable change, with an emphasis not just on producing proposals but on working to see them implemented and have an impact on the way the UK is governed.

Principal activities and achievements

2024-25 was another exceptionally busy and successful year for the Institute. The election was the defining feature of the year, with lots of work on preparation for government in the run-up to the election and on training for new MPs, ministers and private office staff and select committee members following the change of government.
In a period where government faced significant challenges, we continued to focus on the key questions for government effectiveness. In detail, our work covered:

Civil Service – the year started with us promoting our 2023/24 work on the centre of government, making the case publicly and privately for changes to No10 and the Cabinet Office in particular. After the general election we published *20 ways to improve the civil service* which distilled our key insights on civil service reform into a digestible format for new ministers and senior officials. We followed that up with the latest *Whitehall Monitor* published in January 2025.

We amplified our recommendation to introduce a civil service statute by publishing a draft Bill for the government to adopt, promoting it in a half-day conference. Throughout the year we continued a drumbeat of commentary about the state of the civil service and the priorities for change after the election.

Policy making – our work in 2024-25 focused on how the government could deliver its core missions from clean power and housebuilding to closing the opportunity gap. We published a timely report on how Labour could overcome the ten biggest barriers to achieving clean power by 2030, released just one week before the election. This was followed by a series of events and extensive commentary throughout the year. We also published new research on how to improve the government's track record on housebuilding and asylum policy - the latest instalments in our *Chronic Policy Problems* series. We launched a new series *Policymaking for Left-Behind groups* exploring how the government could use its mission-based approach to deliver better outcomes for groups who have experienced persistent disadvantage, across many policy areas and decades. Our first paper in this series focused on school readiness, highlighting stark disparities between demographic groups and what this meant for the government's ambition to close the opportunity gap.

Devolution – The 2024-25 financial year was a very busy and successful period for our devolution programme. It included the publication of five influential reports: on the new government's devolution agenda, how to 'complete the map' of devolution, urban regeneration, combined authority constitutions, and local government reorgansation. We also hosted a number of public and private events in London and elsewhere, including with four metro mayors, the minister for devolution, the deputy first minister of Scotland, and four local and combined authority chief executives. We also engaged privately with the government, combined and local authorities to help to shape policy and implementation in relation to devolution.

Public Finances – our work this year focused on achieving impact in the run-up to and after the general election, focusing on developing and disseminating solutions to key problems in the functioning of fiscal policy, where the election provided an opportunity to convince a new government to take a different approach. We published new research on capital spending in public services and how to run the multi-year spending review and continued to follow up on earlier work on fiscal frameworks and tax policy making. We also developed and published new work on local growth plans, focusing on developing recommendations for how the new government could maximise the opportunities provided by devolving more responsibilities to new and existing strategic authorities.

Public bodies and regulation – we published *Parliament and Regulators* before the election and worked with parliamentary staff in recess to develop training and how-to guides for select committees. Post-election, we concluded our trio of reports on the life cycle of public bodies with *How to set up a public body*, which we have followed up with input and support for several set-up projects. Public events and private roundtables on artificial intelligence, together with a short publication on its use by the civil service, have also consolidated our work in this area. We also started work on the role of regulation in enabling and incentivising necessary transformational investment in the water and energy sectors.

Public services - The team has focused this year on framing the choices facing the new government. This included a report on how to address the prisons crisis and a major analysis of the biggest problems facing public services and how to address these published within

weeks of the election, and an assessment of the autumn budget and the implications for the spending review.
Prevention has been a big theme of our work this year, with the publication of an agenda-setting report on how the government could take a preventative approach to public services and a follow up paper on the role of youth work in prevention. We also published the first in a new series of Performance Tracker local reports, as well as publications on integrated care systems and the general practice estate.

IfG Academy – The Academy continued to expand and develop its work with priority audiences. Prior to the general election, our focus was on delivering learning and development for the opposition with our preparing for government work. After the general election, we shifted our focus to supporting new members of parliament—delivering training to 63 MPs, many of whom were first-time members, from across the political parties. We worked with newly established select committees on effective parliamentary scrutiny, covering 11 committees across 2024-25. Concurrently, our work with academics continued to grow. Our flagship programmes with AHRC and ESRC were completed successfully, and we delivered workshops for existing partners such as City University, Leeds, and Exeter. We also launched new partnerships with organisations such as the University of Warwick and University of Kent. Beyond academics, we delivered training to new audiences including the Equality and Human Rights Commission, and the Trades Union Congress. We expanded our relationship with the civil service through work with the AI Safety Institute, DSIT, and the Cabinet Office's Leadership College for Government. Altogether, the Academy delivered 96 workshops, including ministerial and private office workshops.

Ministers – Preparing for a potential change of government and supporting new ministers and their teams was the main focus for the ministers programme. We worked with the Academy team to support opposition parties, as we always do ahead of a general election, to think about how to approach governing in the event of an election victory. We also delivered 15 workshops with departmental private offices to support their preparation for the election and a potential transition. Once the new government had taken office, we delivered workshops with individual ministers, groups of newly-elected MPs who became ministers and departmental teams to support their transition into government and help them understand how to work with the civil service. Our research programme continued with more work on ethics and standards in government (including analysing the new government's work in this area); ministers' roles in responding to crises; and our series of interviews with former ministers. We also made our database of all ministerial appointments since 1979 publicly available.

Future Plans 2025-26

Civil service: We are examining the relationship between ministers and civil servants, looking at what factors are essential to trust and confidence between the two. We are also looking at how the transition to a new government worked. *Whitehall Monitor 2026* will, as ever, be a major project, and we will publish our analysis of the civil service fast stream. We will research the delivery model of the Department for Work and Pensions as part of the Public Finances led project on inactivity. We will look in detail at how decisions are made in government through an examination of the ministerial submissions process. We will continue our commentary and impact work on the effectiveness of the civil service, the ability of government to deliver its objectives and how to make the centre of government work better.

Policy making: We will take forward our series on *Policymaking for Left-Behind Groups* with a focus on boys eligible for free school meals (FSM) - a group that consistently falls behind their peers and faces some of the most entrenched disparities. Our work will examine how the Department for Education can support local areas to meet short-term school readiness targets while addressing long-term inequalities for this group. By bringing together on-the-ground insights with our expertise on how government works, we aim to help shape the policy making process so that it delivers for groups who have been persistently underserved. This case study will generate broader insights on how to improve policymaking for groups that persistently experience poorer outcomes. As part of a separate project, we plan to develop a 'one stop' digital resource- the first of its kind - to support officials to deliver rapid yet robust policy advice under pressure, covering the end-to-end policy process.

Devolution: This year we are launching our 'DevoLab' series. This will include a programme of events and case studies on topics including transport, health and skills; shining a light on the most innovative practices taking place at a local and regional level. We are continuing to work on how to extend devolution further and complete the map of Devolution in England – including developing advice on one of the trickiest final parts of completing the map – extending devolution to non-Metropolitan areas. And we are beginning new research bringing together key stakeholders in a series of roundtables to look at public services as the next phase of English devolution.

Public finances: This year we will launch three new strands of work. First, jointly with the civil service team, examining policy development and delivery in the Department for Work and Pensions, focussing on incapacity benefits. Second, examining the benefits and barriers to shifting the balance of public sector pay away from pensions to current pay. Third, using microdata to understand better the relationship between private sector employment opportunities and problems with recruitment and retention in the public sector across the country. We will also extend our work on local growth to examine how strategic authorities develop effective local growth plans. Building on earlier work on Treasury orthodoxy and industrial strategy, we will also develop recommendations for how to steer a growth mission effectively from the centre. We will also continue to follow up on and achieve impact with earlier work on spending reviews and fiscal policy making processes.

Public bodies and regulation: This year will focus on achieving impact from the body of research already produced. In particular we will support those setting up or abolishing bodies to apply our lessons learned, as well as helping the government to make well-founded decisions. We will also provide support to the various parliamentary and government reviews that are expected on public bodies and regulation. Planned research focuses on economic regulation, particularly how it can support investment in infrastructure.

Public services: Alongside our national analysis of public services, we will continue with our Performance Tracker local series setting out how different services have performed more

locally. We are looking at what it means to take a place-based approach to public services and how the government can support this in the spending review. We will look at opportunities for reform in particular sectors, and on particular issues such as tackling homelessness. We are also working on enabler for public service reform – building on our work on prevention - and looking at procurement and how it can best contribute to delivering the governments missions.

Academy: This year we are focusing on innovation and trying new ways to grow the Academy in a way that delivers high impact for the team and the IfG. We are continuing work with key partners such as the AI Safety Institute and have also gone through the process of joining the Government Learning Frameworks. This will enable us to reach more civil servants, including private office staff, and we have finalised our 'Private Office Induction' and 'Working with Ministers' training for this purpose. We intend to continue to support experts and academics joining government, including working with partners in academia and government to develop programmes of support for those undertaking fellowships inside government. We are also on course to deliver two open courses for academics in September and November, and demand for our regular courses continues to grow—especially with the advertisement of our new brochure for our standard courses for academics. In terms of our work with ministers, we continue building on the success of our pre- and post-election engagement to better establish ministerial and special adviser professional development as a feature throughout their time in office. Our research work on ministerial case studies over the summer will inform our L&D offers for ministers and their teams from the autumn.

Ministers: As the government beds in, we will continue to assess their work on ethics and standards, as well as monitoring and commenting on levels of turnover among ministers. Our research programme will focus on developing in-depth case studies for ministers dealing with different situations in their roles, including managing crises and delivering in-depth reforms to public services. Our Ministers Reflect interview series will continue to capture the reflections of former ministers and their advice on how to be effective in the role.

How our activities deliver public benefit

In shaping our annual objectives and business plans the Institute has considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

The Institute produces high-quality research reports, comments and analyses that are independent of government, political parties, individual clients or companies. These are promoted widely and free of charge to individuals, organisations, practitioners and others with an active interest in the government of the UK.

Together, these reports and the events arising out of our work provide a robust evidence base on the governance of the UK. This helps equip the public, parliament and government itself with knowledge and information on the issues affecting the governing of the UK and the training of its current and future ministers.

Our staff are frequently invited to discuss the findings of our research on UK and international radio and television and in print media. In this way our research helps inform the public debate, media outlets and individual citizens. We have a social media presence which promotes our work and is free and accessible to the public.
We encourage those with an interest in our work to become involved by joining our mailing lists and receiving newsletters and being invited to attend our public events.

Through the work of the IfG Academy we hope to share our expertise even more widely in order to improve the process of policy-making at all levels.

Impact is at the heart of our work. We build the research and arguments for change, relationships, products and channels to improve government. We monitor the impact of our work very closely and report on it at each meeting to the Board. Our strong relationships, reputation and quality of argument means we have significant impact on government and expect that to grow after a general election in which the importance of how government is done was a key theme of debate.

Financial Review

The Institute's consolidated income amounted to £6,857,604 (2024: £6,418,767) whilst consolidated expenditure amounted to £6,462,387 (2024: £5,829,214) as shown in the Statement of Financial Activities. After the creation of a provision for liabilities related to the exit from 2 Carlton Gardens (see below) and transfers to designated funds, the consolidated surplus on all funds was £395,217.

This surplus was partly due to underspend on salaries during the period and partly due to the continuing success of its partnerships team in generating over £1.2m of financial support for the research programme from grants and corporate partners who were increasingly interested in the Institute's work in areas such as the effectiveness of public services, regional devolution and policy making. We also saw an ongoing increase in bookings from academic institutions for courses to support early career researchers to understand government and make an impact on the policy debate.

The charity has a trading subsidiary, IFG Enterprises Limited which undertakes commercial activities on behalf of the charity. In 2024-25 the company made a surplus for the year of £292,423. All of the IFG Enterprises Ltd surplus (the net overall P&L position at 31st March 2025) will be transferred to the Institute as a gift aid payment in line with the standing board mandate.

Principal funding sources

The Institute's core funder is the Gatsby Charitable Foundation. Core funding income from the Gatsby Trust in 2023-24 was £5,508,933 (2024: £5,252,561).

A three-year plan was produced during 2022-23 setting out the research programme the Institute intended to undertake to 2026 along with the associated cost. A funding request was then submitted to the Gatsby Trustees asking for their support to deliver the plans. Approval for funding for the three-year period to March 2026 was given by the Gatsby Board in February 2023.

During 2025-26, a new application will be made to the Gatsby Foundation for core funding for the years beyond 2026.

In addition to this core funding, the Institute funds its project work and events by generating income from a range of corporate and academic funders and trusts. Details on all sources of funding are provided on the Institute's website. As noted above, it was an exceptionally positive year for resource generation with over £1.2m contributed to the P&L for the year and a significant pipeline of opportunities in place for 2025-26.

2 Carlton Gardens and 16-18 Old Queen Street

The lease for 2 Carlton Gardens expires in April 2026.

In preparation for the lease expiry, the Institute has entered into a lease for a property at 16-18 Old Queen St, owned by its primary funder the Gatsby Foundation. The rent is a peppercorn, but considerable renovation is required.

A provision of £180,000 was created in 2024-25, to sit alongside an existing designated fund of £250,000 to provide financial security against future significant one-off costs associated with the exit from 2 Carlton Gardens. In addition, there is a designated property relocation fund of £1,000,000 to cover the potential costs of planning and executing a move and re-equipping new premises in 2026.

The project to renovate 16-18 Old Queen Street is a major focus of management attention. This building is intended to be the long-term home of the Institute and it is essential that the investment provide the facilities and resources required for the Institute's work in the coming decade. Initial contracts were drawn up around the end of 2024-25 for project managers. architects and other consultants and detailed design work was scheduled to take place over the summer of 2025. The intention is to enter into a construction contract in autumn 2025.

Reserves policy

Total unrestricted funds increased to £4,367,922 as at 31 March 2025 (2024: £3,972,705).

There are no restricted reserves (2023: £nil). Fixed assets represent £309,363 (2024: £142,334) of the unrestricted funds total.

The Governors have reviewed their reserves policy and the financial risks faced by the organisation. The Governors' policy is that the level of reserves, defined as free and undesignated reserves measured by the amount of retained general funds should be at least six months' operating costs. Current general fund reserves levels are £2,808,558 (2024: £2,580,370) which represent 42% of the planned expenditure of the Institute for 2025-26. It is therefore the policy of the Institute to continue to build its reserves to provide resilience in the case of the unexpected.

Investment policy

The investment of funds surplus to day-to-day requirements is considered at the Finance & Audit Committee. These funds are placed on deposit with large reputable banks with as long a maturity as is consistent with managing cash flow requirements.

Going Concern

The Institute reported a cash inflow of £769,087 for the year (2024: inflow of £621,219).
The group retained a cash balance of £4,523,829 at 31st March 2025. The Governors are of the view that the management has the capacity to react quickly to changing circumstances and the security of the medium-term commitment of the Gatsby Charitable Foundation provides assurance that the charity is a going concern.

Structure, Governance and Management

Institute for Government is a company limited by guarantee governed by its Memorandum of Association dated 16 January 2008, and revised Articles of Association adopted by special resolution on 21 September 2010. It is registered as a charity with the Charity Commission.

The Institute is run by the Board of Governors who are also Members and Directors of the Company and Trustees of the Charity.

Governors

The Board met every three months during the period covered by the Annual Report to manage and control the affairs of the Institute. The Governors concern themselves mainly with issues of a strategic nature, deciding broad policy for the Institute and ensuring good governance and compliance. The Institute seeks to maintain a balance of political, civil service and commercial experience as well as political affiliation among the members of its Board. During 2024-25, the Board was chaired by Lord Sainsbury of Turville. He stepped down at the Board meeting in June 2025 and the chair was taken by Sir Ian Cheshire, formerly chair of the Finance and Audit Committee.

The senior management team undertakes the day-to-day management of the Institute's activities within the framework set out by the Governors and comprised the Director, the Deputy Director, the Director of Impact, the Director of Finance & Resources, the Chief Economist and Programme Directors.

The Finance and Audit Committee was chaired by Sir Ian Cheshire during the year. It also met on a quarterly basis and reviewed the financial performance and all aspects of risk management of the Institute. Since year end, the Committee has been chaired by Anand Aithal.

The Remuneration Committee met twice in the year to consider matters relating to recruitment and retention of staff.

The Articles of Association provide for the appointment and retirement of the Governors on three-year terms. During the year Baroness Valerie Amos retired by rotation and after year end, Lord Sainsbury stepped down. There is a requirement for a minimum of three governors

and there is no upper limit, though normally the Board will comprise a maximum of fifteen members.

The Governors put forward and discuss potential new Board members amongst the existing members. Proposals for appointments and re-appointments are reviewed by the Nominations Committee prior to approval by the Board. The key principles for appointment are that the Board of Governors should provide a balance of experience including from the civil service, private sector, the academic sector and also from the major political parties. The Board should always be balanced in terms of direct political affiliation to ensure its non-partisan position.

There is no specific training or induction for new governors as they have been selected based upon their experience and interest in the objectives of the Institute.

None of the Governors receive remuneration or other benefit from their work with the charity though they may be paid reasonable travel, hotel and other expenses that they incur in connection with their attendance at Institute meetings. All Governors must declare the nature and extent of any interest, direct or indirect, they may have in any proposed transaction of the charity and they will not participate in any discussions or votes on such matters. The Governors must also declare any conflicts of interest that may arise. Any connection between a governor or senior manager with a stakeholder (customer, supplier, sponsor, funder, government department, political party) of the charity must be disclosed in the same way as any other contractual relationship with a related party.

The Institute has utilised the governance code for charities to assess compliance with the principles of the code and identify any measures required to improve its governance standards and overall effectiveness as an organisation.

Risk Management

The day-to-day task of managing risk is devolved to senior management though the Governors retain overall responsibility for risk management. Reporting of significant risks and how these are managed and mitigated forms part of the regular reporting by senior management to the Governors at board and other sub-committee meetings.

The Institute maintains a risk register in which current risks are reviewed in the context of the internal and external environment, along with their probability and impact. The focus in this risk register is on the most material risks facing the Institute; risks which if realised could have serious consequences for all or some of our stakeholders and threaten the future viability of the Institute.

The most significant risks facing the Institute and the ones that inform our reserves policy are the reliance on Gatsby funding and potential liabilities relating to 2 Carlton Gardens and 16-18 Old Queen Street.

Assurances of continuing support have been sought by the Board from the Gatsby Foundation and a commitment covering the period up to and including 2023-26 has been received along with assurances of ongoing funding for the immediate future.

The potential liabilities relating to 2 Carlton Gardens have been mitigated by setting aside adequate designated provisions and reserves, while the management of the Old Queen Street project is under constant review.

The Institute's systems are cloud-based and there is constant attention to the issue of cyber-security, ensuring that the Institute's systems are fit for purpose and secure. Cyber Essentials accreditation has been maintained.

Trading subsidiary and fundraising

The Institute has a wholly owned subsidiary, IFG Enterprises Limited, which undertakes commercial activities on behalf of the charity.

A Board Resolution of 11th December 2018 mandated the automatic transfer of the IFG Enterprises Ltd surplus to the Institute going forward and all profits of IFG Enterprises Limited are gift aided to the Institute for Government.

The Institute does not raise funds from the public and considers that it has appropriate standards and controls in place in its fundraising work with corporate and institutional clients to ensure that it adheres to the Code of Fundraising Practice. The Institute takes great care to ensure that its work is not influenced by fundraising activities and all funders and their contributions to the Institute are disclosed on the website.

Pay policy for senior staff

The Board of Governors, who are the Institute's trustees and members of the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Institute on a day-to day basis. All board members give of their time freely and no governor received remuneration in the year.

The Institute for Government's policy on pay is that it should be based on merit and that it should reward performance. The Institute has a formally constituted board sub-committee to address remuneration issues. This meets on a regular basis throughout the year. Its remit is to consider the basis on which pay decisions are made and to ensure they are in line with the Institute's mission and recruitment and retention strategy. It also reviews senior pay decisions and advises the Board on the remuneration of the Director.

Pay decisions are based on merit and, where appropriate for technical and specialist roles, market rates. The Institute considers each year, according to circumstances, whether to apply a cost of living adjustment to salaries. The Institute's approach to pay is to balance the need to attract, retain and motivate appropriately skilled individuals able to deliver the necessary impact with the financial considerations of being a charity.

Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.
A resolution proposing the appointment of Crowe U.K. LLP as auditors of the Charity for the year to 31 March 2026 will be put to the Annual General Meeting.

Statement of Governors' responsibilities

The Governors (who are also directors of the Institute for Government for the purposes of company law) are responsible for preparing the Governors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement as to disclosure to our auditors

In so far as each of the Governors is aware at the time of approving our Governors' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- each of the Governors, having made enquiries of fellow Governors that he/she ought to have individually made, has taken all steps that he/she is obliged to take as a director in order to make him/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees

Sir Ian Cheshire (Chair)

10 September 2025

Independent Auditor's Report to the Members of the Institute for Government

Opinion

We have audited the financial statements of Institute for Government ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2025 which comprise Consolidated Statement of Financial Activities, Charity and Group Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2025 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 13], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation and employment legislations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Tina Allison
Senior Statutory Auditor
For and on behalf of Crowe U.K. LLP
Statutory Auditor
London

25 September 2025

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

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2025

	Notes	Unrestricted General Fund	Designated Funds	Restricted Funds	**2025 Total Funds**	**2024 Total Funds**
Income from:		£	£	£	**£**	**£**
Charitable activities	4	6,665,239	-	65,670	6,730,909	6,321,406
Other trading activities	5	80,928	-	-	80,928	63,680
Investments		29,067	-	-	29,067	21,181
Other	6	16,700	-	-	16,700	12,500
Total		6,791,934	-	65,670	6,857,604	6,418,767
Expenditure on:						
Raising funds		15,199		-	15,199	15,766
Charitable activities	7	6,280,019	101,499	65,670	6,447,188	5,813,448
Total		6,295,218	101,499	65,670	6,462,387	5,829,214
Net income/(expenditure)		496,716	(101,499)	-	**395,217**	**589,553**
Transfers between funds	19	(268,528)	268,528	-	-	-
Net Movement in funds		228,188	167,029	-	**395,217**	**589,553**
Reconciliation of funds:						
Total funds brought forward		2,580,370	1,392,335	-	**3,972,705**	**3,383,152**
Total funds carried forward		2,808,558	1,559,364	-	**4,367,922**	**3,972,705**

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The amount of £101,499 allocated to designated funds (2024: £96,631) represents the depreciation charge while transfers between funds are additions to fixed assets (£268,528 - see also Notes 12 & 13 on pages 28 & 29).

INSTITUTE FOR GOVERNMENT
CHARITY AND GROUP BALANCE SHEETS
AS AT 31 MARCH 2025

	Notes	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Fixed Assets					
Tangible fixed assets	12	275,523	64,887	275,523	64,887
Intangible fixed assets	13	33,840	77,447	33,840	77,447
Investments	14	-	-	100	100
		309,363	**142,334**	**309,463**	**142,434**
Current Assets					
Debtors	15	492,426	488,639	2,507,985	1,458,726
Cash at bank		4,523,829	3,994,203	2,409,236	2,935,176
		5,016,255	**4,482,842**	**4,917,221**	**4,393,902**
Current Liabilities					
Creditors: amounts falling due within one year	16	777,696	652,471	678,762	563,631
Net Current Assets		**4,238,559**	**3,830,371**	**4,238,459**	**3,830,271**
Total assets less current liabilities		**4,547,922**	**3,972,705**	**4,547,922**	**3,972,705**
Provision for liabilities and charges	18	180,000	-	180,000	-
Total Net Assets		**4,367,922**	**3,972,705**	**4,367,922**	**3,972,705**
The funds:	19				
Unrestricted Funds					
General Fund		2,808,558	2,580,370	2,808,558	2,580,370
Designated Funds		1,559,364	1,392,335	1,559,364	1,392,335
		4,367,922	**3,972,705**	**4,367,922**	**3,972,705**

Company number 6480524

The profit/loss for the financial year dealt with in the financial statements of the parent company was £395,217 (2024: £589,553).

The governors have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

Sir Ian Cheshire
Chair of Board of Governors on behalf of the governors

Approved and authorised for issue by the Governors on 10 September 2025

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 31 MARCH 2025

	Group 2025 £	2024 £
Cash flows from operating activities:		
Net cash provided by operating activities	**769,087**	**621,219**
Cash flows from investing activities:		
Interest income	29,067	21,181
Purchase of tangible & intangible fixed assets	(268,528)	(25,725)
Net Cash used in investing activities	**(239,461)**	**(4,544)**
Change in cash and cash equivalents in the reporting period	529,626	616,675
Cash and cash equivalents at the beginning of the reporting period	**3,994,203**	**3,377,528**
Total cash and cash equivalents at the end of the reporting period	**4,523,829**	**3,994,203**

RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2025 £	2024 £
Net income for the reporting period	395,217	589,553
Adjustments for:		
Depreciation charge	101,499	96,631
Interest income	(29,067)	(21,181)
(Increase) in debtors	(3,787)	(77,759)
Increase in creditors	305,225	33,975
Net cash provided by operating activities	**769,087**	**621,219**

INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2025

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Institute for Government meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Preparation of the accounts on a going concern basis

The Governors having assessed the charity's financial position, its plans for the foreseeable future, the risks to which it is exposed and forecast projections are satisfied that it remains appropriate to prepare the financial statements on the going concern basis. Further details on the Institute's going concern assessment are provided in the Governors' Annual Report on page 10.

c) Critical accounting judgements and estimate uncertainty

In the application of the charity's accounting policies, which are described in this note, Governors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods. The Governors are of the view that there are no assumptions concerning the future or estimations of uncertainty affecting assets and liabilities at the balance sheet date which are likely to result in a material adjustment to their carrying amounts in the next financial year.

d) Group financial statements

In accordance with the requirements of SORP 2015 the financial statements consolidate the results of the charity and its wholly owned subsidiary IFG Enterprises Limited on a line-by-line basis. The results of IFG Enterprises Limited are shown in Note 5.

e) Income

Income from any source including grants is recognised when the charity has entitlement to the funds, any performance conditions attaching to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Our principal source of income, from the Gatsby Charitable Trust, is given as an annual grant towards our general operating costs. The grant is therefore recognised evenly across each financial year. For other grants and income for specific projects and events series, income is recognised when any performance criteria have been met and with regard to the length of the project being funded or the number and timing of events in a funded series.

