

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
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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 5 th 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.

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- **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.

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- **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.

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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.

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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.

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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.

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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.

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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.

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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

		Unrestricted				
	Notes	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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023**

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.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023**

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.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023**

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	-
	<u>5,730,223</u>	<u>5,399,117</u>
Expenditure on raising funds and charitable activities	5,835,556	4,906,286
Net Income	<u>(105,333)</u>	<u>492,831</u>
Total funds brought forward	3,488,485	2,995,654
Total funds carried forward	<u>3,383,152</u>	<u>3,488,485</u>
Represented by:		
Designated unrestricted income funds	2,349,911	948,681
General unrestricted income funds	<u>1,033,241</u>	<u>2,539,804</u>
	<u>3,383,152</u>	<u>3,488,485</u>

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023**

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
	<u>5,706,271</u>	<u>5,355,103</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 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	<u>5,749</u>	<u>(360)</u>
Retained earnings brought forward	(2,006)	(1,646)
Amount gift aided to the charity	(3,743)	-
Retained earnings carried forward	<u>-</u>	<u>(2,006)</u>

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.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023**

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.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023**

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
	<u>3,788,033</u>	<u>3,319,569</u>

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	2022
	No.	No.
Research, Learning and Development	36	35
Office, management and services	<u>17</u>	<u>16</u>
	<u>53</u>	<u>51</u>

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023**

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 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.

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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023**

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.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023**

19. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds		Restricted funds	Group total
	General	Designated		funds
	£	£	£	£
Fund balances at 31 March 2023 are represented by:				
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
	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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023**

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.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023**

22. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 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.