

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

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2022

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.

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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.

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- 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)'.

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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.

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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.

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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.

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2022

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.

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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.

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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.

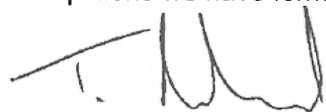
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

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

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

		Unrestricted				
	Notes	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).

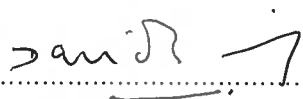
**INSTITUTE FOR GOVERNMENT
CHARITY AND GROUP BALANCE SHEETS
AS AT 31 MARCH 2022**

	Notes	Group 2022	2021	Charity 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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022**

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.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022**

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.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022**

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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022**

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
	<u>5,355,103</u>	<u>5,367,974</u>

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)
		(1,646)
Retained earnings brought forward	(1,646)	-
Amount gift aided to the charity	-	-
Retained earnings carried forward	<u>(2,006)</u>	<u>(1,646)</u>

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.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022**

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.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022**

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
	<u>3,319,569</u>	<u>3,170,539</u>

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	2021
	No.	No.
Research, Learning and Development	35	34
Office, management and services	<u>16</u>	<u>16</u>
	<u>51</u>	<u>50</u>

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022**

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	Group and Charity			£ Total
	£ Leasehold Improvements	£ Office Equipment	£ Furniture & Fittings	
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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2022**

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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
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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)
	<u>114,288</u>	<u>162,148</u>	<u>114,288</u>	<u>162,148</u>

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
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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.

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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
	General	Designated		funds
	£	£	£	£
Fund balances at 31 March 2022				
are represented by:				
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
	General	Designated		funds
	£	£	£	£
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

**INSTITUTE FOR GOVERNMENT
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20. OPERATING LEASE COMMITMENTS

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

	Group 2022 £	2021 £	Charity 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.

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22. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2021

		Unrestricted		Restricted	2021	2020
	Notes	General Fund	Designated Funds	Funds	Total Funds	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