Income received in advance for any event, project or room hire or provision of other specified service is deferred until the criteria for income recognition are met including when an event actually takes place or, where a project runs across financial years, with regard to resource inputs into a project or specific deliverable or performance criteria.

f) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the Governors have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Institute's work or for specific projects being undertaken by the Institute.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading by the subsidiary and their associated support costs;
- Expenditure on charitable activities includes the costs of events, projects and research and other activities undertaken to further the purposes of the charity and their associated support costs;
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Institute's projects and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in Note 8.

i) Tangible fixed assets

Individual fixed assets costing £500 or more are recognised at cost and are depreciated over their estimated useful economic lives on a straight-line basis as follows:

Asset category	Annual rate
Long leasehold building/improvements	Based on term of lease/estimated lease extension
Office equipment	33%
Furniture & fittings	33%

j) Intangible fixed assets

The Institute launched a new website in 2022-23. Its cost will be amortised over its estimated useful economic life of three years on a straight-line basis.

k) Financial instruments

Institute for Government has financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank in hand together with trade and other debtors and accrued income. Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

2. LEGAL STATUS OF THE INSTITUTE

The Institute is a company limited by guarantee incorporated in England & Wales and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The Institute's registered office address is 2 Carlton Gardens, London, SW1Y 5AA.

3. FINANCIAL PERFORMANCE OF THE CHARITY

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary which undertakes commercial activities including room hire on behalf of the charity. The summary financial performance of the charity alone is:

	2025 £	2024 £
Income	6,561,094	6,256,439
Gift aid from subsidiary company	292,423	160,988
	6,853,517	6,417,427
Expenditure on raising funds and charitable activities	6,458,300	5,827,874
Net Income	395,217	589,553
Total funds brought forward	3,972,705	3,383,152
Total funds carried forward	4,367,922	3,972,705
Represented by:		
Designated unrestricted income funds	1,559,364	2,580,370
General unrestricted income funds	2,808,558	1,392,335
	4,367,922	**3,972,705**

4. INCOME FROM CHARITABLE ACTIVITIES

	2025 £	2024 £
Grant from Gatsby Charitable Foundation	5,508,933	5,252,561
Project and event sponsorship income	968,281	875,525
Learning and development courses	251,459	193,319
Other income from charitable activities	2,236	-
	6,730,909	6,321,406

The Gatsby Charitable Foundation continues to provide an annual inflation-adjusted general purposes grant towards the core operational costs of the Institute. This grant is formally committed until March 2026. A new application will be made in late 2025 for upcoming periods.

5. INCOME EARNED FROM OTHER ACTIVITIES

The wholly owned trading subsidiary IFG Enterprises Limited is incorporated in the United Kingdom (company number 07240242) and pays all of its profits to the charity under the gift aid scheme. IFG Enterprises Limited now manages all the business activities of the Institute for Government, including charitable activity. Financial statements for the company's financial year to 31 March 2025 have been prepared. A summary of the results is shown below.

The summary financial performance of the subsidiary alone is:

	2025	2024
	£	£
Turnover	1,078,856	893,901
Interest income	3,134	964
Cost of sales and administrative costs	(789,567)	(733,877)
Net profit	292,423	160,988
Retained earnings brought forward	-	-
Amount gift aided to the charity	(292,423)	(160,988)
Retained earnings carried forward	-	-

There is a management fee of £785,482 payable to the parent company included in the results above (2024: £732,537) relating to the cost of sales of events held by IFG Enterprises Limited.

As at 31 March 2025, IFG Enterprises Limited had total assets of £2,335,063 (2024: £1,260,274) and total liabilities of £2,334,963 (2024: £1,260,174).

6. OTHER INCOME

Other Income includes £16,700 (2024: £12,500) which represents recharges for the use of facilities at 2 Carlton Gardens by the Public Chairs Forum including utilities and other service costs incurred by the Institute in respect of the whole building and is unrestricted general fund income.

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

As in previous years there is no simple distinction between Research and Learning & Development as identifiably different charitable activities. As such expenditure on charitable activities is not segmented. The expenditure on our charitable work is analysed below.

	2025 £	2024 £
Staff salaries and other staff related costs	3,974,412	3,589,992
Premises and other building related costs	1,066,436	848,410
Events and Staff Catering	376,803	402,158
Research/Academy costs	22,794	24,409
Office supplies	15,478	24,540
IT costs	79,099	64,553
Depreciation	101,499	96,631
Finance costs including bank charges	1,030	886
Website and media costs	166,293	161,754
Irrecoverable VAT	158,807	157,043
Governance costs	46,992	41,551
Support costs	437,545	401,521
Total	6,447,188	5,813,448

8. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

The Institute initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. The table below gives analysis of support and governance costs including the basis on which these are calculated.

	General support £	Governance £	2025 Total £	2024 Total £	Basis of calculation
Staff costs	335,264	18,361	353,625	335,040	Support function staff time spent on support function activities
Building costs	102,281		102,281	84,841	Support function staff as proportion of FTE staff
Audit and accountancy fees:					
Audit		26,320	26,320	22,900	Governance
Tax advisory		2,255	2,255	238	Governance
Legal and professional fees		56	56	53	Governance
Total	**437,545**	**46,992**	**484,537**	**443,072**	

The total paid to the charity's auditors was £26,320.

9. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

The aggregate payroll costs were as follows:	2025	2024
	£	£
Salaries and wages	3,198,852	2,916,851
Social security costs	358,868	326,545
Pension costs	619,099	598,813
Other costs	11,909	10,240
	4,188,728	3,852,449

During the year there were no redundancy or termination payments (2024: £5,200).

The number of staff with emoluments greater than £60,000 was:

	2025	2024
£60,000 - £69,999	3	3
£70,000 - £79,999	5	5
£80,000 - £89,999	2	2
£90,000 - £99,999	2	1
£100,000 - £109,999	2	1
£110,000 - £119,999	0	2
£120,000 - £129,999	2	2
£130,000 - £139,999	2	1
£210,000 - £219,999	0	1
£240,000 - £249,999	1	0

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds. The banding disclosures are for total gross pay before any deductions.

The charity trustees were not paid nor did they receive any other benefits from employment with the charity or its subsidiary in the year (2024: £nil). No charity trustee received payment for professional or other services supplied to the charity (2024: £nil).

During 2024-25, the key management personnel of the parent charity comprised the trustees, the Director, Deputy Director, Director of Finance & Resources, Director of Partnerships, Director of Communications and Marketing, Programme Directors, Director of Impact and Chief Economist of the Institute for Government. The total employee benefits of the key management personnel of the charity were £1,860,185 (2024: £1,681,764). The key management personnel of the group are the same as those of the Charity.

10. STAFF NUMBERS

The average number of persons employed by Institute of Government whether on a full time or part time basis during the period, analysed by category, was as follows:

	2025 No.	2024 No.
Research, Learning and Development	41	38
Office, management and services	17	17
	58	55

11. CORPORATION TAXATION

The Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

12. TANGIBLE FIXED ASSETS

Cost	£ Leasehold Improvements	£ Office Equipment	£ Furniture & Fittings	£ Assets Under Construction	£ Total
Balance brought forward 1 April 2024	2,857,211	662,175	383,040	-	3,902,426
Additions	-	57,550	-	210,978	268,528
Balance carried forward at 31 March 2025	2,857,211	719,725	383,040	210,978	4,170,954
Depreciation					
Balance brought forward at 1 April 2024	2,857,211	608,221	372,107	-	3,837,539
Charge for the period	-	48,998	8,894	-	57,892
Balance carried forward 31 March 2025	2,857,211	657,219	381,001	-	3,895,431
Net book value at 31 March 2025	**0**	**62,506**	**2,039**	**210,978**	**275,523**
Net book value at 1 April 2024	0	53,954	10,933	-	64,887

Assets under construction are the costs in year of the consultant contracts relating to 16-18 Old Queen Street. These will be carried forward and depreciated over the useful life of the leasehold improvements once the Institute has moved into the property.

13. INTANGIBLE FIXED ASSETS

	£ Intangible Assets	£ Total
Cost		
Balance brought forward at 1 April 2024	130,820	130,820
Balance carried forward at 31 March 2025	130,820	130,820
Amortisation		
Balance brought forward at 1 April 2024	53,373	53,373
Charge for the period	43,607	43,607
Balance carried forward 31 March 2025	96,980	96,980
Net book value at 31 March 2025	**33,840**	**33,840**
Net book value at 1 April 2024	77,447	77,447

14. INVESTMENTS

	Charity	
	2025	2024
	£	£
Investment in subsidiaries	100	100

The charity holds 100 shares of £1 each in its wholly owned trading subsidiary company IFG Enterprises Limited which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid. The activities and results of this company are summarised in Note 5.

15. DEBTORS

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Trade debtors	225,734	195,884	26,064	52,076
VAT		9,175	30,641	35,178
Other debtors	7,312	2,196	7,312	2,196
Amounts owed by subsidiary	-	-	2,205,388	1,145,330
Prepayments and accrued income	259,380	281,384	238,580	223,946
	492,426	488,639	2,507,985	1,458,726

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Trade creditors	337,655	164,328	337,655	164,328
VAT	31,159			
Accruals and deferred income	298,900	315,608	231,125	226,768
Other taxation and social security	100,466	96,718	100,466	96,718
Other creditors	9,516	75,817	9,516	75,817
	777,696	652,471	678,762	563,631

17. DEFERRED INCOME

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Deferred income at 1 April 2024	133,940	121,808	45,100	121,808
Resources deferred during the year	73,744	100,790	5,969	11,950
Amounts released from previous periods	(100,790)	(88,658)	(11,950)	(88,658)
Deferred income at 31 March 2025	106,894	133,940	39,119	45,100

18. PROVISION FOR LIABILITIES AND CHARGES

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Balance at 1 April 2024	-	-	-	-
Amount utilised in the year	-	-	-	-
Amount released in the year	-	-	-	-
Amount provided in the year	180,000	-	180,000	-
Balance at 31 March 2025	180,000	-	180,000	-

The provision has been made to cover the liabilities and charges which could potentially arise from vacating 2 Carlton Gardens during 2026 as the Institute moves to its new home at 16-18 Old Queen St.

19. ANALYSIS OF CHARITABLE FUNDS

Analysis of movements in unrestricted and restricted funds 2024-25

	Balance 1 April 2024	Income	Expenditure	Transfers	Balance 31 March 2025
	£	£	£	£	£
Unrestricted Income Funds					
General funds	2,580,370	6,835,374	(6,338,658)	(268,528)	2,808,558
Designated Funds					
Fixed asset fund	142,334	-	(101,499)	268,528	309,363
Property relocation fund	1,000,000				1,000,000
Capital and maintenance fund	250,001	-	-	-	250,001
Restricted Funds	-	65,670	(65,670)	-	-
TOTAL FUNDS	3,972,705	6,901,044	(6,505,827)	-	4,367,922

Analysis of movements in unrestricted and restricted funds 2023-24

	Balance 1 April 2023	Income	Expenditure	Transfers	Balance 31 March 2024
	£	£	£	£	£
Unrestricted Income Funds					
General funds	2,349,911	6,418,767	(5,732,583)	(455,725)	2,580,370
Designated Funds					
Fixed asset fund	213,241	-	(96,631)	25,724	142,334
Property relocation fund	620,000			380,000	1,000,000
Capital and maintenance fund	200,000	-	-	50,001	250,001
Restricted Funds	-	-	-	-	-
TOTAL FUNDS	3,383,152	6,418,767	(5,829,214)	-	3,972,705

The fixed asset fund represents funds set aside equivalent to the net book value of the fixed assets of the organisation. The fixed assets are depreciated over time and therefore it is appropriate to put funds aside covering the reduction in economic value of the Institute's fixed assets.

The property relocation fund represents a round sum estimate of the replacement cost of office equipment and fixtures and fittings in the event of an office move at the end of the lease at 2 Carlton Gardens.
The capital and maintenance fund represents funds put aside to cover future costs in relation to 2 Carlton Gardens which, by their nature, can be both large and unpredictable in timing.

The 2023-26 lease for Carlton Garden was signed on 4 April 2023. Where it imposes clear legal obligations, provision is being made over the life of the lease to cover them. The need for designated funds will be assessed accordingly.

20. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds		Restricted funds	Group total funds
Fund balances at 31 March 2025 are represented by:	**General**	**Designated**		
	£	**£**	**£**	**£**
Tangible fixed assets	-	309,363	-	309,363
Current assets	3,766,254	1,250,001	-	5,016,255
Current liabilities	(777,696)	-	-	(777,696)
Provision for dilapldations	(180,000)			(180,000)
	2,808,558	**1,559,364**	**-**	**4,367,922**

	Unrestricted funds		Restricted funds	Group total funds
Fund balances at 31 March 2024 are represented by:	**General**	**Designated**		
	£	**£**	**£**	**£**
Tangible fixed assets	-	142,334	-	142,334
Current assets	3,232,841	1,250,001	-	4,482,842
Current liabilities	(652,471)	-	-	(652,471)
	2,580,370	**1,392,335**	**-**	**3,972,705**

21. OPERATING LEASE COMMITMENTS

At 31 March 2025, the charity had the following total operating lease commitments:

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Operating lease commitments due:				
Not later than one year	600,000	600.000	600,000	598,630
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Lease payments recognized as an expense	6,575	598,630	6,575	598,630

The above commitments represent the charge for an operating lease on 2 Carlton Gardens.

A three-year lease with rent set at £600,000 was signed on 4th April 2023.

Lease payments recognised as an expense in 2024-25 were £600,000.

The Charity has set aside a balance sheet provision of £180,000 in addition to a designated fund of £250,000 for any maintenance and reinstatement costs which may be needed during the remainder of its lease at Carlton Gardens and at the end of the lease.

On 31 January 2025, the Institute entered into a three-year lease at peppercorn rent for a property at 16-18 Old Queen St owned by The Gatsby Foundation. The building will be re-furbished and, once complete, the Institute will move its operations there after the expiry of the lease at Carlton Gardens.

22. RELATED PARTY TRANSACTIONS

The charity does undertake transactions with its wholly owned subsidiary IFG Enterprises Limited in the normal course of business. For 2024-25 there was a recharge of £785,482 to IFG Enterprises Limited (2024: £732,537) for the costs incurred by the Institute in supporting the business of IFG Enterprises Ltd. When there are remaining profits from IFG Enterprises Ltd's business they are gift aided by that company to the Institute. For 2024-25 this amount will be £292,423 (2024: £160,988). There were no other related party transactions during the year.

23. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2024

	Notes	Unrestricted General Fund	Designated Funds	Restricted Funds	**2024 Total Funds**	2023 Total Funds
Income from:		£	£	£	**£**	£
Charitable activities	4	6,321,406	-	-	6,321,406	5,706,271
Other trading activities	5	63,680	-	-	63,680	13,505
Investments		21,181	-	-	21,181	8,347
Other	6	12,500	-	-	12,500	12,000
Total		6,418,767	-	-	6,418,767	5,740,123
Expenditure on:						
Raising funds		15,766	-	-	15,766	7,894
Charitable activities	7	5,716,817	96,631	-	5,813,448	5,835,556
Total		5,732,583	96,631	-	5,829,214	5,843,450
Net income/(expenditure)		686,184	(96,631)	-	**589,553**	(103,327)
Transfers between funds	18	(455,725)	455,725	-	-	-
Net Movement in funds		230,459	359,094	-	**589,553**	(103,327)
Reconciliation of funds:						
Total funds brought forward		2,349,911	1,033,241	-	**3,383,152**	3,486,479
Total funds carried forward		2,580,370	1,392,335	-	**3,972,705**	3,383,152

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

INSTITUTE FOR GOVERNMENT

England & Wales - Charity number 1123926

Accounts

INSTITUTE FOR GOVERNMENT

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR TO 31 MARCH 2024

Charity number 1123926

Company number 6480524

INSTITUTE FOR GOVERNMENT
ANNUAL REPORT AND ACCOUNTS

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INSTITUTE FOR GOVERNMENT
LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR TO 31 MARCH 2024

Board of Governors

Governor	
Lord Sainsbury of Turville	Chair
Baroness Valerie Amos	
Sir Andrew Cahn	
Sir Ian Cheshire	Chair, Finance & Audit Committee
Miranda Curtis	
Sir Richard Lambert	Resigned 13 July 2024
Baroness Susan Kramer	
Sir David Lidington	
Dame Angela Eagle	Resigned 8 July 2024
Tamara Finkelstein	Appointed 5 July 2023

Governors are appointed for an initial term of 3 years. They may be reappointed for further periods of 3 years.

Executive Directors

The Director and Chief Executive of the Institute is Dr Hannah White. The Director is responsible for the day-to-day running of the Institute along with a team of Directors and Programme Directors.

Bankers	Barclays Bank Acorn House 36-38 Park Royal Road London NW10 7JA
Registered Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Principal & Registered Office	2 Carlton Gardens London SW1Y 5AA
Website	www.instituteforgovernment.org.uk

The Institute for Government is a registered charity (No.1123926) and a company limited by guarantee registered in England and Wales (No.6480524). It was granted an exemption from the requirement to use the word Limited on 18 January 2008.

INSTITUTE FOR GOVERNMENT
GOVERNORS' ANNUAL REPORT
FOR THE YEAR TO 31 MARCH 2024

The Governors are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ended 31 March 2024 which are prepared to meet the requirements for a directors' report and accounts for Companies House.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our purposes and activities

The Institute for Government ("the Institute") is an independent charity. We work with all the main political parties in Westminster and with senior civil servants in Whitehall, providing evidence-based advice that draws on best practice from around the world.

The purposes of the Institute for Government are:

- The advancement of education in the art and science of government in the UK for the benefit of the public on a non-party political basis, and
- The promotion of efficient public administration of government and public service in the UK by providing programmes of education, training, research and study for the public benefit on a non-party political basis.

We continue to deliver our vision to increase the effectiveness of government in the UK, by improving the processes of government, and enhancing the decision making and skills of civil servants and politicians. Our focus is on bringing about long term, sustainable change, with an emphasis not just on producing proposals but on working to see them implemented and have an impact on the way the UK is governed.

Principal activities and achievements

2023-24 was another exceptionally busy and successful year for the Institute. In a period where government faced significant challenges, we continued to focus on the key questions for government effectiveness. In detail, our work covered:

- **Civil Service** - our Commission on the Centre of Government reported in March 2024, launched by former prime ministers Sir John Major and Gordon Brown. This major report proposed fundamental reforms, including creating a new Department for the Prime Minister and Cabinet. It also built on earlier work to make the case for a civil service statute. The rest of the programme looked at civil service recruitment, the new Darlington Economic Campus, civil service impartiality and a deep dive into the Home Office. In January 2024 we published the latest Whitehall Monitor looking at the overall state of the civil service.

- **Policy making** - we have continued our work on net zero with a publication on adapting to climate change and a succession of public and private events. We published case studies on the policy successes of same-sex marriage and offshore wind and looked at the chronic policy problem of tackling obesity. Forthcoming work examines chronic challenges on housebuilding and the asylum system.

- **Devolution** - we engaged closely in the debate on how to deepen devolution across England. We published two major reports – the first setting out practical advice for local leaders, and the second with detailed recommendations for how the next government should take forward devolution. We held events across England – including in London, Liverpool, Manchester, Sheffield and Bristol – bringing together stakeholders to discuss how to make a success of devolution. We also conducted extensive analysis of the May 2024 mayoral elections, the powers and budgets at stake, and the proposals of the leading candidates, to inform public debate about the importance of these votes. We also continued to analyse and comment on developments in the other nations, including the restoration of power-sharing in Northern Ireland and the changes of first minister in Scotland and Wales.

- **Public Finances** - the team had a few areas of focus in 2023/24. The first was on the effectiveness of the Treasury. This included publishing the final report of our deep dive into the Treasury's role during the pandemic, a detailed examination of the nature of Treasury 'orthodoxy' and how to harness the strengths of the Treasury more effectively, examining how evidence is used in tax policy making and making recommendations for improving the UK's fiscal framework. We also started work on how to run the next spending review and how to manage spending on public services capital more effectively. We have also focused on regional economic growth - identifying which policy areas are most appropriate to devolve to sub-national government in support of growth.

- **Public bodies and regulation** - we published a report on the purpose of public bodies. We continued to establish our new programme on regulation with public and private events as well as research on the parliamentary oversight of regulators (launched after year end). We also published a series of explainers and comments on artificial intelligence around the AI summit. Following our success in improving information on public appointments and broadening the scope of their regulation, we continue to research and publish in this area with a focus on reducing delays to the appointments process.

- **Public services** - public service performance continues to be the core focus of our work – with a particular focus on productivity problems in the public sector. We published an agenda setting report on productivity problems in hospitals, launched a new event series – Productivity Pitches – highlighting promising frontline innovations, and produced our flagship annual Performance Tracker publication. We also published reports on reforming school inspections, retention in public services, different models for funding health care, and the Office for Local Government.

- **IfG Academy** - the Academy expanded its scope of activities and developed different streams of learning and development activity. We continued working with our partners in academia, completing 28 workshops through the financial year. This helped consolidate our relationships in the wider network of academics and research councils. Beyond maintaining activity with other sectors including diplomats and campaign groups, we also diversified our offer by holding our first open course for charities and NGOs. As the Academy establishes itself in the wider L&D market, we also began to see an uptick in requests for training and resources from the civil service. The Academy has continued and strengthened its work with ministers, civil servants, the opposition and others from the public sector as part of its wider mission to use learning and development to support the IFG's mission to make government more effective.

- **Ministers** - we continued working with government ministers and the civil servants who work most closely with them to support them to be as effective as possible in their roles. We also maintained our commentary on the question of ethical standards and transparency in government, putting forward recommendations for how these can be better upheld and working with other like-minded organisations to build support for changes to the system. We continued building our archive of interviews with former ministers and began preparing to publish an internal database on ministerial responsibilities since 1979.

- **General election** - we coordinated activity and developed propositions for change around a core set of priority issues in advance of the election. Alongside this, we developed a plan for events, explainers and commentary on the general election itself.

Future Plans 2024-25

The Institute's work programme for 2024 continues to focus on our core priorities – pursuing impact from existing work and new projects which support our long-term aims, and ensuring our work is framed with the external context in mind. We are particularly focused on refining and amplifying our core messages for improving effective government ahead of and after the general election and have built an impact programme to reflect this. Political priorities will be in flux, and we may need to adapt our plans to ensure we make the most of the 'influencing' moment that the election provides.

Our civil service programme will continue to be at the heart of our work – in 2024 it will be built around generating opportunities to take forward our core messages on civil service reform in the context of the election while our policy making work will focus on how government can address chronic policy problems – with a particular focus on complex, cross-cutting policies and implementing net zero targets.

Our devolution work will look at how a new government can ensure English devolution is more stable and coherent – with a particular focus on the May 2024 elections. We will focus on how to complete the map of English devolution – and strengthen the powers of existing mayors. We will also be producing new work on union strategy later in the year.

Our work on public finances will have a particular focus on developing solutions to some of the problems we have identified in our work over the last few years – including why the country has historically underinvested in capital and what can be done about it. We will also be looking at how to improve the spending review process. We continue to do work on effective industrial strategy. This will be alongside impact for our work on HMT and tax policy making.

The public services team will be expanding our annual Performance Tracker after securing new funding, with a stronger focus on local performance. We will be pursuing new research into what works in prevention in public services. We will have a strong emphasis on the inheritance of public services for the next government. Alongside this, we will be revisiting the state of procurement in government.

The public bodies and regulation team will be completing a trio of reports on the creation, functioning and closure of public bodies and sharing their messages ahead of the election – often a waypoint in the creation and dismantling of quangos.

Our work on ministers will continue to combine research on topics including standards in government and the conditions necessary for ministers to be effective; capturing the experiences of outgoing ministers; and making the case for ministerial training. The Academy will continue to focus on high-quality ministerial and shadow ministerial training – both building demand and delivery – alongside expanding our work with academic institutions on understanding government. We anticipate an expansion of our ministerial training in the event of a transition of government.

How our activities deliver public benefit

In shaping our annual objectives and business plans the Institute has considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

The Institute produces high-quality research reports, comments and analyses that are independent of government, political parties, individual clients or companies. These are promoted widely and free of charge to individuals, organisations, practitioners and others with an active interest in the government of the UK.

Together, these reports and the events arising out of our work provide a robust evidence base on the governance of the UK. This helps equip the public, parliament and government itself with knowledge and information on the issues affecting the governing of the UK and the training of its current and future ministers.

Our staff are frequently invited to discuss the findings of our research on UK and international radio and television and in print media. In this way our research helps inform the public debate, media outlets and individual citizens. We have a social media presence on X, Facebook, Instagram and LinkedIn which is free and accessible to the public.

We encourage those with an interest in our work to become involved by joining our mailing lists and receiving newsletters and being invited to attend our public events.

With the establishment of the IfG Academy we hope to share our expertise even more widely in order to improve the process of policy-making at all levels.

Impact is at the heart of our work. We build the research and arguments for change, relationships, products and channels to improve government. We monitor the impact of our work very closely and report on it at each meeting to the Board. Our strong relationships, reputation and quality of argument means we have significant impact on government and expect that to grow after a general election in which the importance of how government is done was a key theme of debate.

Financial Review

The Institute's consolidated income amounted to £6,418,767 (2023: £5,740,123) whilst consolidated expenditure amounted to £5,829,214 (2023: £5,843,450) as shown in the Statement of Financial Activities. After transfers to designated funds, the consolidated surplus on all funds was £589,553.

The Institute made a considerable surplus. This was partly due to underspend on salaries during the period and partly due to the continuing success of its partnerships team in once again generating over £1m of financial support for the research programme from corporate partners who were increasingly interested in the Institute's work in areas such as the effectiveness of public services, regional devolution, implementation of net zero and levelling up policy. We also saw an ongoing increase in bookings from academic institutions for courses to support early career researchers to understand government and make an impact on the policy debate.

The charity has a trading subsidiary, IFG Enterprises Limited which undertakes commercial activities on behalf of the charity. Prior to 2023-24 it was used to manage office space and venue hire. In 2023-24 the Institute for Government started using IFG Enterprises Ltd to manage the following activities: sponsorship of projects and events and chargeable work undertaken by the IFG Academy. This represents a change in the balance of activity between the parent company and the trading subsidiary but makes no difference to the group as a whole.

In 2022-23 the company made a small profit for the year of £5,749. In 2023-24 the volume and value of transactions increased as a result of this change and the profit increased to £160,988. All of the IFG Enterprises Ltd surplus of £160,988 (the net overall P&L position at 31st March 2024) will be transferred to the Institute as a gift aid payment in line with the standing board mandate.

Principal funding sources

The Institute's core funder is the Gatsby Charitable Foundation. Core funding income from the Gatsby Trust in 2023-24 was £5,252,561 (2023: £4,704,150).

A three-year plan was produced during 2022-23 setting out the research programme the Institute intended to undertake to 2026 along with the associated cost. A funding request was then submitted to the Gatsby Trustees asking for their support to deliver the plans. Approval for funding for the three-year period to March 2026 was given by the Gatsby Board in February 2023.

In addition to this core funding, the Institute funds its project work and events by generating income from a range of corporate and academic funders and trusts. Details on all sources of funding are provided on the Institute's website. As noted above, it was an exceptionally positive year for resource generation with over £1m contributed to the P&L for the year and a significant pipeline of opportunities in place for 2024-25.

Reserves policy

Total unrestricted funds increased to £3,972,705 as at 31 March 2024 (2023: £3,383,152).

There are no restricted reserves (2023: £nil). Fixed assets represent £142,334 (2023: £213,241) of the unrestricted funds total.

The new lease for 2 Carlton Gardens was signed after year end on 4th April 2023. Designated funds of £250,000 have been set aside to provide financial security against future significant one-off costs associated with 2 Carlton Gardens. In addition, the property relocation fund of £1,000,000 has been established with a view to covering the potential costs of planning a move and re-equipping new premises in anticipation of the end of the 2023-2026 lease.

The Governors have reviewed their reserves policy and the financial risks faced by the organisation. The Governors' policy is that the level of reserves, defined as free and undesignated reserves measured by the amount of retained general funds should be at least six months' operating costs. Current general fund reserves levels are £2,580,370 (2023: £2,349,911) which represent 42% of the planned expenditure of the Institute for 2024-25. It is therefore the policy of the Institute to continue to build its reserves.

Investment policy

The investment of funds surplus to day-to-day requirements is considered at the Finance & Audit Committee. These funds are placed on deposit with large reputable banks with as long a maturity as is consistent with managing cash flow requirements.

Going Concern

The Institute reported a cash inflow of £621,219 for the year (2023: outflow of £(27,400)).
The group retained a healthy cash balance of £3,994,203 at 31st March 2024. The Governors are of the view that the management has the capacity to react quickly to changing circumstances and the security of the medium-term commitment of the Gatsby Charitable Foundation provides assurance that the charity is a going concern.

Structure, Governance and Management

Institute for Government is a company limited by guarantee governed by its Memorandum of Association dated 16 January 2008, and revised Articles of Association adopted by special resolution on 21 September 2010. It is registered as a charity with the Charity Commission.

The Institute is run by the Board of Governors who are also Members and Directors of the Company and Trustees of the Charity.

Governors

The Board met every three months during the period covered by the Annual Report to manage and control the affairs of the Institute. The Governors concern themselves mainly with issues of a strategic nature, deciding broad policy for the Institute and ensuring good governance and compliance. The Institute seeks to maintain a balance of political, civil service and commercial experience as well as political affiliation among the members of its Board.

The senior management team undertakes the day-to-day management of the Institute's activities within the framework set out by the Governors and comprises the Director, the Deputy Director, the Director of Impact, the Director of Finance & Resources, the Chief Economist and Programme Directors.

The Executive Committee of the board continued to meet regularly throughout the year. The Committee is chaired by Lord Sainsbury.

The Finance and Audit Committee, chaired by Sir Ian Cheshire, also met on a quarterly basis and reviewed the financial performance and all aspects of risk management of the Institute.

The Remuneration Committee met twice in the year to consider matters relating to recruitment and retention of staff.

The Articles of Association provide for the appointment and retirement of the Governors on three-year terms. During the year Miranda Curtis retired by rotation and was re-appointed for a further term. Sir Richard Lambert also retired by rotation but was invited to extend his term for a further year to support the work of the Centre Commission. There is a requirement for a minimum of three governors and there is no upper limit, though normally the Board will comprise a maximum of fifteen members.

During the year Tamara Finkelstein joined the Board.

The Governors put forward and discuss potential new Board members amongst the existing members. Proposals for appointments and re-appointments are reviewed by the Nominations Committee prior to approval by the Board. The key principles for appointment are that the Board of Governors should provide a balance of experience including from the civil service, private sector, the academic sector and also from the major political parties. The Board should always be balanced in terms of direct political affiliation to ensure its non-partisan position.

There is no specific training or induction for new governors as they have been selected based upon their experience and interest in the objectives of the Institute.

None of the Governors receive remuneration or other benefit from their work with the charity though they may be paid reasonable travel, hotel and other expenses that they incur in connection with their attendance at Institute meetings. All Governors must declare the nature and extent of any interest, direct or indirect, they may have in any proposed transaction of the charity and they will not participate in any discussions or votes on such matters. The Governors must also declare any conflicts of interest that may arise. Any connection between a governor or senior manager with a stakeholder (customer, supplier, sponsor, funder, government department, political party) of the charity must be disclosed in the same way as any other contractual relationship with a related party.

The Institute has utilised the governance code for charities to assess compliance with the principles of the code and identify any measures required to improve its governance standards and overall effectiveness as an organisation.

Risk Management

The day-to-day task of managing risk is devolved to senior management though the Governors retain overall responsibility for risk management. Reporting of significant risks, how these are managed and mitigated forms part of the regular reporting by senior management to the Governors at board and other sub-committee meetings.

The Institute maintains a risk register in which current risks are reviewed in the context of the internal and external environment, along with their probability and impact. The focus in this risk register is on the most material risks facing the Institute; risks which if realised could have serious consequences for all or some of our stakeholders and threaten the future viability of the Institute.

The most significant risks facing the Institute and the ones that inform our reserves policy are the reliance on Gatsby funding and the length of the lease and potential liabilities relating to 2 Carlton Gardens. Assurances of continuing support have been sought by the Board from the Gatsby Foundation and a commitment covering the period up to and including 2023-26 has been received. The potential liabilities relating to 2 Carlton Gardens have been mitigated by setting aside adequate designated reserves.

The Institute's systems are cloud-based and there is constant attention to the issue of cyber-security, ensuring that the Institute's systems are fit for purpose and secure. Cyber Essentials accreditation has been maintained.

Trading subsidiary

The Institute has a wholly owned subsidiary, IFG Enterprises Limited, which undertakes commercial activities on behalf of the charity.

A Board Resolution of 11th December 2018 mandated the automatic transfer of the IFG Enterprises Ltd surplus to the Institute going forward and all profits of IFG Enterprises Limited are gift aided to the Institute for Government.

The Institute does not raise funds from the public and considers that it has appropriate standards and controls in place in its fundraising work with corporate and institutional clients to ensure that it adheres to the Code of Fundraising Practice. The Institute takes great care to ensure that its work is not influenced by fundraising activities and all funders and their contributions to the Institute are disclosed on the website.

Pay policy for senior staff

The Board of Governors, who are the Institute's trustees and members of the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Institute on a day-to day basis. All board members give of their time freely and no governor received remuneration in the year.

The Institute for Government's policy on pay is that it should be based on merit and that it should reward performance. The Institute has a formally constituted board sub-committee to address remuneration issues. This meets on a regular basis throughout the year. Its remit is to consider the basis on which pay decisions are made and to ensure they are in line with the Institute's mission and recruitment and retention strategy. It also reviews senior pay decisions and advises the Board on the remuneration of the Director.

Pay decisions are based on merit and, where appropriate for technical and specialist roles, market rates. The Institute considers each year, according to circumstances, whether to apply a cost of living adjustment to salaries. The Institute's approach to pay is to balance the need to attract, retain and motivate appropriately skilled individuals able to deliver the necessary impact with the financial considerations of being a charity.

Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.
A resolution proposing the appointment of Crowe U.K. LLP as auditors of the Charity for the year to 31 March 2025 will be put to the Annual General Meeting.

Statement of Governors' responsibilities

The Governors (who are also directors of the Institute for Government for the purposes of company law) are responsible for preparing the Governors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement as to disclosure to our auditors

In so far as each of the Governors is aware at the time of approving our Governors' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- each of the Governors, having made enquiries of fellow Governors that he/she ought to have individually made, has taken all steps that he/she is obliged to take as a director in order to make him/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees

Lord Sainsbury of Turville (Chair)

17 September 2024

Independent Auditor's Report to the Members of the Institute for Government

Opinion

We have audited the financial statements of Institute for Government ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2024 which comprise Consolidated Statement of Financial Activities, Charity and Group Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2024 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 13], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor' s responsibilities for the audit of the financial statements

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation and employment legislations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

20 November 2024

is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2024

	Notes	Unrestricted General Fund	Designated Funds	Restricted Funds	**2024 Total Funds**	2023 Total Funds
Income from:		£	£	£	**£**	£
Charitable activities	4	6,321,406	-	-	6,321,406	5,706,271
Other trading activities	5	63,680	-	-	63,680	13,505
Investments		21,181	-	-	21,181	8,347
Other	6	12,500	-	-	12,500	12,000
Total		6,418,767	-	-	6,418,767	5,740,123
Expenditure on:						
Raising funds		15,766	-	-	15,766	7,894
Charitable activities	7	5,716,817	96,631	-	5,813,448	5,835,556
Total		5,732,583	96,631	-	5,829,214	5,843,450
Net income/(expenditure)		686,184	(96,631)	-	**589,553**	(103,327)
Transfers between funds	18	(455,725)	455,725	-	-	-
Net Movement in funds		230,459	359,094	-	**589,553**	(103,327)
Reconciliation of funds:						
Total funds brought forward		2,349,911	1,033,241	-	**3,383,152**	3,486,479
Total funds carried forward		2,580,370	1,392,335	-	**3,972,705**	3,383,152

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The amount of £96,631 allocated to designated funds (2023: £68,664) represents the depreciation charge while transfers between funds are additions to fixed assets (£25,725 - see also Notes 12 & 13 on page 24) and transfers from general to designated funds (£430,000 – see note 18 on page 26).

INSTITUTE FOR GOVERNMENT
CHARITY AND GROUP BALANCE SHEETS
AS AT 31 MARCH 2024

	Notes	Group 2024	Group 2023	Charity 2024	Charity 2023
		£	£	£	£
Fixed Assets					
Tangible fixed assets	12	64,887	99,459	64,887	99,459
Intangible fixed assets	13	77,447	113,782	77,447	113,782
Investments	14	-	-	100	100
		142,334	**213,241**	**142,434**	**213,341**
Current Assets					
Debtors	15	488,639	410,879	1,458,726	510,484
Cash at bank		3,994,203	3,377,528	2,935,176	3,275,244
		4,482,842	**3,788,407**	**4,393,902**	**3,785,728**
Current Liabilities					
Creditors: amounts falling due within one year	16	652,471	618,496	563,631	615,917
Net Current Assets		**3,830,371**	**3,169,911**	**3,830,271**	**3,169,811**
Total assets less current liabilities		**3,972,705**	**3,383,152**	**3,972,705**	**3,383,152**
Total Net Assets		**3,972,705**	**3,383,152**	**3,972,705**	**3,383,152**
The funds of the charity:	19				
Unrestricted Funds					
General Fund		2,580,370	2,349,911	2,580,370	2,349,911
Designated Funds		1,392,335	1,033,241	1,392,335	1,033,241
		3,972,705	**3,383,152**	**3,972,705**	**3,383,152**

Company number 6480524

The profit/loss for the financial year dealt with in the financial statements of the parent company was £589,553 (2023: £(105,333)).

The governors have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.



Lord Sainsbury of Turville
Chair of Board of Governors on behalf of the governors

Approved and authorised for issue by the Governors on 17 September 2024

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 31 MARCH 2024

	Group 2024 £	2023 £
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities	**621,219**	**(27,400)**
Cash flows from investing activities:		
Interest income	21,181	8,347
Purchase of tangible fixed assets	(25,725)	(153,224)
Net Cash used in investing activities	**(4,544)**	**(144,877)**
Change in cash and cash equivalents in the reporting period	616,675	(172,277)
Cash and cash equivalents at the beginning of the reporting period	**3,377,528**	**3,549,805**
Total cash and cash equivalents at the end of the reporting period	**3,994,203**	**3,377,528**

RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2024 £	2023 £
Net income/(expenditure) for the reporting period	589,553	(103,327)
Adjustments for:		
Depreciation charge	96,631	68,664
Interest income	(21,181)	(8,347)
(Increase)/Decrease in debtors	(77,759)	36,624
Increase/(Decrease) in creditors	33,975	(21,014)
Net cash provided by operating activities	**621,219**	**(27,400)**

INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2024

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Institute for Government meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Preparation of the accounts on a going concern basis

The Governors having assessed the charity's financial position, its plans for the foreseeable future, the risks to which it is exposed and forecast projections are satisfied that it remains appropriate to prepare the financial statements on the going concern basis. Further details on the Institute's going concern assessment are provided in the Governors' Annual Report on page 8.

c) Critical accounting judgements and estimate uncertainty

In the application of the charity's accounting policies, which are described in this note, Governors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods. The 2023-26 lease on 2 Carlton Gardens was signed at the beginning of 2023-24. All future obligations under that lease will be reassessed and provided for as deemed necessary over the life of the lease. The Governors are of the view that there are no assumptions concerning the future or estimations of uncertainty affecting assets and liabilities at the balance sheet date which are likely to result in a material adjustment to their carrying amounts in the next financial year.

d) Group financial statements

In accordance with the requirements of SORP 2015 the financial statements consolidate the results of the charity and its wholly owned subsidiary IFG Enterprises Limited on a line-by-line basis. The results of IFG Enterprises Limited are shown in Note 5.

e) Income

Income from any source including grants is recognised when the charity has entitlement to the funds, any performance conditions attaching to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Our principal source of income, from the Gatsby Charitable Trust, is given as an annual grant towards our general operating costs. The grant is therefore recognised evenly across each financial year. For other grants and income for specific projects and events series, income is recognised when any performance criteria have been met and with regard to the length of the project being funded or the number and timing of events in a funded series.

Income received in advance for any event, project or room hire or provision of other specified service is deferred until the criteria for income recognition are met including when an event actually takes place or, where a project runs across financial years, with regard to resource inputs into a project or specific deliverable or performance criteria.

f) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the Governors have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Institute's work or for specific projects being undertaken by the Institute.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading by the subsidiary and their associated support costs;
- Expenditure on charitable activities includes the costs of events, projects and research and other activities undertaken to further the purposes of the charity and their associated support costs;
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Institute's projects and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in Note 8.

i) Tangible fixed assets

Individual fixed assets costing £500 or more are recognised at cost and are depreciated over their estimated useful economic lives on a straight-line basis as follows:

Asset category	**Annual rate**
Long leasehold building/improvements	Based on term of lease/estimated lease extension
Office equipment	33%
Furniture & fittings	33%

j) Intangible fixed assets

The Institute launched a new website in 2022-23. Its cost will be amortised over its estimated useful economic life of three years on a straight-line basis.

k) Financial instruments

Institute for Government has financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank in hand together with trade and other debtors and accrued income. Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

o) Pensions

The Charity has a money purchase scheme for qualifying employees. Pension costs charged to the Statement of Financial Activities represent the contributions payable by the Charity in the period.

2. LEGAL STATUS OF THE INSTITUTE

The Institute is a company limited by guarantee incorporated in England & Wales and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The Institute's registered office address is 2 Carlton Gardens, London, SW1Y 5AA.

3. FINANCIAL PERFORMANCE OF THE CHARITY

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary which undertakes commercial activities including room hire on behalf of the charity. The summary financial performance of the charity alone is:

	2024 £	2023 £
Income	6,256,439	5,726,480
Gift aid from subsidiary company	160,988	3,743
	6,417,427	5,730,223
Expenditure on raising funds and charitable activities	5,827,874	5,835,556
Net Income	589,553	(105,333)
Total funds brought forward	3,383,152	3,488,485
Total funds carried forward	3,972,705	3,383,152
Represented by:		
Designated unrestricted income funds	2,580,370	2,349,911
General unrestricted income funds	1,392,335	1,033,241
	3,972,705	**3,383,152**

4. INCOME FROM CHARITABLE ACTIVITIES

	2024	2023
	£	£
Grant from Gatsby Charitable Foundation	5,252,561	4,704,150
Project and event sponsorship income	875,525	770,659
Learning and development courses	193,319	231,348
Other income from charitable activities	-	114
	6,321,406	5,706,271

The Gatsby Charitable Foundation continues to provide an annual inflation-adjusted general purposes grant towards the core operational costs of the Institute. This grant is formally committed until March 2026.

5. INCOME EARNED FROM OTHER ACTIVITIES

The wholly owned trading subsidiary IFG Enterprises Limited is incorporated in the United Kingdom (company number 07240242) and pays all of its profits to the charity under the gift aid scheme. IFG Enterprises Limited now manages all the business activities of the Institute for Government, including charitable activity. Financial statements for the company's financial year to 31 March 2024 have been prepared. A summary of the results is shown below.

The summary financial performance of the subsidiary alone is:

	2024	2023
	£	£
Turnover	893,901	13,505
Interest income	964	138
Cost of sales and administrative costs	(733,877)	(7,894)
Net profit	160,988	5,749
Retained earnings brought forward	-	(2,006)
Amount gift aided to the charity	(160,988)	(3,743)
Retained earnings carried forward	-	-

There is a management fee of £732,537 payable to the parent company included in the results above (2022: £7,297) relating to the cost of sales of events held by IFG Enterprises Limited.

As at 31 March 2024, IFG Enterprises Limited had total assets of £1,260,274 (2023: £104,580) and total liabilities of £1,260,174 (2023: £104,480).

6. OTHER INCOME

Other Income includes £12,500 (2023: £12,000) which represents recharges for the use of facilities at 2 Carlton Gardens by the Public Chairs Forum including utilities and other service costs incurred by the Institute in respect of the whole building and is unrestricted general fund income.

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

As in previous years there is no simple distinction between Research and Learning & Development as identifiably different charitable activities. As such expenditure on charitable activities is not segmented. The expenditure on our charitable work is analysed below.

	2024	2023
	£	£
Staff salaries and other staff related costs	3,589,992	3,693,991
Premises and other building related costs	848,410	895,600
Events and Staff Catering	402,158	370,266
Transcription and other research costs	24,409	6,963
Office supplies	24,540	12,088
IT costs	64,553	67,137
Depreciation	96,631	68,664
Finance costs including bank charges	886	2,244
Website and media costs	161,754	118,330
Irrecoverable VAT	157,043	134,920
Governance costs	41,551	39,173
Support costs	401,521	426,180
Total	5,813,448	5,835,556

8. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

The Institute initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. The table below gives analysis of support and governance costs including the basis on which these are calculated.

	General support £	Governance £	Total £	2023 £	Basis of calculation
Staff costs	316,627	18,413	335,040	330,338	Support function staff time spent on support function activities
Building costs	84,841		84,841	95,548	Support function staff as proportion of FTE staff
Audit and accountancy fees:					
Audit		22,900	22,900	21,750	Governance
Tax advisory		238	238	1,500	Governance
Legal and professional fees	53		53	16,217	Governance
Total	**401,521**	**41,551**	**443,072**	**465,353**	

The total paid to the charity's auditors was £22,900.

9. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

The aggregate payroll costs were as follows:	2024 £	2023 £
Salaries and wages	2,916,851	2,885,854
Social security costs	326,545	350,707
Pension costs	598,813	541,671
Other costs	10,240	9,801
	3,852,449	3,788,033

During the year there were redundancy or termination payments totalling £5,200 (2023: £nil).

The number of staff with emoluments greater than £60,000 was:

	2024	2023
£60,000 - £69,999	3	5
£70,000 - £79,999	5	4
£80,000 - £89,999	2	2
£90,000 - £99,999	1	0
£100,000 - £109,999	1	1
£110,000 - £119,999	2	1
£120,000 - £129,999	2	2
£130,000 - £139,999	1	0
£170,000 - £179,999	0	1
£210,000 - £219,999	1	0

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds. The banding disclosures have changed from gross pay of net of pension and charitable giving salary exchange for 2023 to total gross pay for 2024.

The charity trustees were not paid nor did they receive any other benefits from employment with the charity or its subsidiary in the year (2023: £nil). No charity trustee received payment for professional or other services supplied to the charity (2023: £nil).
During 2023-24, the key management personnel of the parent charity comprised the trustees, the Director, Deputy Director, Director of Finance & Resources, Director of Partnerships, Director of Communications and Marketing, Programme Directors, Director of Impact and Chief Economist of the Institute for Government. The total employee benefits of the key management personnel of the charity were £1,681,764 (2023: £1,399,246). The key management personnel of the group are the same as those of the Charity.

10. STAFF NUMBERS

The average number of persons employed by Institute of Government whether on a full time or part time basis during the period, analysed by category, was as follows:

	2024 No.	2023 No.
Research, Learning and Development	38	36
Office, management and services	17	17
	55	53

11. CORPORATION TAXATION

The Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

12. TANGIBLE FIXED ASSETS

	Group and Charity			
	£	£	£	£
Cost	**Leasehold Improvements**	**Office Equipment**	**Furniture & Fittings**	**Total**
Balance brought forward 1 April 2023	2,857,211	689,585	443,316	3,990,112
Additions	-	17,998	1,341	19,339
Transfer to Intangible Assets	-	-	-	-
Disposals	-	45,408	61,617	107,025
Balance carried forward at 31 March 2024	2,857,211	662,175	383,040	3,902,426
Depreciation				
Balance brought forward at 1 April 2023	2,857,211	611,256	422,186	3,890,653
Charge for the period	-	42,373	11,538	53,911
Disposals	-	45,408	61,617	107,025
Balance carried forward 31 March 2024	2,857,211	608,221	372,107	3,837,539
Net book value at 31 March 2024	**0**	**53,954**	**10,933**	**64,887**
Net book value at 1 April 2023	0	78,329	21,130	99,459

13. INTANGIBLE FIXED ASSETS

	£	£	£
Cost	**Assets under Construction**	**Intangible Assets**	**Total**
Balance brought forward at 1 April 2023		124,435	124,435
Additions		6,385	6,385
Transfers		-	-
Balance carried forward at 31 March 2024	-	130,820	130,820
Amortisation			
Balance brought forward at 1 April 2023	-	10,653	10,653
Charge for the period	-	42,720	42,720
Disposals	-	-	-
Balance carried forward 31 March 2024	-	53,373	53,373
Net book value at 31 March 2024	**0**	**77,447**	**77,447**
Net book value at 1 April 2023	0	113,782	113,782

14. INVESTMENTS

	Charity	
	2024	2023
	£	£
Investment in subsidiaries	100	100

The charity holds 100 shares of £1 each in its wholly owned trading subsidiary company IFG Enterprises Limited which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid. The activities and results of this company are summarised in Note 5.

15. DEBTORS

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Trade debtors	195,884	267,425	52,076	265,128
VAT	9,175	-	35,178	-
Other debtors	2,196	2,820	2,196	2,820
Amounts owed by subsidiary	-	-	1,145,330	101,902
Prepayments and accrued income	281,384	140,634	223,946	140,634
	488,639	410,879	1,458,726	510,484

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Trade creditors	164,328	138,407	164,328	138,407
Accruals and deferred income	315,608	385,662	226,768	385,662
Other taxation and social security	96,718	84,723	96,718	82,144
Other creditors	75,817	9,704	75,817	9,704
	652,471	618,496	563,631	615,917

17. DEFERRED INCOME

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Deferred income at 1 April 2023	121,808	114,288	121,808	114,288
Resources deferred during the year	100,790	119,308	11,950	119,308
Amounts released from previous periods	(88,658)	(111,788)	(88,658)	(111,788)
	133,940	121,808	45,100	121,808

18. ANALYSIS OF CHARITABLE FUNDS

Analysis of movements in unrestricted and restricted funds 2023-24

	Balance 1 April 2023	Income	Expenditure	Transfers	Balance 31 March 2024
	£	£	£	£	£
Unrestricted Income Funds					
General funds	2,349,911	6,418,767	(5,732,583)	(455,725)	2,580,370
Designated Funds					
Fixed asset fund	213,241	-	(96,631)	25,724	142,334
Property relocation fund	620,000			380,000	1,000,000
Capital and maintenance fund	200,000	-	-	50,001	250,001
Restricted Funds	-	-	-	-	-
TOTAL FUNDS	3,383,152	6,418,767	(5,829,214)	-	3,972,705

Analysis of movements in unrestricted and restricted funds 2022-23

	Balance 1 April 2022	Income	Expenditure	Transfers	Balance 31 March 2023
	£	£	£	£	£
Unrestricted Income Funds					
General funds	2,537,798	5,740,123	(5,774,786)	(153,224)	2,349,911
Designated Funds					
Fixed asset fund	128,681	-	(68,664)	153,224	213,241
Property relocation fund	620,000	-	-	-	620,000
Capital and maintenance fund	200,000	-	-	-	200,000
Restricted Funds	-	-	-	-	-
TOTAL FUNDS	3,486,479	5,740,123	(5,843,450)	-	3,383,152

The fixed asset fund represents funds set aside equivalent to the net book value of the fixed assets of the organisation. The fixed assets are depreciated over time and therefore it is appropriate to put funds aside covering the reduction in economic value of the Institute's fixed assets.

The property relocation fund represents a round sum estimate of the replacement cost of office equipment and fixtures and fittings in the event of an office move at the end of the lease at 2 Carlton Gardens.
The capital and maintenance fund represents funds put aside to cover future costs in relation to 2 Carlton Gardens which, by their nature, can be both large and unpredictable in timing.

The 2023-26 lease for Carlton Garden was signed on 4 April 2023. Where it imposes clear legal obligations, provision will be made over the life of the lease to cover them. The need for designated funds will be assessed accordingly.

19. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds		Restricted funds	Group total funds
Fund balances at 31 March 2024 are represented by:	**General**	**Designated**		
	£	**£**	**£**	**£**
Tangible fixed assets	-	142,334	-	142,334
Current assets	3,232,841	1,250,001	-	4,482,842
Current liabilities	(652,471)	-	-	(652,471)
	2,580,370	**1,392,335**	**-**	**3,972,705**

	Unrestricted funds		Restricted funds	Group total funds
Fund balances at 31 March 2023 are represented by:	**General**	**Designated**		
	£	**£**	**£**	**£**
Tangible fixed assets	-	213,241	-	213,241
Current assets	2,968,407	820,000	-	3,788,407
Current liabilities	(618,496)	-	-	(618,496)
	2,349,911	1,033,241	-	3,383,152

20. OPERATING LEASE COMMITMENTS

At 31 March 2024, the charity had the following total operating lease commitments:

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Operating lease commitments due:				
Not later than one year	600,000	5,315	598,630	5,315
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Lease payments recognized as an expense	598,630	485,000	598,630	485,000

The above commitments represent the charge for an operating lease on 2 Carlton Gardens.

The lease with rent set at £485,00 expired on 4th April 2023.

A three-year lease with rent set at £600,000 was signed on 4th April 2023.

Lease payments recognised as an expense in 2023-24 were £598,630.

The Charity has set aside £250k as a designated fund for any maintenance and reinstatement costs which may be needed during the remainder of its lease at Carlton Gardens. Where the 2023-26 imposes clear legal obligations, provision will be made for the estimated cost over the life of the lease.

21. RELATED PARTY TRANSACTIONS

The charity does undertake transactions with its wholly owned subsidiary IFG Enterprises Limited in the normal course of business. For 2023-24 there was a recharge of £732,537 to IFG Enterprises Limited (2023: £7,297) for the costs incurred by the Institute in supporting the business of IFG Enterprises Ltd. This has increased significantly from year to year as the Institute now transacts all commercial activity through its subsidiary, not just its non-charitable activity. When there are remaining profits from IFG Enterprises Ltd's business they are gift aided by that company to the Institute. For 2023-24 this amount will be £160,988 (2022: £3,743). There were no other related party transactions during the year.

22. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2023

	Notes	Unrestricted General Fund	Designated Funds	Restricted Funds	**2022 Total Funds**	2021 Total Funds
Income from:		£	£	£	**£**	£
Charitable activities	4	5,706,271	-	-	5,706,271	5,355,103
Other trading activities	5	13,505	-	-	13,505	300
Investments		8,347	-	-	8,347	302
Other	6	12,000	-	-	12,000	43,712
Total		5,740,123	-	-	5,740,123	5,399,417
Expenditure on:						
Raising funds		7,894	-	-	7,894	660
Charitable activities	7	5,766,892	68,664	-	5,835,556	4,906,286
Total		5,774,786	68,664	-	5,843,450	4,906,946
Net income/(expenditure)		(34,663)	(68,664)	-	**(103,327)**	492,471
Transfers between funds	18	(153,224)	153,224	-	-	-
Net Movement in funds		(187,887)	84,560	-	**(103,327)**	492,471
Reconciliation of funds:						-
Total funds brought forward		2,537,798	948,681	-	**3,486,479**	2,994,008
Total funds carried forward		2,349,911	1,033,241	-	**3,383,152**	3,486,479

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

INSTITUTE FOR GOVERNMENT

England & Wales - Charity number 1123926

Accounts

INSTITUTE FOR GOVERNMENT

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR TO 31 MARCH 2023

Charity number 1123926

Company number 6480524

INSTITUTE FOR GOVERNMENT
ANNUAL REPORT AND ACCOUNTS

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INSTITUTE FOR GOVERNMENT
LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR TO 31 MARCH 2023

Board of Governors

Governor	
Lord Sainsbury of Turville	Chair
Baroness Valerie Amos	
Sir Andrew Cahn	
Sir Ian Cheshire	Chair, Finance & Audit Committee
Miranda Curtis	
Sir Richard Lambert	
Baroness Susan Kramer	
Lord Simon of Highbury	Resigned 28/09/2022
Sir Paul Tucker	Resigned 21/06/2022
Jonathan Slater	Resigned 18/09/2022
Sir David Lidington	
Dame Angela Eagle	Appointed 16 March 2023
Tamara Finkelstein	Appointed 5th July 2023

Governors are appointed for an initial term of 3 years. They may be reappointed for further periods of 3 years.

Executive Directors

The Director of the Institute is Dr Hannah White. The Director is responsible for the day-to-day running of the Institute along with a team of Directors and Programme Directors.

Bankers	Barclays Bank Acorn House 36-38 Park Royal Road London NW10 7JA
Registered Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Principal & Registered Office	2 Carlton Gardens London SW1Y 5AA
Website	www.instituteforgovernment.org.uk

The Institute for Government is a registered charity (No.1123926) and a company limited by guarantee registered in England and Wales (No.6480524). It was granted an exemption from the requirement to use the word Limited on 18 January 2008.

INSTITUTE FOR GOVERNMENT
GOVERNORS' ANNUAL REPORT
FOR THE YEAR TO 31 MARCH 2023

The Governors are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2023 which are prepared to meet the requirements for a directors' report and accounts for Companies House.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our purposes and activities

The Institute for Government ("the Institute") is an independent charity. We work with all the main political parties in Westminster and with senior civil servants in Whitehall, providing evidence-based advice that draws on best practice from around the world.

The purposes of the Institute for Government are:

- The advancement of education in the art and science of government in the UK for the benefit of the public on a non-party political basis, and
- The promotion of efficient public administration of government and public service in the UK by providing programmes of education, training, research and study for the public benefit on a non-party political basis.

We continue to deliver our vision to increase the effectiveness of government in the UK, by improving the processes of government, and enhancing the decision making and skills of civil servants and politicians. Our focus is on bringing about long term, sustainable change, with an emphasis not just on producing proposals but on working to see them implemented and have an impact on the way the UK is governed.

Principal activities and achievements

2022-23 was another exceptionally busy year for the Institute. It was another year of political turmoil in Westminster as we continued to focus on the key questions for government effectiveness. In detail, our work covered:

- **Civil Service** - we launched a major Commission on the Centre of Government in March 2023, due to report in February 2024, to inform decisions about how the centre of government should be organised after the general election. Our research programme continues to make the case for a new civil service statute, as well as looking at core civil service reform issues like the interchange of expertise, diversity and inclusion, how to make effective efficiency cuts in the civil service and the consequences of the Johnson premiership. In January 2023 we published the latest Whitehall Monitor looking at the overall state of the civil service.

- **Policy making** - one focus has been on government resilience with a report on managing extreme risks. We have continued our work on net zero with a succession of public and private events and research on energy efficiency and net zero and devolution. We have developed a programme of work to look at chronic policy problems, starting with tackling obesity, and are looking at policy successes like offshore wind and same-sex marriage.

- **Devolution** - our principal focus has been research and engagement on English devolution, including the powers, funding and accountability of mayoral combined authorities. We published reports setting out how metro mayors should be empowered to help deliver the government's levelling up and net zero objectives. We began a new project on the effective implementation of devolution deals and produced analysis of the trailblazer deals for Greater Manchester and the West Midlands. We also engaged in debate on the future of the Union, giving evidence to committees of the UK and Scottish parliaments and private advice to the Independent Commission on the Constitutional Future of Wales.

- **Public Finances** – we have continued to develop our programme of work on levelling up, producing a series of reports and events looking at the set of policies that can most effectively contribute to levelling up economic performance and how the government's plans stack up. We also developed a major piece of work on the role of the Treasury during the pandemic. We produced two papers examining how government could take a more effective approach to encouraging business investment and economic growth, and extended our body of work on tax policy making by examining issues flowing from the abolition of the Office of Tax Simplification. Alongside this, we also analysed and commented on the economic shocks that hit the UK (energy prices and inflation), the effectiveness of the government's reaction to these, and the implications of the economic and fiscal policies adopted by successive governments through the summer and autumn of 2022.

- **Public bodies** - we published a major report on public appointments in the summer. We have also conducted a series of projects on the public body life cycle, with a report published on abolishing public bodies and reports in progress on establishing public bodies and on why they should exist. The team has begun to develop a new programme of work on regulation.

Public services - in October we published our flagship annual Performance Tracker publication looking at the performance of nine public services over the previous year, with an update published in March ahead of the budget. Alongside this, we published research on adult social care funding and financing, analysis of the government's plan for the NHS, what the autumn statement meant for public services, lessons from 'austerity' in public services in the 2010s, the future of school assessments, impact of local government funding cuts on neighbourhood services, and Outcome Delivery Plans. We also produced case studies on Oak National Academy and the unification of probation services.

- **IfG Academy** – we have launched the Academy, bringing together the different strands of our learning and development work, attracting significant external interest. We are working on increasing our engagement with academia, developing a suite of online resources and new learning and development programmes, and particularly how the Institute can use learning and development to maximise its impact around the forthcoming general election. As part of this, we are translating our research materials into learning tools – starting with a report on understanding government budgets published in late 2022.

- **Ministers** – we continued working with government ministers and the civil servants who work most closely with them to support them to be as effective as possible in their roles. We also maintained our commentary on the question of ethical standards in government, putting forward recommendations for how these can be better upheld and working with other like-minded organisations to build support for changes to the system.

- **Constitution** – we have continued work on our Review of the UK Constitution in partnership with the Bennett Institute for Public Policy at the University of Cambridge, publishing original research on the legislative process, the governance of England, and bodies and individuals with a role in protecting the constitution. We have also worked with external academics and experts to publish a series of guest papers on subjects ranging from the House of Lords to party finance and held a series of roundtables across the UK. We have also been developing recommendations for our concluding report due in September 2023.

- **Brexit** – we have continued to analyse the ongoing impact of Brexit, including its ongoing implications for Northern Ireland, the UK-EU Windsor Framework agreement to amend the NI protocol, and the UK government's approach to post-Brexit regulation.

Future plans 2023-24

In 2023-24 our priorities and work programme will be shaped by preparation for the general election, due by January 2025 at the latest. As part of this, we will be producing new research on transitions of government and preparing for complex outcomes, alongside brigading key messages from our existing work on civil service reform, public service performance, constitutional reform and more. As we have done ahead of every planned general election, we will also be working with the opposition on supporting their preparation for government in the event they win the election.

We will be continuing to focus on impact from our existing work – we started in early 2023 with a conference looking at government in the year ahead and plan a series of special conferences throughout 2023, for instance on our net zero and ministers work. We'll be producing several of our set-piece reports on the state of government: Performance Tracker and Whitehall Monitor, continuing with our series of deep dives into particular departments including the Treasury and the Home Office and producing new reports on topics including making the most of English devolution and prevention in public services.

We'll be entering the next phase of our development of the IfG Academy – expanding our ministerial training and our academic training, and focusing more heavily on producing high quality written products based on our research.

How our activities deliver public benefit

In shaping our annual objectives and business plans the Institute has considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

The Institute produces high-quality research reports, comments and analyses that are independent of government, political parties, individual clients or companies. These are promoted widely and free of charge to individuals, organisations, practitioners and others with an active interest in the government of the UK.

Together, these reports and the events arising out of our work provide a robust evidence base on the governance of the UK. This helps equip the public, parliament and government itself with knowledge and information on the issues affecting the governing of the UK and the training of its current and future ministers.

Our staff are frequently invited to discuss the findings of our research on UK and international radio and television and in print media. In this way our research helps inform the public debate, media outlets and individual citizens. We have a social media presence on Twitter, Facebook, Instagram and LinkedIn which is free and accessible to the public.

We encourage those with an interest in our work to become involved by joining our mailing lists and receiving newsletters and being invited to attend our public events.

With the establishment of the IfG Academy we hope to share our expertise even more widely in order to improve the process of policy-making at all levels.

We monitor the impact of our work very closely and report on it at each meeting to the Board. We believe that if we can bring about or encourage even only minor improvements in government effectiveness then this would constitute a significant public good. In fact, we aim to do much better than this and are happy to be able to report a growing reputation and influence with a corresponding impact on the thinking of government. Inevitably, however, there remains much scope for our work.

Financial Review

The Institute's consolidated income amounted to £5,740,123 (2022: £5,399,417) whilst consolidated expenditure amounted to £5,843,450 (2022: £4,906,946) as shown in the Statement of Financial Activities. After transfers to designated funds, the consolidated loss on all funds was £(103,327).

The charity's trading subsidiary, IFG Enterprises Limited, had income from only a limited number of events during the year as demand for room hire was low in the immediate aftermath of the pandemic. The company has made a small profit for the year of £5,749. A Board Resolution of 11th December 2018 mandated the automatic transfer of the IFG Enterprises Ltd surplus to the Institute going forward and a gift aid transfer of £3,743 (the net overall P&L position at 31st March 2023) will be made to the Institute.

We have returned to more active promotion of the hire of the premises in 2023-24. We will also be using IFG Enterprises Ltd to invoice all sponsorship and Academy activity going forward, whether or not it is charitable activity.

The Institute made an overall loss in 2022-23. If, however, two significant unusual costs are excluded, it made a considerable operating surplus. This was primarily due to the exceptional performance of its partnerships team in generating over £1m of financial support for the research programme from corporate partners who were increasingly interested in the Institute's work in areas such as the effectiveness of public services, regional devolution, implementation of net zero and levelling up policy. We also saw an ongoing increase in bookings from academic institutions for courses to support early career researchers to understand government and make an impact on the policy debate.

Against this there were, as noted above, two significant items which caused the Institute to record an overall deficit for the year. Firstly, the board noted with concern the impact of inflation on its staff and in November 2022 responded by mandating a one-off payment to staff, the total cost of which was in excess of £250,000. Secondly, under the terms of the lease, the Crown Estate required the Institute to cover the cost of painting the outside of the building. The painting was completed in December 2022 and provision has been made for the total cost of this, although the figures are not yet finalised, at just under £200,000.

We continue to monitor the impact of inflation and potential recession which represent a considerable risk to the Institute's financial plans.

Principal funding sources

The Institute's core funder is the Gatsby Charitable Foundation. Core funding income from the Gatsby Trust in 2022-23 was £4,704,150 (2022: £4,613,111).

A three-year plan was produced during 2022-23 setting out the research programme the Institute intended to undertake to 2026 along with the associated cost. A funding request was then submitted to the Gatsby Trustees asking for their support to deliver the plans. Approval for funding for the three-year period to March 2026 was given by the Gatsby Board in February 2023.

In addition to this core funding, the Institute funds its project work and events by generating income from a range of corporate and academic funders and trusts. Details on all sources of funding are provided on the Institute's website. As noted above, it was an exceptionally positive year for resource generation with the target of £700,000 exceeded by more than 43% and a significant pipeline of opportunities in place for 2023-24.

Reserves policy

Total unrestricted funds decreased to £3,383,152 as at 31 March 2023 (2022: £3,486,479).

There are no restricted reserves (2022: £nil). Fixed assets represent £213,241 (2022: £128,681) of the unrestricted funds total.

The new lease for 2 Carlton Gardens was signed after year end on 4th April 2023 and the legal obligations under that lease are not accounted for in the 2022-23 accounts. Designated funds of £200,000 have been set aside to provide financial security against future significant one-off costs associated with 2 Carlton Gardens. In addition, the property relocation fund of £620,000 has been established with a view to covering the potential costs of planning a move and re-equipping new premises in anticipation of the end of the 2023-2026 lease.

The Governors have reviewed their reserves policy and the financial risks faced by the organisation. The Governors' policy is that the level of reserves, defined as free and undesignated reserves measured by the amount of retained general funds should be at least six months' operating costs. Current general fund reserves levels are £2,349,911 (2021: £2,537,798) which represent 38% of the planned expenditure of the Institute for 2023-24. It is therefore, in principle, the policy of the Institute to continue to build its reserves. However, given the impact of inflation, the Board has given its approval for the Institute to budget to broadly break even in 2023-24 with small surpluses planned for the final two years of the current three-year plan (2023-26).

Investment policy

The investment of funds surplus to day-to-day requirements is discussed at the Finance & Audit Committee. These funds are placed on deposit with large reputable banks with as long a maturity as is consistent with managing cash flow requirements. Unfortunately returns have remained low.

Going Concern

The Institute reported a cash outflow of £(27,400) for the year (2022: inflow of £666,366). The group retained a healthy cash balance of £3,377,528 at 31st March 2023. The Governors are of the view that the management has the capacity to react quickly to changing circumstances and the security of the medium-term commitment of the Gatsby Charitable Foundation provides assurance that the charity is a going concern.

Structure, Governance and Management

Institute for Government is a company limited by guarantee governed by its Memorandum of Association dated 16 January 2008, and revised Articles of Association adopted by special resolution on 21 September 2010. It is registered as a charity with the Charity Commission.

The Institute is run by the Board of Governors who are also Members and Directors of the Company and Trustees of the Charity.

Governors

The Board met every three months during the period covered by the Annual Report to manage and control the affairs of the Institute. The Governors concern themselves mainly with issues of a strategic nature, deciding broad policy for the Institute and ensuring good governance and compliance. The Institute seeks to maintain a balance of political, civil service and commercial experience as well as political affiliation among the members of its Board.

The senior management team undertakes the day-to-day management of the Institute's activities within the framework set out by the Governors and comprises the Director, the Deputy Director, the Director of Research, the Director of Finance & Resources, the Chief Economist and Programme Directors.

The Executive Committee of the board continued to meet regularly throughout the year. The Committee is chaired by Lord Sainsbury.

The Finance and Audit Committee, chaired by Sir Ian Cheshire, also met on a quarterly basis and reviewed the financial performance and all aspects of risk management of the Institute.

The Remuneration Committee met twice in the year to consider matters relating to recruitment and retention of staff.

The Articles of Association provide for the appointment and retirement of the Governors on three-year terms. During the year Lord Sainsbury, Sir Andrew Cahn, Sir Ian Cheshire and Sir David Lidington retired by rotation and were re-appointed for a further term. There is a minimum of three governors and there is no upper limit, though normally the Board will comprise a maximum of fifteen members.

During the year Dame Angela Eagle joined the Board as did Tamara Finkelstein after year end.

The Governors put forward and discuss potential new Board members amongst the existing members. The key principles for appointment are that the Board of Governors should provide a balance of experience including from the civil service, private sector, the academic sector and also from the major political parties. The Board should always be balanced in terms of direct political affiliation to ensure its non-partisan position.

There is no specific training or induction for new governors as they have been selected based upon their experience and interest in the objectives of the Institute.

None of the Governors receive remuneration or other benefit from their work with the charity though they may be paid reasonable travel, hotel and other expenses that they incur in connection with their attendance at Institute meetings. All Governors must declare the nature and extent of any interest, direct or indirect, they may have in any proposed transaction of the charity and they will not participate in any discussions or votes on such matters. The Governors must also declare any conflicts of interest that may arise. Any connection between a governor or senior manager with a stakeholder (customer, supplier, sponsor, funder, government department, political party) of the charity must be disclosed in the same way as any other contractual relationship with a related party.

The Institute has utilised the governance code for charities to assess compliance with the principles of the code and identify any measures required to improve its governance standards and overall effectiveness as an organisation.

Risk Management

The day-to-day task of managing risk is devolved to senior management though the Governors retain overall responsibility for risk management. Reporting of significant risks, how these are managed and mitigated forms part of the regular reporting by senior management to the Governors at board and other sub-committee meetings.

The Institute maintains a risk register in which current risks are reviewed in the context of the internal and external environment, along with their probability and impact. The focus in this risk register is on the most material risks facing the Institute; risks which if realised could have serious consequences for all or some of our stakeholders and threaten the future viability of the Institute.

The most significant risks facing the Institute and the ones that inform our reserves policy are the reliance on Gatsby funding and the length of the lease and potential liabilities relating to 2 Carlton Gardens. Assurances of continuing support have been sought by the Board from the Gatsby Foundation and a commitment covering the period up to and including 2023-26 has been received. The potential liabilities relating to 2 Carlton Gardens have been mitigated by setting aside adequate designated reserves.

During the year the Institute's systems became cloud-based and there was increased attention to cyber-security, ensuring that the Institute's systems were fit for purpose and secure. Cyber Essentials accreditation has been maintained.

Trading subsidiary

The Institute has a wholly owned subsidiary, IFG Enterprises Limited, which undertakes commercial activities on behalf of the charity. The activities of IFG Enterprises Limited in 2022-23 were limited to room and building hire. All profits of IFG Enterprises Limited are gift aided to the Institute for Government.

The Institute does not raise funds from the public and considers that it has appropriate standards and controls in place in its fundraising work with corporate and institutional clients to ensure that it adheres to the Code of Fundraising Practice. The Institute takes great care to ensure that its work is not influenced by fundraising activities and all funders and their contributions to the Institute are disclosed on the website.

Pay policy for senior staff

The Board of Governors, who are the Institute's trustees and members of the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Institute on a day-to day basis. All board members give of their time freely and no governor received remuneration in the year. There was one small item of governor expenses during the year.

The Institute for Government's policy on pay is that it should be based on merit and that it should reward performance. The Institute has a formally constituted board sub-committee to address remuneration issues. This meets on a regular basis throughout the year. Its remit is to consider the basis on which pay decisions are made and to ensure they are in line with the Institute's mission and recruitment and retention strategy. It also reviews senior pay decisions and advises the Board on the remuneration of the Director.

Pay decisions are based on merit and, where appropriate for technical and specialist roles, market rates. The Institute considers each year, according to circumstances, whether to apply a cost of living adjustment to salaries. The Institute's approach to pay is to balance the need to attract, retain and motivate appropriately skilled individuals able to deliver the necessary impact with the financial considerations of being a charity.

Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.
A resolution proposing the appointment of Crowe U.K. LLP as auditors of the Charity for the year to 31 March 2024 will be put to the Annual General Meeting.

Statement of Governors' responsibilities

The Governors (who are also directors of the Institute for Government for the purposes of company law) are responsible for preparing the Governors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement as to disclosure to our auditors

In so far as each of the Governors is aware at the time of approving our Governors' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- each of the Governors, having made enquiries of fellow Governors that he/she ought to have individually made, has taken all steps that he/she is obliged to take as a director in order to make him/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees

Lord Sainsbury of Turville (Chair)

5 October 2023

Independent Auditor's Report to the Members of the Institute for Government

Opinion

We have audited the financial statements of Institute for Government ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2023 which comprise Consolidated Statement of Financial Activities, Charity and Group Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2023 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 13], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation and employment legislations.

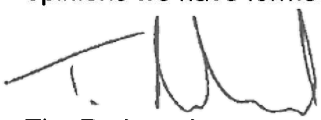
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date: 6th October 2023

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted General Fund	Designated Funds	Restricted Funds	**2023 Total Funds**	2022 Total Funds
Income from:		£	£	£	**£**	£
Charitable activities	4	5,706,271	-	-	5,706,271	5,355,103
Other trading activities	5	13,505	-	-	13,505	300
Investments		8,347	-	-	8,347	302
Other	6	12,000	-	-	12,000	43,712
Total		5,740,123	-	-	5,740,123	5,399,417
Expenditure on:						
Raising funds		7,894	-	-	7,894	660
Charitable activities	7	5,766,892	68,664	-	5,835,556	4,906,286
Total		5,774,786	68,664	-	5,843,450	4,906,946
Net income/(expenditure)		(34,663)	(68,664)	-	**(103,327)**	492,471
Transfers between funds	18	(153,224)	153,224	-	-	-
Net Movement in funds		(187,887)	84,560	-	**(103,327)**	492,471
Reconciliation of funds:						-
Total funds brought forward		2,537,798	948,681	-	**3,486,479**	2,994,008
Total funds carried forward		2,349,911	1,033,241	-	**3,383,152**	3,486,479

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The amount of £68,664 allocated to designated funds (2022: £56,091) represents the depreciation charge while transfers between funds are additions to fixed assets (see also Notes 12 & 13 on page 24).

INSTITUTE FOR GOVERNMENT
CHARITY AND GROUP BALANCE SHEETS
AS AT 31 MARCH 2023

	Notes	Group 2023	2022	Charity 2023	2022
		£	£	£	£
Fixed Assets					
Tangible fixed assets	12	99,459	75,941	99,459	75,941
Intangible fixed assets	13	113,782	52,740	113,782	52,740
Investments	14	-	-	100	100
		213,241	**128,681**	**213,341**	**128,781**
Current Assets					
Debtors	15	410,879	447,503	510,484	538,351
Cash at bank		3,377,528	3,549,805	3,275,244	3,460,883
		3,788,407	**3,997,308**	**3,785,728**	**3,999,234**
Current Liabilities					
Creditors: amounts falling due within one year	16	618,496	639,510	615,917	639,530
Net Current Assets		**3,169,911**	**3,357,798**	**3,169,811**	**3,359,704**
Total assets less current liabilities		**3,383,152**	**3,486,479**	**3,383,152**	**3,488,485**
Total Net Assets		**3,383,152**	**3,486,479**	**3,383,152**	**3,488,485**
The funds of the charity:	19				
Unrestricted Funds					
General Fund		2,349,911	2,537,798	2,349,911	2,539,804
Designated Funds		1,033,241	948,681	1,033,241	948,681
		3,383,152	**3,486,479**	**3,383,152**	**3,488,485**

Company number 6480524

The profit/loss for the financial year dealt with in the financial statements of the parent company was £(105,333) (2022: £492,831).

The governors have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

Lord Sainsbury of Turville
Chair of Board of Governors on behalf of the governors

Approved and authorised for issue by the Governors on 5 October 2023

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 31 MARCH 2023

	Group 2023 £	2022 £
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities	**(27,400)**	**666,366**
Cash flows from investing activities:		
Interest income	8,347	302
Purchase of tangible fixed assets	(153,224)	(104,719)
Net Cash used in investing activities	**(144,877)**	**(104,417)**
Change in cash and cash equivalents in the reporting period	(172,277)	561,949
Cash and cash equivalents at the beginning of the reporting period	**3,549,805**	**2,987,856**
Total cash and cash equivalents at the end of the reporting period	**3,377,528**	**3,549,805**

RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2023 £	2022 £
Net income/(expenditure) for the reporting period	(103,327)	492,471
Adjustments for:		
Depreciation charge	68,664	56,091
Interest income	(8,347)	(302)
(Increase)/Decrease in debtors	36,624	(22,684)
Increase/(Decrease) in creditors	(21,014)	140,790
Net cash provided by operating activities	**(27,400)**	**666,366**

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Institute for Government meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Preparation of the accounts on a going concern basis

The Governors having assessed the charity's financial position, its plans for the foreseeable future, the risks to which it is exposed and forecast projections are satisfied that it remains appropriate to prepare the financial statements on the going concern basis. Further details on the Institute's going concern assessment are provided in the Governors' Annual Report on page 8.

c) Critical accounting judgements and estimate uncertainty

In the application of the charity's accounting policies, which are described in this note, Governors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods. The 2023-26 lease on 2 Carlton Gardens was signed after year end so there were no related legal obligations at year end. All future obligations under that lease will be reassessed and provided for as necessary over the life of the lease. The Governors are of the view that there are no assumptions concerning the future or estimations of uncertainty affecting assets and liabilities at the balance sheet date which are likely to result in a material adjustment to their carrying amounts in the next financial year.

d) Group financial statements

In accordance with the requirements of SORP 2015 the financial statements consolidate the results of the charity and its wholly owned subsidiary IFG Enterprises Limited on a line-by-line basis. The results of IFG Enterprises Limited are shown in Note 5.

e) Income

Income from any source including grants is recognised when the charity has entitlement to the funds, any performance conditions attaching to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Our principal source of income, from the Gatsby Charitable Trust, is given as an annual grant towards our general operating costs. The grant is therefore recognised evenly across each financial year. For other grants and income for specific projects and events series, income is recognised when any performance criteria have been met and with regard to the length of the project being funded or the number and timing of events in a funded series.

Income received in advance for any event, project or room hire or provision of other specified service is deferred until the criteria for income recognition are met including when an event actually takes place or, where a project runs across financial years, with regard to resource inputs into a project or specific deliverable or performance criteria.

f) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the Governors have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Institute's work or for specific projects being undertaken by the Institute.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading by the subsidiary and their associated support costs;
- Expenditure on charitable activities includes the costs of events, projects and research and other activities undertaken to further the purposes of the charity and their associated support costs;
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Institute's projects and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in Note 8.

i) Tangible fixed assets

Individual fixed assets costing £500 or more are recognised at cost and are depreciated over their estimated useful economic lives on a straight-line basis as follows:

Asset category	**Annual rate**
Long leasehold building/improvements	Based on term of lease/estimated lease extension
Office equipment	33%
Furniture & fittings	20%

j) Intangible fixed assets

The Institute launched a new website during the year. Its cost will be amortised over its estimated useful economic life of three years on a straight-line basis.

k) Financial instruments

Institute for Government has financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank in hand together with trade and other debtors and accrued income. Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

o) Pensions

The Charity has a money purchase scheme for qualifying employees. Pension costs charged to the Statement of Financial Activities represent the contributions payable by the Charity in the period.

2. LEGAL STATUS OF THE INSTITUTE

The Institute is a company limited by guarantee incorporated in England & Wales and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The Institute's registered office address is 2 Carlton Gardens, London, SW1Y 5AA.

3. FINANCIAL PERFORMANCE OF THE CHARITY

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary which undertakes commercial activities including room hire on behalf of the charity. The summary financial performance of the charity alone is:

	2023 £	2022 £
Income	5,726,480	5,399,117
Gift aid from subsidiary company	3,743	-
	5,730,223	5,399,117
Expenditure on raising funds and charitable activities	5,835,556	4,906,286
Net Income	(105,333)	492,831
Total funds brought forward	3,488,485	2,995,654
Total funds carried forward	3,383,152	3,488,485
Represented by:		
Designated unrestricted income funds	2,349,911	948,681
General unrestricted income funds	1,033,241	2,539,804
	3,383,152	3,488,485

4. INCOME FROM CHARITABLE ACTIVITIES

	2023	2022
	£	£
Grant from Gatsby Charitable Foundation	4,704,150	4,613,111
Project and event sponsorship income	770,659	575,159
Learning and development courses	231,348	166,522
Other income from charitable activities	114	311
	5,706,271	5,355,103

The Gatsby Charitable Foundation continues to provide an annual inflation adjusted general purposes grant towards the core operational costs of the Institute. This grant is formally committed until March 2026.

5. INCOME EARNED FROM OTHER ACTIVITIES

The wholly owned trading subsidiary IFG Enterprises Limited is incorporated in the United Kingdom (company number 07240242) and pays all of its profits to the charity under the gift aid scheme. IFG Enterprises Limited continues to manage the commercial activities of the Institute for Government, principally room hire and other event management. Financial statements for the company's financial year to 31 March 2023 have been prepared. A summary of the results is shown below.

The summary financial performance of the subsidiary alone is:

	2023	2022
	£	£
Turnover	13,505	300
Interest income	138	0
Cost of sales and administrative costs	(7,894)	(660)
Net profit	5,749	(360)
Retained earnings brought forward	(2,006)	(1,646)
Amount gift aided to the charity	(3,743)	-
Retained earnings carried forward	-	(2,006)

There is a management fee of £7,297 payable to the parent company included in the results above (2022: nil) relating to the cost of sales of events held by IFG Enterprises Limited.

As at 31 March 2023, IFG Enterprises Limited had total assets of £104,580 (2021: £88,942) and total liabilities of £104,480 (2021: £90,898).

6. OTHER INCOME

Other Income includes £12,000 (2022: £43,712) which represents recharges for the use of facilities at 2 Carlton Gardens by the Public Chairs Forum including utilities and other service costs incurred by the Institute in respect of the whole building and is unrestricted general fund income.

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

As in previous years there is no simple distinction between Research and Learning & Development as identifiably different charitable activities. As such expenditure on charitable activities is not segmented. The expenditure on our charitable work is analysed below.

	2023	2022
	£	£
Staff salaries and other staff related costs	3,693,991	3,257,467
Premises and other building related costs	895,600	675,950
Events and Staff Catering	370,266	145,187
Transcription and other research costs	6,963	15,830
Office supplies	12,088	6,520
IT costs	67,137	83,213
Depreciation	68,664	56,091
Finance costs including bank charges	2,244	1,768
Website and media costs	118,330	158,697
Irrecoverable VAT	134,920	84,575
Governance costs	39,173	44,282
Support costs	426,180	376,706
Total	5,835,556	4,906,286

8. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

The Institute initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. The table below gives analysis of support and governance costs including the basis on which these are calculated.

	General support £	Governance £	Total £	2022 £	Basis of calculation
Staff costs	314,415	15,923	330,338	300,867	Support function staff time spent on support function activities
Building costs	95,548	-	95,548	92,175	Support function staff as proportion of FTE staff
Audit and accountancy fees:					
Audit		21,750	21,750	17,596	Governance
Tax advisory		1,500	1,500	7,230	Governance
Legal and professional fees	16,217	-	16,217	3,120	Governance
Total	**426,180**	**39,173**	**465,353**	**420,988**	

The total paid to the charity's auditors was £21,250, of which £20,750 is included in this note and £500 in raising funds.

9. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

The aggregate payroll costs were as follows:

	2023 £	2022 £
Salaries and wages	2,885,854	2,662,696
Social security costs	350,707	277,541
Pension costs	541,671	371,473
Other costs	9,801	7,859
	3,788,033	3,319,569

During the year there were no redundancy or termination payments (2021: £nil).

The number of staff with emoluments greater than £60,000 was:

	2023	2022
£60,000 - £69,999	5	5
£70,000 - £79,999	4	1
£80,000 - £89,999	2	2
£90,000 - £99,999	0	2
£100,000 - £109,999	1	0
£110,000 - £119,999	1	0
£120,000 - £129,999	2	0
£130,000 - £139,999	0	1
£170,000 - £179,999	1	0
£280,000 - £289,999	0	1

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds. The banding disclosures are the gross pay of higher paid staff net of pension and charitable giving salary exchange, which may have the effect of moving the individual to a lower emoluments band.

The charity trustees were not paid nor did they receive any other benefits from employment with the charity or its subsidiary in the year (2022: £nil). There was one payment of £50.57 made for expenses during the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil). During 2022-23, the key management personnel of the parent charity comprised the trustees, the Director, Deputy Director, Director of Research, Director of Finance & Resources, Director of Partnerships, Director of Communications and Marketing, Programme Directors and Chief Economist of the Institute for Government. The total employee benefits of the key management personnel of the charity were £1,399,246 (2022: £1,248,908). The key management personnel of the group are the same as those of the Charity.

10. STAFF NUMBERS

The average number of persons employed by Institute of Government whether on a full time or part time basis during the period, analysed by category, was as follows:

	2023 No.	2022 No.
Research, Learning and Development	36	35
Office, management and services	17	16
	53	51

11. CORPORATION TAXATION

The Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

12. TANGIBLE FIXED ASSETS

	Group and Charity			
Cost	£ Leasehold Improvements	£ Office Equipment	£ Furniture & Fittings	£ Total
Balance brought forward 1 April 2022	2,857,211	625,861	425,511	3,908,583
Additions	-	63,724	17,805	81,529
Transfer to Intangible Assets	-	-	-	-
Disposals	-	-	-	-
Balance carried forward at 31 March 2023	2,857,211	689,585	443,316	3,990,112
Depreciation				
Balance brought forward at 1 April 2022	2,857,211	566,094	409,337	3,832,642
Charge for the period	-	45,162	12,849	58,011
Disposals	-	-	-	-
Balance carried forward 31 March 2023	2,857,211	611,256	422,186	3,890,653
Net book value at 31 March 2023	**0**	**78,329**	**21,130**	**99,459**
Net book value at 1 April 2022	0	59,767	16,174	75,941

13. INTANGIBLE FIXED ASSETS

Cost	£ Assets under Construction	£ Intangible Assets	£ Total
Balance brought forward at 1 April 2022	52,740	-	52,740
Additions	71,695	-	71,695
Transfers	(124,435)	124,435	-
Balance carried forward at 31 March 2023	-	124,435	124,435
Amortisation			
Balance brought forward at 1 April 2022	-	-	-
Charge for the period	-	10,653	10,653
Disposals	-	-	-
Balance carried forward 31 March 2023	-	10,653	10,653
Net book value at 31 March 2023	**0**	**113,782**	**113,782**
Net book value at 1 April 2022	52,740	-	52,740

The Institute launched its new website in January 2023.

14. INVESTMENTS

	Charity	
	2023	2022
	£	£
Investment in subsidiaries	100	100

The charity holds 100 shares of £1 each in its wholly owned trading subsidiary company IFG Enterprises Limited which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid. The activities and results of this company are summarised in Note 5.

15. DEBTORS

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	267,425	202,947	265,128	202,947
Other debtors	2,820	3,928	2,820	3,928
Amounts owed by subsidiary	-	-	101,902	90,848
Prepayments and accrued income	140,634	240,628	140,634	240,628
	410,879	447,503	510,484	538,351

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	138,407	156,809	138,407	156,809
Accruals and deferred income	385,662	382,025	385,662	382,025
Other taxation and social security	84,723	90,396	82,144	90,416
Other creditors	9,704	10,280	9,704	10,280
	618,496	639,510	615,917	639,530

17. DEFERRED INCOME

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Deferred income at 1 April 2022	114,288	162,148	114,288	162,148
Resources deferred during the year	119,308	108,880	119,308	108,880
Amounts released from previous periods	(111,788)	(156,740)	(111,788)	(156,740)
	121,808	114,288	121,808	114,288

18. ANALYSIS OF CHARITABLE FUNDS

Analysis of movements in unrestricted and restricted funds 2022-23

	Balance 1 April 2022	Income	Expenditure	Transfers	Balance 31 March 2023
	£	£	£	£	£
Unrestricted Income Funds					
General funds	2,537,798	5,740,123	(5,774,786)	(153,224)	2,349,911
Designated Funds					
Fixed asset fund	128,681	-	(68,664)	153,224	213,241
Property relocation fund	620,000	-	-	-	620,000
Capital and maintenance fund	200,000	-	-	-	200,000
Restricted Funds	-	-	-	-	-
TOTAL FUNDS	3,486,479	5,740,123	(5,843,450)	-	3,383,152

Analysis of movements in unrestricted and restricted funds 2021-22

	Balance 1 April 2021	Income	Expenditure	Transfers	Balance 31 March 2022
	£	£	£	£	£
Unrestricted Income Funds					
General funds	2,093,955	5,399,417	(4,850,855)	(104,719)	2,537,798
Designated Funds					
Fixed asset fund	80,053	-	(56,091)	104,719	128,681
Property relocation fund	620,000	-	-	-	620,000
Capital and maintenance fund	200,000	-	-	-	200,000
Restricted Funds	-	-	-	-	-
TOTAL FUNDS	2,994,008	5,399,417	(4,906,946)	-	3,486,479

The fixed asset fund represents funds set aside equivalent to the net book value of the fixed assets of the organisation. The fixed assets are depreciated over time and therefore it is appropriate to put funds aside covering the reduction in economic value of the Institute's fixed assets.

The property relocation fund represents a round sum estimate of the replacement cost of office equipment and fixtures and fittings in the event of an office move at the end of the lease at 2 Carlton Gardens.

The capital and maintenance fund represents funds put aside to cover future costs in relation to 2 Carlton Gardens which, by their nature, can be both large and unpredictable in timing.

The 2023-26 lease for Carlton Garden was signed after year end. Where it imposes legal obligations, provision will be made over the life of the lease to cover them. The need for designated funds will be assessed accordingly.

19. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds		Restricted funds	Group total funds
Fund balances at 31 March 2023 are represented by:	**General** £	**Designated** £	£	£
Tangible fixed assets	-	213,241	-	213,241
Current assets	2,968,407	820,000	-	3,788,407
Current liabilities	(618,496)	-	-	(618,496)
	2,349,911	1,033,241	-	3,383,152

	Unrestricted funds		Restricted funds	Group total funds
Fund balances at 31 March 2022 are represented by:	**General** £	**Designated** £	£	£
Tangible fixed assets	-	128,681	-	128,681
Current assets	3,177,308	820,000	-	3,997,308
Current liabilities	(639,510)	-	-	(639,510)
	2,537,798	948,681	-	3,486,479

20. OPERATING LEASE COMMITMENTS

At 31 March 2023, the charity had the following total operating lease commitments:

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Operating lease commitments due:				
Not later than one year	5,315	485,000	5,315	485,000
Later than one year and not later than five years	-	-	-	-

The above commitments represent the charge for an operating lease on 2 Carlton Gardens. The lease with rent set at £485,00 expired on 4th April 2023.

A three-year lease with rent set at £600,000 was signed after year end on 4th April 2023. This has been treated as a post balance sheet event.

The Charity has set aside £200k as a designated fund for any maintenance and reinstatement costs which may be needed during the remainder of its lease at Carlton Gardens. Where the 2023-26 imposes legal obligations, provision will be made for the estimated cost over the life of the lease.

21. RELATED PARTY TRANSACTIONS

The charity does undertake transactions with its wholly owned subsidiary IFG Enterprises Limited in the normal course of business. For 2022-23 there was a recharge of £7,297 to IFG Enterprises Limited (2022: £nil) for the costs incurred by the Institute in supporting the external hire business of IFG Enterprises Ltd. When there are remaining profits from its business they are gift aided by IFG Enterprises Limited to the Institute for 2022-23 this amount will be £3,743 (2022: £nil). There were no other related party transactions during the year.

22. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2022

	Notes	Unrestricted General Fund	Designated Funds	Restricted Funds	**2022 Total Funds**	2021 Total Funds
Income from:		£	£	£	**£**	£
Charitable activities	4	5,355,103	-	-	5,355,103	5,367,974
Other trading activities	5	300	-	-	300	-
Investments		302	-	-	302	645
Other	6	43,712	-	-	43,712	88,333
Total		5,399,417	-	-	5,399,417	5,456,952
Expenditure on:						
Raising funds		660	-	-	660	1,646
Charitable activities	7	4,850,195	56,091	-	4,906,286	4,628,765
Total		4,850,855	56,091	-	4,906,946	4,630,411
Net income/(expenditure)		548,562	(56,091)	-	**492,471**	826,541
Transfers between funds	18	(104,719)	104,719	-	-	-
Net Movement in funds		443,843	48,628	-	**492,471**	826,541
Reconciliation of funds:						-
Total funds brought forward		2,093,955	900,053	-	**2,994,008**	2,167,467
Total funds carried forward		2,537,798	948,681	-	**3,486,479**	2,994,008

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

INSTITUTE FOR GOVERNMENT

England & Wales - Charity number 1123926

Accounts

INSTITUTE FOR GOVERNMENT

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR TO 31 MARCH 2022

Charity number 1123926

Company number 6480524

INSTITUTE FOR GOVERNMENT
ANNUAL REPORT AND ACCOUNTS

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INSTITUTE FOR GOVERNMENT
LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR TO 31 MARCH 2022

Board of Governors

Governor	
Lord Sainsbury of Turville	Chair
Baroness Valerie Amos	
Sir Andrew Cahn	
Sir Ian Cheshire	Chair, Finance & Audit Committee
Miranda Curtis	
Sir Richard Lambert	
Baroness Susan Kramer	
Lord Simon of Highbury	
Sir Paul Tucker	Resigned 21 June 2022
Jonathan Slater	Resigned 18 September 2022
Sir David Lidington	

Governors are appointed for an initial term of 3 years. They may be reappointed for further periods of 3 years.

Executive Directors

The Director of the Institute is Bronwen Maddox. The Director is responsible for the day-to-day running of the Institute along with a team of Directors and Programme Directors.

Bankers	Barclays Bank Acorn House 36-38 Park Royal Road London NW10 7JA
Registered Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Principal & Registered Office	2 Carlton Gardens London SW1Y 5AA
Website	www.instituteforgovernment.org.uk

The Institute for Government is a registered charity (No.1123926) and a company limited by guarantee registered in England and Wales (No.6480524). It was granted an exemption from the requirement to use the word Limited on 18 January 2008.

INSTITUTE FOR GOVERNMENT
FOREWORD BY LORD SAINSBURY
FOR THE YEAR TO 31 MARCH 2022

Foreword
By Lord Sainsbury of Turville, Founder of the Institute and Chair of Governors

The past year has been an unusually challenging one for government. Ministers have been attempting to deliver on their 2019 manifesto while dealing with major external threats, including the aftermath of Covid-19, Russia's invasion of Ukraine and the accelerating cost of living crisis. The government's efforts to address these challenges have taken place in the context of the political turbulence created by a series of ethical scandals (which ultimately led to the removal of the Prime Minister in July 2022). The case for the Institute's mission to improve the effectiveness of government has never been stronger.

I am delighted by the way the Institute has continued to fulfil that mission over the past year. Its most significant outputs have been two prominent reports which have brought together and built upon key areas of the Institute's research since it was first established – the accountability of ministers and civil servants at the centre of government and policy-making. Despite the government's plans to reform the civil service – as set out in the Declaration of Government Reform – we remain disappointed by progress towards clarifying accountabilities and reducing high levels of churn among civil servants and ministers in Whitehall which continue to undermine policy-making. The Institute's two reports were the subject of an important conference in July 2022, and building momentum behind the arguments they put forward will be the key thrust of the Institute's work in the coming year. At the same time the Institute will continue to engage with the government's civil service reform agenda, building on work undertaken this year on relocating civil servants outside London, senior civil service pay reform and a formal stocktake of the government's progress against the Declaration.

The Institute has continued to influence public debate and has informed policy making by providing evidence-based and expert analysis, including important research relating to the key external challenges facing the government. In respect of the new UK-EU relationship, this has included influential reports on how ministers should approach subsidy control, post-Brexit regulation and managing the UK's internal market. In relation to Covid-19, the Institute facilitated high level roundtables – in partnership with the Wellcome Trust – to explore possible future scenarios for the pandemic. The Institute was prominent in pressing for the early set up of the Covid-19 public inquiry, and our previous work on how to run successful public inquiries has been influential in its establishment. Our policy-making team has continued to focus on how government can fulfil its policy aim of achieving Net-Zero by 2050.

I am pleased that the Institute has been increasing its focus on developments in government beyond the centre, developing new programmes of work examining the role of mayors and the government's policy of levelling up. The work on English devolution has taken the Institute out of London for a series of public events around England – in Leeds, Newcastle and Manchester – enabling staff to extend our networks and impact outside London. This work has been enhanced by a series of papers examining the government's approach to levelling up and considering the evidence on how regional inequalities can be reduced – including through policy on innovation, infrastructure and skills - work which will extend into 2022/23. Our work on the devolved nations has also continued – most notably with a series of papers setting out the position of a newly independent Scotland, including its currency options, fiscal position and prospects for borrowing and for re-joining the EU.

The Institute continues to provide clear and practical recommendations, and promotes good governance, accountability and transparency. This year this has included a particular focus on ethical standards in government, including a high profile conference in the autumn of 2021. The Institute has continued to provide private advice to ministers on how to get the

best out of their time in office, and to engage with Opposition teams on preparing for government. It has also built partnerships with external organisations including, notably, establishing a joint Review of the Constitution with the Bennett Institute for Public Policy at Cambridge University.

This has been a tricky year for all organisations, negotiating the aftermath of Covid-19 and the return to in-person working, while endeavouring to retain the best of the innovations adopted during the pandemic. I am delighted by the way the Institute has risen to these challenges – developing new formats for events that have allowed us to reach our key audiences in Whitehall and Westminster more effectively, redeveloping the Institute's website to create a better repository and showcase for the intellectual capital we have built up over the years, and managing a smooth return to our building in 2 Carlton Gardens.

Towards the end of this year, Bronwen Maddox announced her departure as Director of the Institute. I would like on behalf of the Board to congratulate and thank her for all she achieved during her tenure and to thank all the staff for their work this year. I am also, as always, grateful too for the knowledge and advice of the Board.

David Sainsbury

INSTITUTE FOR GOVERNMENT
INTRODUCTION BY BRONWEN MADDOX
FOR THE YEAR TO 31 MARCH 2022

By Bronwen Maddox, Executive Director of the Institute for Government

It has been an immensely busy year. This is something I talked about a lot with the senior team in the autumn of 2021 as we were putting in place the steps to return to our office in 2, Carlton Gardens. We needed to take those steps with sensitivity to people's individual concerns and agility to capture the best of hybrid working and events, and at the same time not get sidetracked from producing first class reports and events during what we knew would be a very active year for government.

We have focused, as ever, on civil service reform and on ministerial skills. We've produced two big reports on the former – bolstered by a one day conference - and kept up the pressure through a stocktaking of the government's Declaration of Government Reform. I am delighted to have put in place the first steps for an IfG Academy, to bring together all our "how to do it" work on government aimed at ministers, civil servants and academics.

Our response to the pandemic has continued with work on the Covid public inquiry and the Treasury's role. Although we have commented on the difficulty of knowing exactly what the government means by "levelling up", we have produced important reports on what works, judging by evidence in the UK and elsewhere. We have brought a regional element to our landmark Performance Tracker annual report, noting where public services are strongest (and extended some comment to devolved nations, too, noting their patchy record in keeping up the quality of services).

We have built on our strong devolution programme to look at mayors, devolution within England, and the constitutional future of the current arrangements (that last is part of our very exciting project with the Bennett Institute for Public Policy at Cambridge University – a review of the constitution of the UK). I'm delighted that we have established new strength in looking at public bodies, an anodyne term that covers all kinds of controversies, for instance in regulation (where we are developing new expertise).

I'm less delighted with the way that ethics and standards in government – or the lack of them – has had to become such a prominent strand of our work. It was thrust on us by the Johnson government's behaviour in appointments, procurement and observance of rules, but raises enduring questions of how these can be enforced. In the end, part of the answer is that breaches of rules and many conventions attract opprobrium. We hope that we have added to that.

As many of you will know, I am – with great regret – leaving the Institute in July 2022 to become Director and CEO of Chatham House. Ukraine and the upheavals in the world order made that irresistible, given that much of my career has been in that domain. But I am immensely proud of what we have all achieved in the past six years, thanks to our terrific staff and Board, and the time and thoughts of all those who speak to us about the problems we are aiming to solve.

Bronwen Maddox

The Governors are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2022 which are prepared to meet the requirements for a directors' report and accounts for Companies House.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our purposes and activities

The Institute for Government ("the Institute") is an independent charity. We work with all the main political parties in Westminster and with senior civil servants in Whitehall, providing evidence-based advice that draws on best practice from around the world.

The purposes of the Institute for Government are:

- The advancement of education in the art and science of government in the UK for the benefit of the public on a non-party political basis, and
- The promotion of efficient public administration of government and public service in the UK by providing programmes of education, training, research and study for the public benefit on a non-party political basis.

We continue to deliver our vision to increase the effectiveness of government in the UK, by improving the processes of government, and enhancing the decision making and skills of civil servants and politicians. Our focus is on bringing about long term, sustainable change, with an emphasis not just on producing proposals but on working to see them implemented and have an impact on the way the UK is governed.

Principal activities and achievements

2021-22 was an extremely busy year for the Institute. After relaxation of the Covid19 pandemic restrictions staff formally returned to the office in September 2021, attending at least three days a week. During autumn 2021 panel discussions in person started up again, followed closely by public events.

Whether staff were working from home or in the office, the research work continued at full pace throughout the year. An outline of our priorities in 2021-22 is provided in the Director's introduction to the accounts.

In detail, our work during 2021-22 focussed on the following areas:

- Civil service - we have continued to focus on core priorities including accountability and clarity of roles for the civil service, reduction of churn and broader civil service reform. We published our landmark paper "A new statutory role for the civil service" in March. We have analysed and tracked the progress of the ideas captured in Michael Gove's Declaration of Government Reform and written on a host of other reform issues including on what skills the civil service needs and pay reform. As usual, in January 2022 we published our major annual Whitehall Monitor report looking at the state of the civil service.

- Policy making - we published "Better policy making", our paper looking at how to overcome the barriers to effective policy making in Whitehall and discussed it at our July conference. Our other major focus continues to be net zero where we have published widely on issues including introducing a net zero tax strategy and how citizens should be involved in climate decision-making.

- Public finances - we have focused on analysing the government's plans for levelling up and responding to its Levelling Up White Paper as part of a major new stream of work in this area. We have continued to analyse the economic impact of the pandemic and published on the effectiveness of the job retention scheme. We also produced a paper looking at how to improve the UK's productivity problems.

- Constitution and ministers - we launched our high-profile "Review of the UK Constitution" in partnership with the Bennett Institute for Public Policy and the University of Cambridge in February 2022. We have also had a strong focus on ethical standards in government, publishing multiple papers on how to improve standards in public life.

- Devolution - we have continued to develop our expertise in English devolution, in late 2021 publishing a paper on making a success of county devolution deals. We also published a series of papers looking at the economic implications of an independent Scotland.

- Public bodies - we expanded our work on public bodies, looking at the role of health-related arm's length bodies (ALBs) during the pandemic, publishing a paper on the proposal to create a new ALB for the rail system and beginning work on improving the public appointments process.

- Public services - in October we published our annual Performance Tracker publication looking at the performance of nine public services over the previous year. Alongside this, we pursued research on the use of targets in public services, analysed the impact of devolution on public services and have wrote on the impact of the pandemic on key services including schools.

- Coronavirus - we have published widely on the impact of the pandemic, including on the job retention scheme and on lessons that can be drawn from sudden shocks to government, the effect on schools and have had a strong focus on how a public inquiry into the pandemic should be structured, publishing a paper on this in April 2021.

- Brexit - we continued to analyse the impact of Brexit on government, with a particular focus on the internal market, the NI Protocol, agriculture and opportunities the government wishes to realise following the UK's exit from the EU.

- We continue to deliver professional development for government, providing high-level advice, events and research to support ministers, advisers, senior officials and select committees. We also provide learning and development courses for early-career researchers on engaging with government and creating impact with their research. As part of this work, we have begun developing plans for an IfG Academy – a new brand and expansion of our learning and development work.

Future plans 2022-23

In the coming year, we will continue to deliver research and seek to achieve impact in the areas covered by our core programmes, set out in our three-year plan agreed by the Board in March 2020, while developing plans for the next three-year period. We will continue to adapt our priorities to take account of external events, such as the ongoing impact of the economic and energy crises, the continued fallout of the pandemic, political instability in government and the government's own plans for civil service reform.

The core focus of our work will continue to be on civil service reform and the responsibilities of ministers and officials, as well as the quality of policy making. In July, we will hold a conference to discuss our landmark reports on civil service reform and policy making with leading figures inside and outside government, and we will continue to focus on government's pursuit of government reform with key streams of work flowing from that conference.

Levelling up will be a core part of our work this year as government plans become clearer. We plan to investigate the evidence base for reducing regional inequality. The constitution and devolution will also figure highly this year as the current settlement comes under increasing pressure and as our review gathers pace. We will launch the IfG Academy in the autumn of 2022

We will also complete the redevelopment of our website and make further improvements in our communications and events capacity to achieve greater impact for our work, building on the lessons we have learned from innovations during the pandemic

How our activities deliver public benefit

In shaping our annual objectives and business plans the Institute has considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

The Institute produces high-quality research reports, comments and analyses that are independent of government, political parties, individual clients or companies. These are promoted widely and free of charge to individuals, organisations, practitioners and others with an active interest in the government of the UK.

Together, these reports and the events arising out of our work provide a robust evidence base on the governance of the UK. This helps equip the public, parliament and government itself with knowledge and information on the issues affecting the governing of the UK and the training of its current and future ministers.

Our staff are frequently invited to discuss the findings of our research on UK and international radio and television and in print media. In this way our research helps inform the public debate, media outlets and individual citizens. We have a social media presence on Twitter, Facebook, Instagram and LinkedIn which is free and accessible to the public.

We encourage those with an interest in our work to become involved by joining our mailing lists and receiving newsletters and being invited to attend our public events.

With the establishment of the IfG Academy we hope to share our expertise even more widely in order to improve the process of policy making at all levels.

We monitor the impact of our work very closely and report on it at each meeting to the Board. We believe that if we can bring about or encourage even only minor improvements in government effectiveness then this would constitute a significant public good. In fact, we aim to do much better than this and are happy to be able to report a growing reputation and influence with a corresponding impact on the thinking of government. Inevitably, however, there remains much scope for our work.

Financial Review

The Institute's consolidated income amounted to £5,399,417 (2021: £5,456,952) whilst consolidated expenditure amounted to £4,906,946 (2021: £4,630,411) as shown in the Statement of Financial Activities. After transfers to designated funds, the consolidated surplus on all funds was £492,471.

The charity's trading subsidiary, IFG Enterprises Limited, had income from only one event during the year as the closure of the building and public health restrictions meant that external hire and events were often not possible. The company has made a small loss of £360 for the year due to administrative costs. We will return to active promotion of the hire of the premises in 2022-23. A Board Resolution of 11th December 2018 mandated the automatic transfer of the IFG Enterprises Ltd surplus to the Institute going forward but there are no profits or gift aid transfers to be made in respect of 2021-22.

Despite the lack of external hire activity, the Institute made a significant surplus in 2021-22. This was the result of a combination of two factors. Firstly, although there were some additional costs in areas such as equipment for working from home and technical support for virtual events, the savings which accrued from the only partial use of the building for long periods were significant. Secondly, corporate partners were increasingly interested in the Institute's work in areas such as the effectiveness of public services, regional devolution, implementation of net zero and levelling up policy, resulting in a large amount of sponsorship income. We also saw an ongoing increase in bookings from academic institutions for courses to support early career researchers to understand government and make an impact on the policy debate.

The Institute had always planned to use its reserves to invest in an expanded research team, a new website and enhanced audio-visual capabilities during the second and third years of its 2020-2023 plan. It invested in these areas in 2021-22 and continues to do so in line with the plan.

The Institute is back to working in a new hybrid way. All staff come into the office at least three days a week to facilitate the maintenance of organisational culture and to allow for the exchange of ideas, expertise and skills. We will continue to invest in facilities support flexible working and hybrid events and engagement.

As for all organisations, the economic circumstances of resurgent inflation and potential recession represent a considerable risk to cost control. The Institute's management is aware of the risk and stands prepared to react

Principal funding sources

The Institute's core funder is the Gatsby Charitable Foundation. Core funding income from the Gatsby Trust in 2020-21 was £4,613,111 (2021: £4,525,690). In the previous year Gatsby also provided additional restricted grant funding for projects on transport and energy policy making.

A three-year plan was produced during 2019-20 setting out the research programme the Institute intended to undertake to 2023 along with the anticipated associated cost. A funding request was then submitted to the Gatsby Trustees asking for their support to deliver the plans. Approval for funding for the three-year period to March 2023 was given by the Gatsby Board in February 2020. During 2022-23 the Institute will prepare a new three-year plan to support a funding request for the period 2023-26.

In addition to this core funding, the Institute funds its project work and events by generating income from a range of corporate and academic funders and trusts. Details on all sources of funding are provided on the Institute's website. As noted above, it was an exceptionally positive year for resource generation with the target of £520,000 exceeded by more than 42% and a significant pipeline of opportunities in place for 2022-23.

Reserves policy

Total unrestricted funds increased to £3,486,479 as at 31 March 2022 (2021: £2,994,008).

There are no restricted reserves (2021: £nil). Fixed assets represent £128,681 (2021: £80,053) of the unrestricted funds total. Designated funds of £200,000 have been set aside to provide financial security against significant one-off costs associated with 2 Carlton Gardens. In addition, the property relocation fund of £620,000 has been established with a view to covering the potential costs of planning a move and re-equipping new premises in anticipation of the end of the current lease in 2023.

The Governors have reviewed their reserves policy and the financial risks faced by the organisation. The Governors' policy is that the level of reserves, defined as free and undesignated reserves measured by the amount of retained general funds should be at least six months' operating costs. Current general fund reserves levels are £2,537,798 (2021: £2,093,955) which represent 44% of the planned expenditure of the Institute for 2022-23. It is therefore, in principle, the policy of the Institute to continue to build its reserves. However, the Board gave its approval for the Institute to run a deficit budget over the course of the current three-year plan (2020-23). This is budgeted to reduce reserves by some £307,000 in 2022-23.

The Governors do not consider this a risk in the light of the surpluses of 2020-22 due to coronavirus and the commitment to ongoing support of the Institute from the Gatsby Charitable Foundation.

Investment policy

The investment of funds surplus to day-to-day requirements is discussed at the Finance & Audit Committee. These funds are placed on deposit with large reputable banks with as long a maturity as is consistent with managing cash flow requirements. Unfortunately returns have remained low.

Going Concern

The Institute reported a cash inflow of £666,366 for the year (2021: inflow of £923,427) as a result of the operating surplus reported by the charity. The group retained a healthy cash balance of £3,549,805 at 31st March 2022. The Governors are of the view that the management has the capacity to react quickly to changing circumstances and the security of the medium-term commitment of the Gatsby Charitable Foundation provides assurance that the charity is a going concern.

Structure, Governance and Management

Institute for Government is a company limited by guarantee governed by its Memorandum of Association dated 16 January 2008, and revised Articles of Association adopted by special resolution on 21 September 2010. It is registered as a charity with the Charity Commission.

The Institute is run by the Board of Governors who are also Members and Directors of the Company and Trustees of the Charity.

Governors

The Board met every three months during the period covered by the Annual Report to manage and control the affairs of the Institute. The Governors concern themselves mainly with issues of a strategic nature, deciding broad policy for the Institute and ensuring good governance and compliance. The senior management team undertakes the day-to-day management of the Institute's activities within the framework set out by the Governors and comprises the Director, the Deputy Director, the Director of Research, the Director of Finance & Resources, the Chief Economist and Programme Directors.

The Executive Committee of the board continued to meet regularly throughout the year. The Committee is chaired by Lord Sainsbury.

The Finance and Audit Committee, chaired by Sir Ian Cheshire, also met on a quarterly basis and reviewed the financial performance and all aspects of risk management of the Institute.

The Articles of Association provide for the appointment and retirement of the Governors on three-year terms. During the year Miranda Curtis and Sir Richard Lambert retired by rotation and were re-appointed for a further term. There is a minimum of three governors and there is no upper limit, though normally the Board will comprise a maximum of fifteen members.

The Governors put forward and discuss potential new Board members amongst the existing members. The key principles for appointment are that the Board of Governors should provide a balance of experience including from the civil service, private sector, the academic sector and also from the major political parties. The Board should always be numerically balanced in terms of direct political affiliation to ensure its non-partisan position.

There is no specific training or induction for new governors as they have been selected based upon their experience and interest in the objectives of the Institute.

None of the Governors receive remuneration or other benefit from their work with the charity though they may be paid reasonable travel, hotel and other expenses that they incur in connection with their attendance at Institute meetings. All Governors must declare the nature and extent of any interest, direct or indirect, they may have in any proposed transaction of the charity and they will not participate in any discussions or votes on such matters. The Governors must also declare any conflicts of interest that may arise. Any connection between a governor or senior manager with a stakeholder (customer, supplier, sponsor, funder, government department, political party) of the charity must be disclosed in the same way as any other contractual relationship with a related party.

The Institute has utilised the governance code for charities to assess compliance with the principles of the code and identify any measures required to improve its governance standards and overall effectiveness as an organisation.

Risk Management

The day-to-day task of managing risk is devolved to senior management though the Governors retain overall responsibility for risk management. Reporting of significant risks, how these are managed and mitigated forms part of the regular reporting by senior management to the Governors at board and other sub-committee meetings.

The Institute maintains a risk register in which current risks are reviewed in the context of the internal and external environment, along with their probability and impact. The focus in this risk register is on the most material risks facing the Institute; risks which if realised could have serious consequences for all or some of our stakeholders and threaten the future viability of the Institute.

The most significant risks facing the Institute and the ones that inform our reserves policy are the reliance on Gatsby funding and the length of the lease and potential liabilities relating to 2 Carlton Gardens. Assurances of continuing support have been sought by the Board from the Gatsby Foundation and a commitment covering the period up to and including 2020-23 has been received. The potential liabilities relating to 2 Carlton Gardens have been mitigated by setting aside adequate designated reserves.

During the year there was increased attention to cyber-security, ensuring that the Institute's systems were fit for purpose and secure. Cyber Essentials re-accreditation was achieved.

Trading subsidiary

The Institute has a wholly owned subsidiary, IFG Enterprises Limited, which undertakes commercial activities on behalf of the charity. The activities of IFG Enterprises Limited are currently limited to room and building hire. All profits of IFG Enterprises Limited are gift aided to the Institute for Government.

The Institute does not raise funds from the public and considers that it has appropriate standards and controls in place in its fundraising work with corporate and institutional clients to ensure that it adheres to the Code of Fundraising Practice. The Institute takes great care to ensure that its work is not influenced by fundraising activities and all funders and their contributions to the Institute are disclosed on the website.

Pay policy for senior staff

The Board of Governors, who are the Institute's trustees and members of the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Institute on a day-to day basis. All board members give of their time freely and no governor received remuneration in the year. There were also no governor expenses during the year.

The Institute for Government's policy on pay is that it should be based on merit and that it should reward performance. The Institute has a formally constituted board sub-committee to address remuneration issues. This meets on a regular basis throughout the year. Its remit is to consider the basis on which pay decisions are made and to ensure they are in line with the Institute's mission and recruitment and retention strategy. It also reviews senior pay decisions and advises the Board on the remuneration of the Director.

Pay decisions are based on merit and, where appropriate for technical and specialist roles, market rates. The Institute considers each year, according to circumstances, whether to apply a cost of living adjustment to salaries. The Institute's approach to pay is to balance the need to attract, retain and motivate appropriately skilled individuals able to deliver the necessary impact with the financial considerations of being a charity.

Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.
A resolution proposing the appointment of Crowe U.K. LLP as auditors of the Charity for the year to 31 March 2022 will be put to the Annual General Meeting.

Statement of Governors' responsibilities

The Governors (who are also directors of the Institute for Government for the purposes of company law) are responsible for preparing the Governors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement as to disclosure to our auditors

In so far as each of the Governors is aware at the time of approving our Governors' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- each of the Governors, having made enquiries of fellow Governors that he/she ought to have individually made, has taken all steps that he/she is obliged to take as a director in order to make him/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees

Lord Sainsbury of Turville (Chair)

27 September 2022

Independent Auditor's Report to the Members of the Institute for Government

Opinion

We have audited the financial statements of Institute for Government ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise Consolidated Statement of Financial Activities, Charity and Group Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 13], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation and employment legislations.

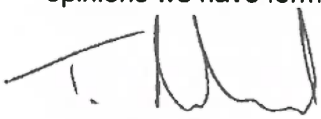
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London
Date: 26th October 2022

is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted General Fund	Designated Funds	Restricted Funds	**2022 Total Funds**	2021 Total Funds
Income from:		£	£	£	**£**	£
Charitable activities	4	5,355,103	-	-	5,355,103	5,367,974
Other trading activities	5	300	-	-	300	-
Investments		302	-	-	302	645
Other	6	43,712	-	-	43,712	88,333
Total		5,399,417	-	-	5,399,417	5,456,952
Expenditure on:						
Raising funds		660	-	-	660	1,646
Charitable activities	7	4,850,195	56,091	-	4,906,286	4,628,765
Total		4,850,855	56,091	-	4,906,946	4,630,411
Net income/(expenditure)		548,562	(56,091)	-	**492,471**	826,541
Transfers between funds	18	(104,719)	104,719	-	**-**	-
Net Movement in funds		443,843	48,628	-	**492,471**	826,541
Reconciliation of funds:						-
Total funds brought forward		2,093,955	900,053	-	**2,994,008**	2,167,467
Total funds carried forward		2,537,798	948,681	-	**3,486,479**	2,994,008

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The amount of £56,091 allocated to designated funds (2021: £48,614) represents the depreciation charge while transfers between funds are additions to fixed assets (see also Notes 12 & 13 on page 27).

INSTITUTE FOR GOVERNMENT
CHARITY AND GROUP BALANCE SHEETS
AS AT 31 MARCH 2022

	Notes	Group		Charity	
		2022	2021	2022	2021
		£	£	£	£
Fixed Assets					
Tangible fixed assets	12	75,941	80,053	75,941	80,053
Intangible fixed assets	13	52,740	-	52,740	-
Investments	14	-	-	100	100
		128,681	**80,053**	**128,781**	**80,153**
Current Assets					
Debtors	15	447,503	424,819	538,351	515,717
Cash at bank		3,549,805	2,987,856	3,460,883	2,898,524
		3,997,308	**3,412,675**	**3,999,234**	**3,414,241**
Current Liabilities					
Creditors: amounts falling due within one year	16	639,510	498,720	639,530	498,740
Net Current Assets		**3,357,798**	**2,913,955**	**3,359,704**	**2,915,501**
Total assets less current liabilities		**3,486,479**	**2,994,008**	**3,488,485**	**2,995,654**
Total Net Assets		**3,486,479**	**2,994,008**	**3,488,485**	**2,995,654**
The funds of the charity:	19				
Unrestricted Funds					
General Fund		2,537,798	2,093,955	2,539,804	2,095,601
Designated Funds		948,681	900,053	948,681	900,053
		3,486,479	**2,994,008**	**3,488,485**	**2,995,654**

Company number 6480524

The profit/loss for the financial year dealt with in the financial statements of the parent company was £492,831 (2021: £828,187).

The governors have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

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Lord Sainsbury of Turville
Chair of Board of Governors on behalf of the governors

Approved and authorised for issue by the Governors on 27 September 2022

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 31 MARCH 2022

	Group 2022 £	2021 £
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities	**666,366**	**923,427**
Cash flows from investing activities:		
Interest income	302	645
Purchase of tangible fixed assets	(104,719)	(52,417)
Net Cash used in investing activities	**(104,417)**	**(51,772)**
Change in cash and cash equivalents in the reporting period	561,949	871,655
Cash and cash equivalents at the beginning of the reporting period	**2,987,856**	**2,116,201**
Total cash and cash equivalents at the end of the reporting period	**3,549,805**	**2,987,856**

RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2022 £	2021 £
Net income/(expenditure) for the reporting period	492,471	826,541
Adjustments for:		
Depreciation charge	56,091	48,614
Interest income	(302)	(645)
(Increase)/Decrease in debtors	(22,684)	11,501
Increase/(Decrease) in creditors	140,790	37,416
Net cash provided by operating activities	**666,366**	**923,427**

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Institute for Government meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Preparation of the accounts on a going concern basis

The Governors having assessed the charity's financial position, its plans for the foreseeable future, the risks to which it is exposed and forecast projections are satisfied that it remains appropriate to prepare the financial statements on the going concern basis. Further details on the Institute's going concern assessment are provided in the Governors' Annual Report on page 11.

c) Critical accounting judgements and estimate uncertainty

In the application of the charity's accounting policies, which are described in this note, Governors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods. Other than the contingent liability disclosed in Note 20 relating to a potential cost on reinstating the current premises on the lease termination, the Governors are of the view that there are no assumptions concerning the future or estimations of uncertainty affecting assets and liabilities at the balance sheet date which are likely to result in a material adjustment to their carrying amounts in the next financial year.

d) Group financial statements

In accordance with the requirements of SORP 2015 the financial statements consolidate the results of the charity and its wholly owned subsidiary IFG Enterprises Limited on a line-by-line basis. The results of IFG Enterprises Limited are shown in Note 5.

e) Income

Income from any source including grants is recognised when the charity has entitlement to the funds, any performance conditions attaching to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Our principal source of income, from the Gatsby Charitable Trust, is given as an annual grant towards our general operating costs. The grant is therefore recognised evenly across each financial year. For other grants and income for specific projects and events series, income is recognised when any performance criteria have been met and with regard to the length of the project being funded or the number and timing of events in a funded series.

Income received in advance for any event, project or room hire or provision of other specified service is deferred until the criteria for income recognition are met including when an event actually takes place or, where a project runs across financial years, with regard to resource inputs into a project or specific deliverable or performance criteria.

f) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the Governors have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Institute's work or for specific projects being undertaken by the Institute.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading by the subsidiary and their associated support costs;
- Expenditure on charitable activities includes the costs of events, projects and research and other activities undertaken to further the purposes of the charity and their associated support costs;
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Institute's projects and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in Note 8.

i) Tangible fixed assets

Individual fixed assets costing £500 or more are recognised at cost and are depreciated over their estimated useful economic lives on a straight-line basis as follows:

Asset category	Annual rate
Long leasehold building/improvements	Based on term of lease/estimated lease extension
Office equipment	33%
Furniture & fittings	20%

j) Intangible fixed assets

The Institute has a website under construction. On completion the cost will be amortised over its estimated useful economic life of three years on a straight-line basis.

k) Financial instruments

Institute for Government has financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank in hand together with trade and other debtors and accrued income. Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

o) Pensions

The Charity has a money purchase scheme for qualifying employees. Pension costs charged to the Statement of Financial Activities represent the contributions payable by the Charity in the period.

2. LEGAL STATUS OF THE INSTITUTE

The Institute is a company limited by guarantee incorporated in England & Wales and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The Institute's registered office address is 2 Carlton Gardens, London, SW1Y 5AA.

3. FINANCIAL PERFORMANCE OF THE CHARITY

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary which undertakes commercial activities including room hire on behalf of the charity. The summary financial performance of the charity alone is:

	2022 £	2021 £
Income	5,399,117	5,456,952
Gift aid from subsidiary company	-	-
	5,399,117	5,456,952
Expenditure on raising funds and charitable activities	4,906,286	4,628,765
Net Income	492,831	828,187
Total funds brought forward	2,995,654	2,167,467
Total funds carried forward	3,488,485	2,995,654
Represented by:		
Designated unrestricted income funds	948,681	900,053
General unrestricted income funds	2,539,804	2,095,601
	3,488,485	2,995,654

4. INCOME FROM CHARITABLE ACTIVITIES

	2022	2021
	£	£
Grant from Gatsby Charitable Foundation	4,613,111	4,677,643
Project and event sponsorship income	575,159	506,726
Learning and development courses	166,522	178,606
Other income from charitable activities	311	4,999
	5,355,103	5,367,974

The Gatsby Charitable Foundation continues to provide an annual inflation adjusted general purposes grant towards the core operational costs of the Institute. This grant is formally committed until March 2023.

5. INCOME EARNED FROM OTHER ACTIVITIES

The wholly owned trading subsidiary IFG Enterprises Limited is incorporated in the United Kingdom (company number 07240242) and pays all of its profits to the charity under the gift aid scheme. IFG Enterprises Limited continues to manage the commercial activities of the Institute for Government, principally room hire and other event management. Financial statements for the company's financial year to 31 March 2022 have been prepared. Due to the coronavirus pandemic, the company hardly traded during the year. A summary of the results is shown below.

The summary financial performance of the subsidiary alone is:

	2022	2021
	£	£
Turnover	300	-
Cost of sales and administrative costs	(660)	(1,646)
Net profit	(360)	
		(1,646)
Retained earnings brought forward	(1,646)	-
Amount gift aided to the charity	-	-
Retained earnings carried forward	(2,006)	(1,646)

There is no management fee payable to the parent company included in the results above (2021: nil) relating to the cost of sales of events held by IFG Enterprises Limited.

As at 31 March 2022, IFG Enterprises Limited had total assets of £88,942 (2021: £89,352) and total liabilities of £90,848 (2021: £90,898).

6. OTHER INCOME

Other Income includes £43,712 (2021: £88,333) which represents recharges for the use of facilities at 2 Carlton Gardens including utilities and other service costs incurred by the Institute in respect of the whole building and is unrestricted general fund income.

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

As in previous years there is no simple distinction between Research and Learning & Development as identifiably different charitable activities. As such expenditure on charitable activities is not segmented. The expenditure on our charitable work is analysed below.

	2022 £	2021 £
Staff salaries and other staff related costs	3,257,467	3,112,134
Premises and other building related costs	675,950	625,172
Events and Staff Catering	145,187	89,976
Transcription and other research costs	15,830	8,554
Office supplies	6,520	4,759
IT costs	83,213	69,746
Depreciation	56,091	48,614
Finance costs including bank charges	1,768	1,971
Website and media costs	158,697	137,710
Irrecoverable VAT	84,575	117,379
Governance costs	44,282	49,500
Support costs	376,706	364,250
Total	4,906,286	4,628,765

8. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

The Institute initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. The table below gives analysis of support and governance costs including the basis on which these are calculated.

	General support £	Governance £	Total £	2022 £	Basis of calculation
Staff costs	281,411	19,456	300,867	292,202	Support function staff time spent on support function activities
Building costs	92,175	-	92,175	85,251	Support function staff as proportion of FTE staff
Audit and accountancy fees:					
Audit		17,596	17,596	16,300	Governance
Tax advisory		7,230	7,230	12,944	Governance
Legal and professional fees	3,120	-	3,120	6,053	Governance
Total	**376,706**	**44,282**	**420,988**	**412,750**	

The total paid to the charity's auditors was £18,146, of which £17,596 is included in this note and £550 in raising funds.

9. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

The aggregate payroll costs were as follows:

	2022 £	2021 £
Salaries and wages	2,662,696	2,532,365
Social security costs	277,541	277,037
Pension costs	371,473	354,618
Other costs	7,859	6,519
	3,319,569	3,170,539

During the year there were no redundancy or termination payments (2021: £nil).

The number of staff with emoluments greater than £60,000 was:

	2022	2021
£60,000 - £69,999	5	3
£70,000 - £79,999	1	2
£80,000 - £89,999	2	2
£90,000 - £99,999	2	2
£120,000 - £129,999	0	1
£130,000 - £139,999	1	0
£240,000 - £249,999	0	1
£280,000-289,999*	1	0

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.
The disclosure above includes an amount of £20,826 (2021; £20,032) paid as salary in lieu of employer pension contributions for the Director. All other banding disclosures are the gross pay of higher paid staff net of pension and charitable giving salary exchange, which may have the effect of moving the individual to a lower emoluments band.

The charity trustees were not paid nor did they receive any other benefits from employment with the charity or its subsidiary in the year (2021: £nil). They were not reimbursed for expenses during the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).
During 2021-22, the key management personnel of the parent charity comprised the trustees, the Director, Deputy Director, Director of Research, Director of Finance & Resources, Director of Partnerships, Director of Communications and Marketing, Programme Directors and Chief Economist of the Institute for Government. The total employee benefits of the key management personnel of the charity were £1,248,908 (2021: £1,078,517). The key management personnel of the group are the same as those of the Charity.

10. STAFF NUMBERS

The average number of persons employed by Institute of Government whether on a full time or part time basis during the period, analysed by category, was as follows:

	2022 No.	2021 No.
Research, Learning and Development	35	34
Office, management and services	16	16
	51	50

11. CORPORATION TAXATION

The Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

12. TANGIBLE FIXED ASSETS

	Group and Charity			
Cost	£ Leasehold Improvements	£ Office Equipment	£ Furniture & Fittings	£ Total
Balance brought forward 1 April 2021	2,857,211	731,510	412,506	4,001,227
Additions	-	44,074	13,005	57,079
Transfer to Intangible Assets	-	(5,100)	-	(5,100)
Disposals	-	(144,623)	-	(144,623)
Balance carried forward at 31 March 2022	2,857,211	625,861	425,511	3,908,583
Depreciation				
Balance brought forward at 1 April 2021	2,857,211	665,364	398,599	3,921,174
Charge for the period	-	45,353	10,738	56,091
Disposals	-	(144,623)	-	(144,623)
Balance carried forward 31 March 2022	2,857,211	566,094	409,337	3,832,642
Net book value at 31 March 2022	**0**	**59,767**	**16,174**	**75,941**
Net book value at 1 April 2021	0	66,146	13,907	80,053

13. INTANGIBLE FIXED ASSETS

Cost	£ Assets under Construction	£ Intangible Assets	£ Total
Transfer from Tangible Assets 1 April 2021	5,100	-	5,100
Additions	47,640	-	47,640
Disposals	-	-	-
Balance carried forward at 31 March 2022	52,740	-	52,740
Amortisation			
Balance brought forward at 1 April 2021	-	-	-
Charge for the period	-	-	-
Disposals	-	-	-
Balance carried forward 31 March 2022	52,740	-	52,740
Net book value at 31 March 2022	**52,740**	**0**	**52,740**
Net book value at 1 April 2021	5,100	0	5,100

The Institute has a new website under construction. The cost will be amortised over three years, starting when the website is launched, which will be in the autumn of 2022.

14. INVESTMENTS

	Charity	
	2022	2021
	£	£
Investment in subsidiaries	100	100

The charity holds 100 shares of £1 each in its wholly owned trading subsidiary company IFG Enterprises Limited which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid. The activities and results of this company are summarised in Note 5.

15. DEBTORS

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	202,947	212,655	202,947	212,655
Other debtors	3,928	-	3,928	-
Amounts owed by subsidiary	-	-	90,848	90,898
Prepayments and accrued income	240,628	212,164	240,628	212,164
	447,503	424,819	538,351	515,717

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	156,809	91,765	156,809	91,765
Accruals and deferred income	382,025	320,589	382,025	320,589
VAT	416	5,127	436	5,147
Other taxation and social security	89,980	78,517	89,980	78,517
Other creditors	10,280	2,722	10,280	2,722
	639,510	498,720	639,530	498,740

17. DEFERRED INCOME

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Deferred income at 1 April 2021	162,148	114,760	162,148	114,760
Resources deferred during the year	108,880	140,790	108,880	140,790
Amounts released from previous periods	(156,740)	(93,402)	(156,740)	(93,402)
	114,288	162,148	114,288	162,148

18. ANALYSIS OF CHARITABLE FUNDS

Analysis of movements in unrestricted and restricted funds 2021-22

	Balance 1 April 2021	Income	Expenditure	Transfers	Balance 31 March 2022
	£	£	£	£	£
Unrestricted Income Funds					
General funds	2,093,955	5,399,417	(4,850,855)	(104,719)	2,537,798
Designated Funds					
Fixed asset fund	80,053	-	(56,091)	104,719	128,681
Property relocation fund	620,000	-	-	-	620,000
Capital and maintenance fund	200,000	-	-	-	200,000
Restricted Funds	-	-	-	-	-
TOTAL FUNDS	2,994,008	5,399,417	(4,906,946)	-	3,486,479

Analysis of movements in unrestricted and restricted funds 2020-21

	Balance 1 April 2020	Income	Expenditure	Transfers	Balance 31 March 2021
	£	£	£	£	£
Unrestricted Income Funds					
General funds	1,076,303	5,304,999	(4,429,844)	142,497	2,093,955
Designated Funds					
Fixed asset fund	76,250		(48,614)	52,417	80,053
Property relocation fund	614,914			5,086	620,000
Capital and maintenance fund	400,000			(200,000)	200,000
Restricted Funds					
Charitable activities with restricted funding-Transport & Energy Policy-making	-	151,953	(151,953)	-	-
TOTAL FUNDS	2,167,467	5,456,952	(4,630,411)	-	2,994,008

The fixed asset fund represents funds set aside equivalent to the net book value of the fixed assets of the organisation. The fixed assets are depreciated over time and therefore it is appropriate to put funds aside covering the reduction in economic value of the Institute's fixed assets.

The property relocation fund represents a round sum estimate of the replacement cost of office equipment and fixtures and fittings in the event of an office move at the end of the lease at 2 Carlton Gardens.

The capital and maintenance fund represents funds put aside to cover future costs in relation to 2 Carlton Gardens which, by their nature, can be both large and unpredictable in timing.

19. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds		Restricted funds	Group total funds
Fund balances at 31 March 2022 are represented by:	General £	Designated £	£	£
Tangible fixed assets	-	128,681	-	128,681
Current assets	3,177,308	820,000	-	3,997,308
Current liabilities	(639,510)	-	-	(639,510)
	2,537,798	948,681	-	3,486,479

	Unrestricted funds		Restricted funds	Group total funds
Fund balances at 31 March 2021 are represented by:	General £	Designated £	£	£
Tangible fixed assets	-	80,053	-	80,053
Current assets	2,592,675	820,000	-	3,412,675
Current liabilities	(498,720)	-	-	(498,720)
	2,093,955	**900,053**	**-**	**2,994,008**

20. OPERATING LEASE COMMITMENTS

At 31 March 2022, the charity had the following total operating lease commitments:

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Operating lease commitments due:				
Not later than one year	485,000	487,240	485,000	487,240
Later than one year and not later than five years	5,315	490,395	5,315	490,395

The above commitments include the charge for an operating lease on 2 Carlton Gardens. There is a three-year lease with rent set at £485,000 until the end of the lease term in April 2023.

The Charity has set aside £200k as a designated fund for any maintenance and reinstatement costs which may be needed during the remainder of its lease at Carlton Gardens. There has been no indication that there is legal obligation to meet any such costs and so no provision has been recognised. The £200k is considered to represent a contingent liability for any costs that may be required.

21. RELATED PARTY TRANSACTIONS

The charity does undertake transactions with its wholly owned subsidiary IFG Enterprises Limited in the normal course of business. For 2021-22 there were no recharges to IFG Enterprises Limited (2021: £nil) for the costs incurred by the Institute in supporting the external hire business of IFG Enterprises Ltd. When there are remaining profits from its business they are gift aided by IFG Enterprises Limited to the Institute. There were no other related party transactions during the year.

22. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2021

	Notes	Unrestricted General Fund	Designated Funds	Restricted Funds	**2021 Total Funds**	2020 Total Funds
Income from:		£	£	£	**£**	£
Charitable activities	4	5,216,021	-	151,953	**5,367,974**	5,001,685
Other trading activities	5	-	-	-	**-**	100,822
Investments		645	-	-	**645**	645
Other	6	88,333	-	-	**88,333**	134,865
Total		5,304,999	-	151,953	**5,456,952**	5,238,017
Expenditure on:						
Raising funds		1,646	-	-	**1,646**	58,840
Charitable activities	7	4,428,198	48,614	151,953	**4,628,765**	4,516,566
Total		4,429,844	48,614	151,953	**4,630,411**	4,575,406
Net income/(expenditure)		875,155	(48,614)	-	**826,541**	662,611
Transfers between funds	17	142,497	(142,497)	-		-
Net Movement in funds		1,017,652	(191,111)	-	**826,541**	662,611
Reconciliation of funds:					-	
Total funds brought forward		1,076,303	1,091,164	-	**2,167,467**	1,504,856
Total funds carried forward		2,093,955	900,053	-	**2,994,008**	2,167,467

INSTITUTE FOR GOVERNMENT

England & Wales - Charity number 1123926

Accounts

INSTITUTE FOR GOVERNMENT

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR TO 31 MARCH 2021

Charity number 1123926

Company number 6480524

INSTITUTE FOR GOVERNMENT
ANNUAL REPORT AND ACCOUNTS

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INSTITUTE FOR GOVERNMENT
LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR TO 31 MARCH 2021

Board of Governors

Governor	
Lord Sainsbury of Turville	Chair
Baroness Valerie Amos	
Sir Andrew Cahn	
Sir Ian Cheshire	Chair, Finance & Audit Committee
Miranda Curtis	
Sir Richard Lambert	
Baroness Susan Kramer	
Lord Simon of Highbury	
Sir Paul Tucker	
Jonathan Slater	
Sir David Lidington	

Governors are appointed for an initial term of 3 years. They may be reappointed for further periods of 3 years.

Executive Directors

The Director of the Institute is Bronwen Maddox. The Director is responsible for the day-to-day running of the Institute along with a team of Directors and Programme Directors.

Bankers	Barclays Bank Acorn House 36-38 Park Royal Road London NW10 7JA
Registered Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Principal & Registered Office	2 Carlton Gardens London SW1Y 5AA
Website	www.instituteforgovernment.org.uk

The Institute for Government is a registered charity (No.1123926) and a company limited by guarantee registered in England and Wales (No.6480524). It was granted an exemption from the requirement to use the word Limited on 18 January 2008.

INSTITUTE FOR GOVERNMENT
FOREWORD BY LORD SAINSBURY
FOR THE YEAR TO 31 MARCH 2021

Foreword

By Lord Sainsbury of Turville, Founder of the Institute and Chair of Governors

The past year has been an extraordinary one. The government has had to deal with an unprecedented health crisis which has changed the way we all live our lives. Covid-19 has had a devastating impact on the country, in terms of lives lost, the hit to the economy, and a deterioration in the quality of people's lives. In response to the pandemic the Institute has undertaken significant research and provided extensive commentary on the pandemic and on how the government has managed the crisis.

Given the Institute for Government's remit to increase the effectiveness of government, we are pleased that, despite the emergency, the government has retained its focus on civil service reform. 'The Declaration of Government Reform' sets out many sensible aspirations for reform but provides few details of how they are to be achieved, and key organisational and governance issues have not been tackled. As a result, the accountability of ministers and civil servants is still unclear, and the relationship between the centre of government and the departments remains a problem.

The Institute has continued to influence public debate and has informed policy making by providing evidence-based and expert analysis. Among other questions, it has focussed on the centre of government; devolution; civil service skills, pay and promotion; Brexit; parliamentary scrutiny; public services; and the economy. There has been a focus on policy making, in particular on energy and transport, and the Institute held a one-day international conference on net zero. In terms of work on Brexit, the team analysed how the government managed the transition period and continues to comment on the impact of the Northern Ireland protocol.

The Institute continues to provide clear and practical recommendations, and promotes good governance, accountability and transparency. It provides practical, private advice to ministers on how to get the best out of the civil service and their time in office, and works with Opposition teams on preparing for government. It has successfully enhanced its international reach by making links with civil servants, ministers, academic institutes and think tanks in different countries, and by inviting international speakers to participate in its panels. International viewer numbers for our events have increased significantly. An international round-table on cabinet government with participants from four countries was particularly successful. The Institute has developed partnerships with foundations and academic institutions to improve the connections between research (evidence) and policy-making.

The research and events teams have produced an impressive range of virtual events, round-tables and podcasts. The Institute has focused on improving its website and its reach. The Institute's podcast has continued to be successful, and covers topical issues every week, with many interesting guest speakers.

The Institute has published many significant reports during the year. These include reports on Covid-19; government reform; public services; the UK's relationship with the EU; progress with devolution; net zero; and the performance of public services.

The Director of the Institute, Bronwen Maddox, has continued her strong leadership of the Institute, and I would like on behalf of the Board to congratulate and thank her and all the staff for the way they have creatively and intelligently responded to the challenge of continuing to work during the pandemic. I am also, as always, grateful too for the knowledge and advice of the Board.

David Sainsbury

INSTITUTE FOR GOVERNMENT
INTRODUCTION BY BRONWEN MADDOX
FOR THE YEAR TO 31 MARCH 2021

By Bronwen Maddox, Executive Director of the Institute for Government

This has been an extraordinary year. Our work, as that of the government, has been dominated by the coronavirus emergency, which has brought such upheaval - and transformation - to the way that people live and work. The crisis descended as a new government, just months from winning a large majority, was also grappling with the UK's exit from the European Union.

We have covered extensively the government's response to coronavirus - planning for pandemics over years, ministerial decisions, use of scientific advice, and the structure of the Cabinet Office among others. We have taken a hard look at the failings - not least in the Department for Education and social care. But we have also pointed out the many successes. The speed with which Her Majesty's Revenue & Customs and the Department for Work and Pensions managed to get financial support to millions of people owed a lot to years of work and investment in digital systems, of a kind that the Institute for Government has urged.

Throughout the past turbulent year, the government has maintained that it is committed to reform of the civil service. It published this summer its Declaration of Government Reform, setting out its thoughts. These questions represent the core of the Institute's work, and we have published our response to this Declaration as well as extensive work on the key changes that in our view are needed. The government's aims are admirable but it has not addressed some of the key questions that are at the heart of many problems. Those include the need for a clear division of responsibility of ministers and officials, and a clearer relationship between the heart of government - No.10 Downing Street, the Cabinet Office and the Treasury - and Whitehall departments. We will also continue to write extensively on pay, promotion and skills in the civil service and how the turnover of officials between jobs, which almost everyone agrees is highly damaging, can be avoided. We welcome the government's continuing profession of commitment to this cause.

Brexit and coronavirus have drawn even more attention to relations between Westminster and the devolved nations. Often, those relations have been strained. An important wing of our work looks at the technicalities of these relations and what could be done to improve them - as well as at relations with the city mayors and the imperfect state of decentralisation in England. We are also working on relations between government and public bodies, one of the original core themes of the Institute; the past year has shown again how poorly understood their role and governance is, including by ministers.

Since launching at the time of the 2019 general election, the Institute's weekly podcast *Inside Briefing* has established itself as a popular and respected podcast. It regularly tops iTunes' government charts, continues to grow its audience, and attracts high profile guests from British and international media outlets. It also featured in Iain Dale's top 50 political podcasts. The need to go entirely digital for a year has strengthened our events programme. We have been able to bring together speakers including Professor Joseph E. Stiglitz; Rt Hon David Lammy MP; Rt Hon Rory Stewart; Anneliese Dodds MP; Rt Hon Jeremy Hunt MP; Chi Onwurah MP; Stephen Bush; Lord Maude; Rt Hon Greg Clark MP; Tony Blair; Rt Hon Jesse Norman MP; and Ambassador João Vale de Almeida, and are delighted at the expanded audiences these have reached. Nonetheless, as we begin to explore the future of hybrid work and returning to that building, we look forward to the time when we can welcome many of you there again.

Bronwen Maddox

The Governors are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2021 which are prepared to meet the requirements for a directors' report and accounts for Companies House.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our purposes and activities

The Institute for Government ("the Institute") is an independent charity. We work with all the main political parties in Westminster and with senior civil servants in Whitehall, providing evidence-based advice that draws on best practice from around the world.

The purposes of the Institute for Government are:

- The advancement of education in the art and science of government in the UK for the benefit of the public on a non-party political basis, and
- The promotion of efficient public administration of government and public service in the UK by providing programmes of education, training, research and study for the public benefit on a non-party political basis.

We continue to deliver our vision to increase the effectiveness of government in the UK, by improving the processes of government, and enhancing the decision making and skills of civil servants and politicians. Our focus is on bringing about long term, sustainable change, with an emphasis not just on producing proposals but on working to see them implemented and have an impact on the way the UK is governed.

Principal activities and achievements

The past year has been exceptional by any standard. Just before the start of the year the UK went into lockdown as a result of the Covid-19 pandemic and never completely emerged again during the course of the year.

The end of the Brexit transition period took effect at the end of January 2020, but otherwise the manifesto programme on which the Conservative Party had been elected in December 2019 was largely side-lined as the machinery of government was mobilised to deal with the consequences of the pandemic. The persistence of the virus and the associated public health measures meant that the Institute staff worked from home almost all year, with a return to the office in September 2021. However, the research programme was quickly amended to take account of the new government priorities and our events programme moved swiftly online. The fact that everyone who could do so was working remotely gave us easier access to many geographically distant experts and panellists and saw our web traffic and audiences increase.

Our work during 2020-21 has focussed on the following areas:

- **Brexit** – We analysed the government's progress leading up to the end of the transition period on 31 December 2020, including the implementation challenge as well as the negotiations with the EU – providing real-time commentary to inform the public debate. We have made recommendations on how the government should approach its new regulatory freedom as well as manage the UK internal market which has informed discussions among policy makers.

- **Whitehall Monitor** – We published Whitehall Monitor 2021 in January 2021, assessing the impact of Covid and the final preparations for leaving the EU on the working of central government.

- **Ministers** – We have continued to support current ministers to increase their effectiveness as well as developing Ministers Reflect – our archive of interviews with ministers who have left government. We published a report examining how the role of special advisers has changed during Johnson's premiership.

- **Public services:** We published research on the criminal justice system, public services resilience and preparedness before the pandemic, a comparison of the NHS, schools, and social care in the four nations of the UK, and the use of targets in public services. The latest edition of Performance Tracker analysed public services' response to the pandemic.

- **Devolution** – We published reports on questions including how the UK and devolved governments have worked together to manage coronavirus, how the devolved governments are funded, and whether and how an independent Scotland could rejoin the European Union.

- **Coronavirus** – We analysed government decision making, the impact on the economy and Parliament's response and contributed to public debates about lockdown measures.

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- **Civil service** – We assessed the government's plans for civil service reform in the context of the changing political environment and the weaknesses and strengths exposed by the Covid-19 response. We also looked at the problems with the centre of government, skills in the civil service and plans to relocate civil servants.

- **Policy making** – We published work on the role of evidence in transport and energy policy making and continued to work with the civil service on how to improve standards of policy making in government

- **Net Zero** – We analysed how government could meet the target of net zero greenhouse gas emissions by 2050, including looking at how government is organised, public engagement and the role of parliamentary scrutiny.

- **Parliament** – Our research on Parliament focused on the impact of Covid-19 on parliamentary processes, the impact of virtual proceedings and the implications of their subsequent unwinding. We provided high profile commentary on parliament's efforts to scrutinise the government's response to the pandemic.

- **Public finances** – We have monitored the evolution of policy, the public finances and the economy during the coronavirus crisis, including reports on the labour market and business support policies and outcomes in different countries and the challenges posed by covid-19 for the social security system. We published research on how to overcome barriers to tax reform and the future of subsidy control in the UK. We also published analysis on tax revenues and public spending across the four nations of the UK.

- **Public inquiries and accountability** – We have continued to promote our earlier work on accountability and public inquiries.

- We continue to deliver professional development for government, providing high-level advice, events and research to support ministers, advisers, senior officials and select committees.
- We also provide learning and development courses for early-career researchers on engaging with government and creating impact with their research.

Future plans 2021-22

In the coming year, we will continue to deliver research and seek to achieve impact in the areas covered by our core programmes, set out in our three-year plan agreed by the Board in March 2020. We will continue to adapt our priorities to take account of external events, such as the ongoing impact of the pandemic and the upcoming COP meeting on climate change and the government's own plans for reform.

The core of our work is about civil service reform and the responsibilities of ministers and officials, as well as the quality of policy making. We will look at the intentions behind 'The Declaration of Government Reform' published in June 2021 as well as other statements from the government and the measures which need to be taken to achieve greater effectiveness, efficiency and accountability.

The reckoning with the Covid pandemic will start to make itself felt and we will look at its implications in our work on Parliament, public services and public finances. The constitution and devolution will figure highly this year as the current settlement comes under increasing pressure.

We also plan to redevelop our website and make further improvements in our communications capacity to achieve greater impact for our work.

How our activities deliver public benefit

In shaping our annual objectives and business plans the Institute has considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

The Institute produces high-quality research reports, comments and analyses that are independent of government, political parties, individual clients or companies. These are promoted widely and free of charge to individuals, organisations, practitioners and others with an active interest in the government of the UK.

Together, these reports and the events arising out of our work provide a robust evidence base on the governance of the UK. This helps equip the public, parliament and government itself with knowledge and information on the issues affecting the governing of the UK and the training of its current and future ministers.

Our staff are frequently invited to discuss the findings of our research on UK and international radio and television and in print media. In this way our research helps inform the public debate, media outlets and individual citizens. We have a social media presence on Twitter, Facebook, Instagram and LinkedIn which is free and accessible to the public.

We encourage those with an interest in our work to become involved by joining our mailing lists and receiving newsletters and being invited to attend our public events.

We monitor the impact of our work very closely and report on it at each meeting to the Board. We believe that if we can bring about or encourage even only minor improvements in government effectiveness then this would constitute a significant public good. In fact, we aim to do much better than this and are happy to be able to report a growing reputation and influence with a corresponding impact on the thinking of government. Inevitably, however, there remains much scope for our work.

Financial Review

The Institute's consolidated income amounted to £5,456,952 (2020: £5,238,017) whilst consolidated expenditure amounted to £4,630,411 (2020: £4,575,406) as shown in the Statement of Financial Activities. The consolidated surplus before transfers on the general fund for the period was £875,155. After transfers to designated funds, the consolidated surplus on all funds was £826,541.

The charity's trading subsidiary, IFG Enterprises Limited, did not operate at all during the year as the closure of the building and public health restrictions meant that external hire and events were not possible. The company has made a small loss of £1,646 for the year due to administrative costs. We will return to active promotion of the hire of the premises when government guidance and the public health situation allow. A Board Resolution of 11th December 2018 mandated the automatic transfer of the IFG Enterprises surplus to the Institute going forward but there are no profits or gift aid transfers to be made in respect of 2020-21

Despite the lack of external hire activity, the Institute made a significant surplus in 2020-21. This was the result of a combination of two factors. Firstly, although there were some additional costs in areas such as equipment for working from home and technical support for virtual events, the savings which accrued from the closure of the building for such a long period were significant. Secondly, corporate partners, denied other outlets, were keen to invest in virtual events resulting in a large amount of sponsorship income. We also saw a notable increase in bookings from academic institutions for courses to support early career researchers to understand government and make an impact on the policy debate.

The Institute had always planned to use its reserves to invest in an expanded research team, a new website and enhanced audio-visual capabilities during the second and third years of the 2020-2023 plan. It did so in 2020-21 and continues to do so in line with the plan.

There are further adjustments required as a result of the pandemic: adjustment to the office facilities to protect the health of staff and equipment to support more flexible working; the need for better hybrid audio-visual capabilities to retain the best of this period's innovations and additional staff to cover new areas of research work opened up by the challenges of the pandemic. The unanticipated surplus from 2020-21 will be used to cover not only the planned deficit for the period 2021-23 but also the additional investment required.

Principal funding sources

The Institute's core funder is the Gatsby Charitable Foundation. Core funding income from the Gatsby Trust in 2020-21 was £4,525,690 (2020: £4,447.339). In addition to this core funding, Gatsby also provided £151,953 in restricted funding for a special project on transport and energy policy making.

A three-year plan was produced during 2019-20 setting out the research programme the Institute intended to undertake to 2023 along with the anticipated associated cost. A funding request was then submitted to the Gatsby Trustees asking for their support to deliver the plans and approval for funding for the three-year period to March 2023 was given by the Gatsby Board in February 2020.

In addition to this core funding, the Institute funds its project work and events by generating income from a range of corporate and academic funders and trusts. Details on all sources of funding are provided on the Institute's website. As noted above, it was an exceptionally positive year for resource generation with the target of £520,000 exceeded by more than 30% and a significant pipeline of opportunities in place for 2021-22.

Impact of Covid-19

The Institute moved to working entirely from home on 17th March 2020. The office opened again for two days a week when permitted during the year for those who were finding working at home difficult but there will be no return to a normal working week until September 2021 when the Institute currently expects staff to return to the office for at least three days a week.

The research programme, which had been based on our usual core research interests and the new government's plans, was immediately adjusted to take account of the impact of the pandemic on both government itself and its policies. We expect to continue to do work in this area for some time to come. There was, however, very little impact on our ability to undertake research and publish and disseminate our work.

While the research work continued largely unimpeded, there was an immediate and significant impact on the funding partnerships work and the external hire of the building.

The charity's trading subsidiary, IFG Enterprises Limited, did not operate at all during the year as the closure of the building and public health restrictions meant that external hire and events were not possible. This aspect of our work will resume when the situation allows.

The impact of the pandemic has been significant, but the Institute demonstrated an immediate ability to adapt and to continue its work while incurring fewer costs. Some developments, for example the extended reach which technology provided, have been positive and we will seek to maintain those; others, such as the loss of serendipitous in-person exchanges, we are keen to leave behind. The savings made during the pandemic will allow the Institute to invest to exploit hybrid working to its maximum potential in the future.

Reserves policy

Total unrestricted funds increased to £2,994,008 as at 31 March 2021 (2020: £2,167,467).

There are no restricted reserves (2020: £nil). Fixed assets represent £80,053 (2020: £76,250) of the unrestricted funds total of £2,994,008. Designated funds of £200,000 have been set aside to provide financial security against significant one-off costs associated with 2 Carlton Gardens. In addition, the property relocation fund of £620,000 has been established with a view to covering the potential costs of planning a move and re-equipping new premises in anticipation of the end of the current lease in 2023.

The Governors have reviewed their reserves policy and the financial risks faced by the organisation. The Governors' policy is that the level of reserves, defined as free and undesignated reserves measured by the amount of retained general funds should be at least six months' operating costs. Current general fund reserves levels are £2,093,955 (2020: £1,076,303) which represent 39% of the planned expenditure of the Institute for 2020-21. It is therefore, in principle, the policy of the Institute to continue to build its reserves. However, recognising the large surplus achieved in both 2019-20 and 2020-21, the Board has given its approval for the Institute to run a deficit budget over the course of the current three-year plan (2020-23) which will reduce reserves by some £421,000. The Governors do not consider this a risk in the light of the commitment to ongoing support of the Institute from the Gatsby Charitable Foundation.

Investment policy

The investment of funds surplus to day-to-day requirements is discussed at the Finance & Audit Committee. These funds are placed on deposit with large reputable banks with as long a maturity as is consistent with managing cash flow requirements. Unfortunately returns have been declining as interest rates have decreased and have remained low.

Going Concern

The Institute reported a cash inflow of £923,427 for the year (2020: outflow of £(144,818)) as a result of the operating surplus reported by the charity. The group retained a healthy cash balance of £2,987,856 at 31st March 2021. The Governors are of the view that the management plans to react quickly to changing circumstances and the security of the medium-term commitment of the Gatsby Charitable Foundation provide assurance that the charity remains a going concern despite the impact of Covid-19.

Structure, Governance and Management

Institute for Government is a company limited by guarantee governed by its Memorandum of Association dated 16 January 2008, and revised Articles of Association adopted by special resolution on 21 September 2010. It is registered as a charity with the Charity Commission.

The Institute is run by the Board of Governors who are also Members and Directors of the Company and Trustees of the Charity.

Governors

The Board met every three months during the period covered by the Annual Report to manage and control the affairs of the Institute. The Governors concern themselves mainly with issues of a strategic nature, deciding broad policy for the Institute and ensuring good governance and compliance. The senior management team undertakes the day-to-day management of the Institute's activities within the framework set out by the Governors and comprises the Director, the Deputy Director, the Director of Research, the Director of Finance & Resources, the Chief Economist and Programme Directors.

The Executive Committee of the board continued to meet regularly throughout the year. The Committee is chaired by Lord Sainsbury.

The Finance and Audit Committee, chaired by Sir Ian Cheshire, also met on a quarterly basis and reviewed the financial performance and all aspects of risk management of the Institute.

The Articles of Association provide for the appointment and retirement of the Governors on three-year terms. During the year Miranda Curtis and Sir Richard Lambert retired by rotation and were re-appointed for a further term. There is a minimum of three governors and there is no upper limit, though normally the Board will comprise a maximum of fifteen members.

The Governors put forward and discuss potential new Board members amongst the existing members. The key principles for appointment are that the Board of Governors should provide a balance of experience including from the civil service, private sector, the academic sector and also from the major political parties. The Board will always be numerically balanced in terms of direct political affiliation to ensure its non-partisan position.

There is no specific training or induction for new governors as they have been selected based upon their experience and interest in the objectives of the Institute.

None of the Governors receive remuneration or other benefit from their work with the charity though they may be paid reasonable travel, hotel and other expenses that they incur in connection with their attendance at Institute meetings. All Governors must declare the nature and extent of any interest, direct or indirect, they may have in any proposed transaction of the charity and they will not participate in any discussions or votes on such matters. The Governors must also declare any conflicts of interest that may arise. Any connection between a governor or senior manager with a stakeholder (customer, supplier, sponsor, funder, government department, political party) of the charity must be disclosed in the same way as any other contractual relationship with a related party.

The Institute has utilised the governance code for charities to assess compliance with the principles of the code and identify any measures required to improve its governance standards and overall effectiveness as an organisation.

Risk Management

The day-to-day task of managing risk is devolved to senior management though the Governors retain overall responsibility for risk management. Reporting of significant risks, how these are managed and mitigated forms part of the regular reporting by senior management to the Governors at board and other sub-committee meetings.

The Institute maintains a risk register in which current risks are reviewed in the context of the internal and external environment, along with their probability and impact. The focus in this risk register is on the most material risks facing the Institute; risks which if realised could have serious consequences for all or some of our stakeholders and threaten the future viability of the Institute.

The most significant risks facing the Institute and the ones that inform our reserves policy are the reliance on Gatsby funding and the length of the lease and potential liabilities relating to 2 Carlton Gardens. Assurances of continuing support have been sought by the Board from the Gatsby Foundation and a commitment covering the period up to and including 2020-23 has been received. The potential liabilities relating to 2 Carlton Gardens have been mitigated by setting aside adequate designated reserves.

During the year there was increased attention to cyber-security, ensuring that the Institute's systems were fit for purpose and secure. Cyber Essentials re-accreditation was achieved.

Trading subsidiary

The Institute has a wholly owned subsidiary, IFG Enterprises Limited, which undertakes commercial activities on behalf of the charity. The activities of IFG Enterprises Limited are currently limited to room and building hire. All profits of IFG Enterprises Limited are gift aided to the Institute for Government.

The Institute does not raise funds from the public and considers that it has appropriate standards and controls in place in its fundraising work with corporate and institutional clients to ensure that it adheres to the Code of Fundraising Practice. The Institute takes great care to ensure that its work is not influenced by fundraising activities and all funders and their contributions to the Institute are disclosed on the website.

Pay policy for senior staff

The Board of Governors, who are the Institute's trustees and members of the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Institute on a day-to day basis. All board members give of their time freely and no governor received remuneration in the year. There were also no governor expenses during the year.

The Institute for Government's policy on pay is that it should be based on merit and that it should reward performance. The Institute has a formally constituted board sub-committee to address remuneration issues. This meets on a regular basis throughout the year. Its remit is to consider the basis on which pay decisions are made and to ensure they are in line with the Institute's mission and recruitment and retention strategy. It also reviews senior pay decisions and advises the Board on the remuneration of the Director.

Pay decisions are based on merit and, where appropriate for technical and specialist roles, market rates. The Institute considers each year, according to circumstances, whether to apply a cost of living adjustment to salaries. The Institute's approach to pay is to balance the need to attract, retain and motivate appropriately skilled individuals able to deliver the necessary impact with the financial considerations of being a charity.

Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.
A resolution proposing the appointment of Crowe U.K. LLP as auditors of the Charity for the year to 31 March 2022 will be put to the Annual General Meeting.

Statement of Governors' responsibilities

The Governors (who are also directors of the Institute for Government for the purposes of company law) are responsible for preparing the Governors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

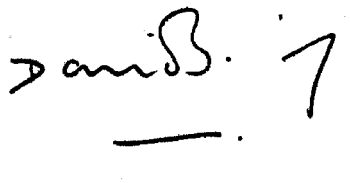
The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as each of the Governors is aware at the time of approving our Governors' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- each of the Governors, having made enquiries of fellow Governors that he/she ought to have individually made, has taken all steps that he/she is obliged to take as a director in order to make him/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees



Lord Sainsbury of Turville (Chair)

28 September 2021

Independent Auditor's Report to the Members of the Institute for Government

Opinion

We have audited the financial statements of Institute for Government ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise Consolidated Statement of Financial Activities, Charity and Group Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 13], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation and employment legislations.

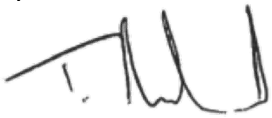
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

20 October 2021

Crowe U.K. LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted General Fund	Designated Funds	Restricted Funds	**2021 Total Funds**	2020 Total Funds
Income from:		£	£	£	**£**	£
Charitable activities	4	5,216,021	-	151,953	**5,367,974**	5,001,685
Other trading activities	5	-	-	-	**-**	100,822
Investments		645	-	-	**645**	645
Other	6	88,333	-	-	**88,333**	134,865
Total		5,304,999	-	151,953	**5,456,952**	5,238,017
Expenditure on:						
Raising funds		1,646	-	-	**1,646**	58,840
Charitable activities	7	4,428,198	48,614	151,953	**4,628,765**	4,516,566
Total		4,429,844	48,614	151,953	**4,630,411**	4,575,406
Net income/(expenditure)		875,155	(48,614)	-	**826,541**	662,611
Transfers between funds	17	142,497	(142,497)	-		-
Net Movement in funds		1,017,652	(191,111)	-	**826,541**	662,611
Reconciliation of funds:					**-**	
Total funds brought forward		1,076,303	1,091,164	-	**2,167,467**	1,504,856
Total funds carried forward		2,093,955	900,053	-	**2,994,008**	2,167,467

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The amount of £48,614 allocated to designated funds (2020: £70,931) represents the depreciation charge (see also Note 12 on page 26).

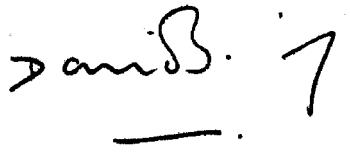
INSTITUTE FOR GOVERNMENT
CHARITY AND GROUP BALANCE SHEETS
AS AT 31 MARCH 2021

	Notes	Group		Charity	
		2021	2020	2021	2020
		£	£	£	£
Fixed Assets					
Tangible fixed assets	12	80,053	76,250	80,053	76,250
Investments	13		-	100	100
		80,053	**76,250**	**80,153**	**76,350**
Current Assets					
Debtors	14	424,819	436,320	515,717	608,454
Cash at bank		2,987,856	2,116,201	2,898,524	1,943,987
		3,412,675	**2,552,521**	**3,414,241**	**2,552,441**
Current Liabilities					
Creditors: amounts falling due within one year	15	498,720	461,304	498,740	461,324
Net Current Assets		**2,913,955**	**2,091217**	**2,915,501**	**2,091,117**
Total assets less current liabilities		**2,994,008**	**2,167,467**	**2,995,654**	**2,167,467**
Total Net Assets		**2,994,008**	**2,167,467**	**2,995,654**	**2,167,467**
The funds of the charity:	18				
Unrestricted Funds					
General Fund		2,093,955	1,076,303	2,095,601	1,076,303
Designated Funds		900,053	1,091,164	900,053	1,091,164
		2,994,008	**2,167,467**	**2,995,654**	**2,167,467**

Company number 6480524

The profit/loss for the financial year dealt with in the financial statements of the parent company was £828,187 (2020: £662,611).

The governors have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.



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Lord Sainsbury of Turville
Chair of Board of Governors on behalf of the governors

Approved and authorised for issue by the Governors on 28 September 2021

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 31 MARCH 2021

	Group 2021 £	2020 £
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities	**923,427**	**(144,818)**
Cash flows from investing activities:		
Interest income	645	2,196
Purchase of tangible fixed assets	(52,417)	(62,095)
Net Cash used in investing activities	**(51,772)**	**(59,899)**
Change in cash and cash equivalents in the reporting period	871,655	(204,717)
Cash and cash equivalents at the beginning of the reporting period	**2,116,201**	**2,320,918**
Total cash and cash equivalents at the end of the reporting period	**2,987,856**	**2,116,201**

RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2021 £	2020 £
Net income/(expenditure) for the reporting period	826,541	662,611
Adjustments for:		
Depreciation charge	48,614	70,931
Interest income	(645)	(2,196)
(Increase)/Decrease in debtors	11,501	(199,004)
Increase/(Decrease) in creditors	37,416	(677,160)
Net cash provided by operating activities	**923,427**	**(144,818)**

INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Institute for Government meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Preparation of the accounts on a going concern basis

The Governors having assessed the charity's financial position, its plans for the foreseeable future, the risks to which it is exposed and forecast projections are satisfied that it remains appropriate to prepare the financial statements on the going concern basis. Further details on the Institute's going concern assessment are provided in the Governors' Annual Report on page 10.

c) Critical accounting judgements and estimate uncertainty

In the application of the charity's accounting policies, which are described in this note, Governors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods. Other than the contingent liability disclosed in Note 19 relating to a potential cost on reinstating the current premises on the lease termination and judgements made in recovering VAT on costs, the Governors are of the view that there are no assumptions concerning the future or estimations of uncertainty affecting assets and liabilities at the balance sheet date which are likely to result in a material adjustment to their carrying amounts in the next financial year.

d) Group financial statements

In accordance with the requirements of SORP 2015 the financial statements consolidate the results of the charity and its wholly owned subsidiary IFG Enterprises Limited on a line-by-line basis. The results of IFG Enterprises Limited are shown in Note 5.

e) Income

Income from any source including grants is recognised when the charity has entitlement to the funds, any performance conditions attaching to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Our principal source of income, from the Gatsby Charitable Trust, is given as an annual grant towards our general operating costs. The grant is therefore recognised evenly across each financial year. For other grants and income for specific projects and events series, income is recognised when any performance criteria have been met and with regard to the length of the project being funded or the number and timing of events in a funded series.

Income received in advance for any event, project or room hire or provision of other specified service is deferred until the criteria for income recognition are met including when an event actually takes place or, where a project runs across financial years, with regard to resource inputs into a project or specific deliverable or performance criteria.

f) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the Governors have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Institute's work or for specific projects being undertaken by the Institute.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading by the subsidiary and their associated support costs;
- Expenditure on charitable activities includes the costs of events, projects and research and other activities undertaken to further the purposes of the charity and their associated support costs;
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Institute's projects and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in Note 8.

i) Tangible fixed assets

Individual fixed assets costing £500 or more are recognised at cost and are depreciated over their estimated useful economic lives on a straight-line basis as follows:

Asset category	**Annual rate**
Long leasehold building/improvements	Based on term of lease/estimated lease extension
Office equipment	33%
Furniture & fittings	20%

j) Financial instruments

Institute for Government has financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank in hand together with trade and other debtors and accrued income. Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

k) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

m) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

n) Pensions

The Charity has a money purchase scheme for qualifying employees. Pension costs charged to the Statement of Financial Activities represent the contributions payable by the Charity in the period.

2. LEGAL STATUS OF THE INSTITUTE

The Institute is a company limited by guarantee incorporated in England & Wales and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The Institute's registered office address is 2 Carlton Gardens, London, SW1Y 5AA.

3. FINANCIAL PERFORMANCE OF THE CHARITY

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary which undertakes commercial activities including room hire on behalf of the charity. The summary financial performance of the charity alone is:

	2021	2020
	£	£
Income	5,456,952	5,191,483
Gift aid from subsidiary company	-	41,982
	5,456,952	5,233,465
Expenditure on raising funds and charitable activities	4,628,765	4,570,854
Net Income	828,187	662,611
Total funds brought forward	2,167,467	1,504,856
Total funds carried forward	2,995,654	2,167,467
Represented by:		
Designated unrestricted income funds	900,053	1,091,164
General unrestricted income funds	2,095,601	1,076,303
	2,995,654	2,167,467

4. INCOME FROM CHARITABLE ACTIVITIES

	2021	2020
	£	£
Grant from Gatsby Charitable Foundation	4,677,643	4,447,339
Income from staff secondments	-	8,443
Sponsorship income	506,726	475,482
Learning and development courses	178,606	64,703
Other income from charitable activities	4,999	6,363
	5,367,974	5,002,330

The Gatsby Charitable Foundation continues to provide an annual inflation adjusted general purposes grant towards the core operational costs of the Institute. This grant is formally committed until March 2023.

5. INCOME EARNED FROM OTHER ACTIVITIES

The wholly owned trading subsidiary IFG Enterprises Limited is incorporated in the United Kingdom (company number 07240242) and pays all of its profits to the charity under the gift aid scheme. IFG Enterprises Limited continues to manage the commercial activities of the Institute for Government, principally room hire and other event management. Financial statements for the company's financial year to 31 March 2021 have been prepared. Due to the coronavirus pandemic, the company did not trade during the year. A summary of the results is shown below.

The summary financial performance of the subsidiary alone is:

	2021	2020
	£	£
Turnover	-	100,822
Cost of sales and administrative costs	(1,646)	(58,840)
Net profit	(1,646)	41,982
Retained earnings brought forward	-	
Amount gift aided to the charity	-	41,982
Retained earnings carried forward	(1,646)	-

There is no management fee payable to the parent company included in the results above (2020: £54,288) relating to the cost of sales of events held by IFG Enterprises Limited.

As at 31 March 2021, IFG Enterprises Limited had total assets of £89,352 (2020: £182,670) and total liabilities of £90,898 (2020: £182,570).

6. OTHER INCOME

Other Income includes £88,333 (2020: £82,733) which represents recharges for the use of facilities at 2 Carlton Gardens including utilities and other service costs incurred by the Institute in respect of the whole building and is unrestricted general fund income. In 2020 it also included £49,935 due to resolution of a historical overpayment in relation to a staff secondment.

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

As in previous years there is no simple distinction between Research and Learning & Development as identifiably different charitable activities. As such expenditure on charitable activities is not segmented. The expenditure on our charitable work is analysed below.

	2021 £	2020 £
Staff salaries and other staff related costs	3,112,134	2,798,364
Premises and other building related costs	625,172	655,849
Events and Staff Catering	89,976	361,674
Transcription and other research costs	8,554	12,299
Office supplies	4,759	14,103
IT costs	69,746	88,332
Depreciation	48,614	70,932
Finance costs including bank charges	1,971	2,547
Website and media costs	137,710	120,233
Irrecoverable VAT	117,379	9,616
Governance costs	49,500	38,335
Support costs	363,250	344,181
Total	4,628,765	4,516,465

8. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

The Institute initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. The table below gives analysis of support and governance costs including the basis on which these are calculated.

	General support £	Governance £	Total £	2020 £	Basis of calculation
Staff costs	271,946	20,256	292,202	234,234	Support function staff time spent on support function activities
Building costs	85,251		85,251	95,978	Support function staff as proportion of FTE staff
Audit and accountancy fees:					
Audit		16,300	16,300	13,800	Governance
Tax advisory		12,944	12,944	4,884	Governance
Legal and professional fees	6,053	-	6,053	33,620	Governance
Total	**363,250**	**49,500**	**412,750**	**382,516**	

The total paid to the charity's auditors was £16,800, of which £16,300 is included in this note and £500 in raising funds.

9. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

The aggregate payroll costs were as follows:	2021 £	2020 £
Salaries and wages	2,532,365	2,473,030
Social security costs	277,037	277,288
Pension costs	354,618	199,984
Other costs	6,519	6,963
	3,170,539	2,957,265

During the year there were no redundancy or termination payments (2020: £16,000). In 2020 a pension salary exchange scheme was introduced which has led to an increase in pension costs and an equivalent reduction in salaries and wages.

The number of staff with emoluments greater than £60,000 was:

	2021	2020
£60,000 - £69,999	3	5
£70,000 - £79,999	2	2
£80,000 - £89,999	2	2
£90,000 - £99,999	2	-
£100,000 - £110,999	0	1
£120,000 - £129,999	1	1
£230,000 - £239,999	0	1
£240,000 - £249,999*	1	0

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.
*The disclosure above includes an amount of £20,032 (2020; £14,729) in lieu of pension contributions for the Director. All other banding disclosures are the gross pay of higher paid staff net of pension salary exchange, which has the effect of moving the individual to a lower emoluments band.

The charity trustees were not paid nor did they receive any other benefits from employment with the charity or its subsidiary in the year (2020: £nil). They were not reimbursed for expenses during the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).
During 2020-21, the key management personnel of the parent charity comprised the trustees, the Director, Deputy Director, Director of Research, Director of Finance & Resources, Programme Directors and Chief Economist of the Institute for Government. The total employee benefits of the key management personnel of the charity were £1,078,517 (2020: £1,031,942). The key management personnel of the group are the same as those of the Charity.

10. STAFF NUMBERS

The average number of persons employed by Institute of Government whether on a full time or part time basis during the period, analysed by category, was as follows:

	2021 No.	2020 No.
Research, Learning and Development	34	31
Office, management and services	16	16
	50	47

11. CORPORATION TAXATION

The Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

12. TANGIBLE FIXED ASSETS

	Group and Charity			
	£	£	£	£
Cost	**Leasehold Improvements**	**Office Equipment**	**Furniture & Fittings**	**Total**
Balance brought forward 1 April 2020	2,857,211	693,134	411,695	3,962,040
Additions	-	51,606	811	52,417
Disposals	-	(13,230)	-	(13,230)
Balance carried forward at 31 March 2021	2,857,211	731,510	412,506	4,001,227
Depreciation				
Balance brought forward at 1 April 2020	2,857,211	639,745	388,834	3,885,790
Charge for the period	-	38,849	9,765	48,614
Disposals	-	(13,230)	-	(13,230)
Balance carried forward 31 March 2021	2,857,211	665,364	398,599	3,921,174
Net book value at 31 March 2021	**0**	**66,146**	**13,907**	**80,053**
Net book value at 1 April 2020	0	53,389	22,861	76,250

13. INVESTMENTS

	Charity	
	2021	**2020**
	£	**£**
Investment in subsidiaries	100	100

The charity holds 100 shares of £1 each in its wholly owned trading subsidiary company IFG Enterprises Limited which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid. The activities and results of this company are summarised in Note 5.

14. DEBTORS

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	212,655	315,305	212,655	304,869
Other debtors	-	1,272	-	1,272
Amounts owed by subsidiary	-	-	90,898	182,570
Prepayments and accrued income	212,164	119,743	212,164	119,743
	424,819	436,320	515,717	608,454

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	91,765	116,927	91,765	116,927
Accruals and deferred income	320,589	252,547	320,589	252,567
VAT	5,127	7,998	5,147	7,998
Other taxation and social security	78,517	81,732	78,517	81,732
Other creditors	2,722	2,100	2,722	2,100
	498,720	461,304	498,740	461,324

16. DEFERRED INCOME

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Deferred income at 1 April 2020	114,760	111,286	114,760	111,286
Resources deferred during the year	140,790	111,760	140,790	111,760
Amounts released from previous periods	(93,402)	(108,286)	(93,402)	(108,286)
	162,148	114,760	162,148	114,760

17. ANALYSIS OF CHARITABLE FUNDS

Analysis of movements in unrestricted and restricted funds 2020-21

	Balance 1 April 2020	Income	Expenditure	Transfers	Balance 31 March 2021
	£	£	£	£	£
Unrestricted Income Funds					
General funds	1,076,303	5,304,999	(4,429,844)	142,497	2,093,955
Designated Funds					
Fixed asset fund	76,250		(48,614)	52,417	80,053
Property relocation fund	614,914			5,086	620,000
Capital and maintenance fund	400,000			(200,000)	200,000
Restricted Funds					
Charitable activities with restricted funding- Transport & Energy Policy-making	-	151,953	(151,953)	-	-
TOTAL FUNDS	2,167,467	5,456,952	(4,630,411)	-	2,994,008

Analysis of movements in unrestricted and restricted funds 2019-20

	Balance 1 April 2019	Income	Expenditure	Transfers	Balance 31 March 2020
	£	£	£	£	£
Unrestricted Income Funds					
General funds	404,856	5,206,017	(4,472,475)	(62,095)	1,076,303
Designated Funds					
Fixed asset fund	85,086	-	(70,931)	62,095	76,250
Property relocation fund	614,914	-	-	-	614,914
Capital and maintenance fund	400,000	-	-	-	400,000
Restricted Funds					
Charitable activities with restricted funding- History of Whitehall	-	32,000	(32,000)		
TOTAL FUNDS	1,504,856	5,238,017	(4,575,406)	-	2,167,467

The fixed asset fund represents funds set aside equivalent to the net book value of the fixed assets of the organisation. The fixed assets are depreciated over time and therefore it is appropriate to put funds aside covering the reduction in economic value of the Institute's fixed assets.

The property relocation fund represents a round sum estimate of the replacement cost of office equipment and fixtures and fittings in the event of an office move at the end of the lease at 2 Carlton Gardens.

The capital and maintenance fund represents funds put aside to cover future costs in relation to 2 Carlton Gardens which, by their nature, can be both large and unpredictable in timing.

18. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds		Restricted funds	Group total funds
	General	Designated		
Fund balances at 31 March 2021 are represented by:	**£**	**£**	**£**	**£**
Tangible fixed assets	-	80,053	-	80,053
Current assets	2,592,675	820,000	-	3,412,675
Current liabilities	(498,720)	-	-	(498,720)
	2,093,955	**900,053**	**-**	**2,994,008**

	Unrestricted funds		Restricted funds	Group total funds
	General	Designated		
Fund balances at 31 March 2020 are represented by:	**£**	**£**	**£**	**£**
Tangible fixed assets	-	76,250	-	76,250
Current assets	1,537,607	1,014,914	-	2,552,521
Current liabilities	(461,304)	-	-	(461,304)
	1,076,303	**1,091,164**	**-**	**2,167,467**

19. OPERATING LEASE COMMITMENTS

At 31 March 2021, the charity had the following total operating lease commitments:

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Operating lease commitments due:				
Not later than one year	487,240	6,674	487,240	6,674
Later than one year and not later than five years	490,395	2,240	490,395	2,240

The above commitments include the charge for an operating lease on 2 Carlton Gardens. The lease in place at the previous year end expired on 4 April 2020. There was therefore a commitment of only £4,434 at 31 March 2020. The original lease was replaced in April 2020 with a new three-year lease with rent set at £485,000 until the end of the lease term in April 2023. The balance of the future commitments relates to a finance lease on one item of office equipment.

The Charity has set aside £200k as a designated fund for any maintenance and reinstatement costs which may be needed during the remainder of its lease at Carlton Gardens. There has been no indication that there is legal obligation to meet any such costs and so no provision has been recognised. The £200k is considered to represent a contingent liability for any costs that may be required.

20. RELATED PARTY TRANSACTIONS

The charity does undertake transactions with its wholly owned subsidiary IFG Enterprises Limited in the normal course of business. For 2020-21 there were no recharges to IFG Enterprises Limited (2020: £54,288) for the costs incurred by the Institute in supporting the external hire business of IFG Enterprises Ltd. When there are remaining profits from its business they are gift aided by IFG Enterprises Limited to the Institute. There were no other related party transactions during the year.

20. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted General Fund	Designated Funds	Restricted Funds	**2020 Total Funds**	2019 Total Funds
Income from:		£	£	£	**£**	£
Charitable activities	4	4,970,330	-	32,000	**5,002,330**	4,580,987
Other trading activities	5	100,822	-	-	**100,822**	83,663
Investments		-	-	-	**-**	-
Other	6	134,865	-	-	**134,865**	80,861
Total		5,206,017	-	32,000	**5,238,017**	4,745,511
Expenditure on:						
Raising funds		58,840	-	-	**58,840**	61,224
Charitable activities	7	4,413,635	70,931	32,000	**4,516,566**	4,804,921
Total		4,472,475	70,931	32,000	**4,575,406**	4,866,145
Net income/(expenditure)		733,542	(70,931)	-	**662,611**	(120,634)
Transfers between funds	16	(62,095)	62,095	-	**-**	-
Net Movement in funds		671,447	(8,836)	-	**662,611**	(120,634)
Reconciliation of funds:						
Total funds brought forward		404,856	1,100,000	-	**1,504,856**	1,625,490
Total funds carried forward		1,076,303	1,091,164	-	**2,167,467**	1,504,856