

INSTITUTE FOR GOVERNMENT

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR TO 31 MARCH 2020

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 2020**

Board of Governors

Governor

Lord Sainsbury of Turville	Chair
Baroness Valerie Amos	
Rt Hon Liam Byrne MP	Resigned 12 March 2020
Sir Andrew Cahn	
Sir Ian Cheshire	Chair, Finance & Audit Committee
Miranda Curtis	
Rt Hon George Freeman MP	Resigned 2 September 2019
Sir Richard Lambert	
Baroness Susan Kramer	
Sir Philip Rutnam	Resigned 19 September 2019
Lord Simon of Highbury	
Sir Paul Tucker	
Jonathan Slater	Appointed 19 September 2019
Sir David Lidington	Appointed 17 December 2019

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
St Brides House
10 Salisbury Square
London
EC4Y 8EH

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 2020**

Foreword

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

The past year has brought many changes to UK government. A change in prime minister followed by a general election and the departure of the country from the European Union on 31 January has been followed by the international upheaval of coronavirus.

Given the Institute for Government's remit to increase the effectiveness of government, we very much welcome the emphasis that the new government has placed on civil service reform. We note that its analysis agrees with many of the problems which our work has identified as in need of attention, and we will be making available to it the reforms which we think should be made, and which we have developed in the last ten years.

The Institute has continued to influence public debate and has informed policy making by providing evidence-based and expert analysis. Among other questions, it has focussed on the centre of government, civil service skills, Brexit, parliamentary scrutiny, public services and the economy. Working with civil servants and politicians, the Institute provides clear and practical recommendations, undertakes analysis of pressing problems and future opportunities, and promotes good governance, accountability and transparency.

The Institute's high-quality analysis and events have helped to shape public debate and enhanced its reputation both in the UK and internationally. In June 2019 we celebrated the Institute's 10-year anniversary with a three-day international conference.

This year also saw the Institute launch a popular podcast. The team has pivoted to disseminate its analysis through a wide-range of virtual events and online discussions following the temporary closure of 2 Carlton Gardens in mid-March due to COVID-19.

The Institute has published many important reports during the year, which have gained a lot of attention in government circles and the media. These include much-read work on the UK's future relationship with the EU, parliament's role in Brexit, progress with devolution after 20 years and the performance of public services.

The Institute has continued to support the civil service's 'functional agenda' – the development of specialised skills in policy, finance and digital, and has helped ministers and parliamentarians through its programme of tailored professional development.

The Director of the Institute, Bronwen Maddox, has continued to strengthen the Institute's voice and profile, and I would like on behalf of the Board to congratulate and thank her and all the members of the Institute for the rapid and creative way that the Institute has responded to the COVID-19 Crisis. It has been a model of innovation and hard work in the face of a crisis and has enabled the Institute to continue to carry out its mission. Some new ways of working have also emerged which we will make use of in the future. The knowledge and advice of the Board has also, as always, been invaluable.

David Sainsbury

**INSTITUTE FOR GOVERNMENT
INTRODUCTION BY BRONWEN MADDOX
FOR THE YEAR TO 31 MARCH 2020**

By Bronwen Maddox, Executive Director of the Institute for Government

The government won a majority in the general election with the slogan “Get Brexit Done”; while the UK did indeed leave the European Union on 31 January 2020, questions about its relationships with the EU and other countries remain open. The government has also committed itself to “levelling up” the regions of the UK and to civil service reform. Coronavirus shattered immediate plans for that agenda, which are only now resurfacing in government priorities. Meanwhile, the government has wanted to address rising concerns about diversity reinforced by protests associated with the Black Lives Matter movement.

The Institute’s work programme looks at the way government should go about its programme. Our objective is to advise, support and comment on government, parliament and the civil service in order to help promote better decisions and more successful achievement of what government wants to do, not least through better accountability and transparency.

Inevitably, much of our effort this year has been devoted to Brexit, parliament and the general election but we have continued energetically as well with our core work on reform of the civil service, arguing for the improvement of civil service skills and expert knowledge. We have commented extensively on the UK-EU negotiations, constitutional ramifications of the Brexit process and the government’s preparedness for EU exit. As well as evaluating the progress of devolution after 20 years, we published a report on the possible route to a second Scottish independence referendum and continued with extensive work on Northern Ireland.

Our work included research on the success and failures in outsourcing and on the Treasury and financial management. Our annual *Performance Tracker* report (which looks at the funding and performance of public services) continued to attract much attention.

Most recently, our analysis of coronavirus has included work on the decisions around leaving lockdown, the economic impact of the pandemic and a five-nation comparative study of coronavirus and government measures to prevent mass unemployment.

The Institute is examining its approach to diversity and inclusion in its research, recruitment and events, an existing priority given added urgency by the Black Lives Matter movement.

The past year has seen a continued focus on digital communications and extending the reach of our work. We have increased our online audience, started a successful weekly podcast, and increased our discussions with think tanks and experts internationally.

We were pleased to be named Think Tank of the Year at Prospect’s Think Tank Awards in July 2019; this was testament to the hard work and dedication of our team.

Bronwen Maddox

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2020

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 2020 which are prepared to meet the requirements for a directors' report and accounts for Companies House.

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

Our purposes and activities

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

The purposes of the Institute for Government are:

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

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

Principal activities and achievements

The past year has been exceptionally busy and interesting for the study of government in the United Kingdom. The year was dominated by Brexit, but also – not unconnected - saw a change of Prime Minister in July 2019 and an early General Election on 12 December 2019. The emergence of the coronavirus crisis in March 2020 required us to close 2 Carlton Gardens and to adapt rapidly to remote working and virtual events.

Our work during 2019-20 has focused on helping government be more effective in the following areas:

- **Brexit** – We analysed the government's progress towards meeting the March and October 2019 Brexit deadlines and the UK's exit from the European Union on 31 January 2020, focusing on negotiations, legislation and implementation. We provided extensive real-time commentary to inform the public and policy-makers, receiving extensive media coverage for our work.

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2020

- **Coronavirus** – We started to analyse government decision-making, the impact on the economy and Parliament's response, contributed to public debates about lockdown measures.
- **Ministers** – We have continued to support current and shadow ministers to increase their effectiveness as well as developing Ministers Reflect – our archive of interviews with ministers who have left government.
- **Civil service** – The Institute has continued to focus on the development of professions, functions and skills within the civil service, as well as feeding our analysis into the new government's plans for civil service reform. Whitehall Monitor - published in January 2020 - included a particular focus on turnover of civil servants.
- **Parliament** – Much of our research on Parliament focused on its role in the Brexit process, on which we were high profile commentators. The latest edition of Parliamentary Monitor – finally published in May 2020 - analysed the legacy of the 'Brexit Parliament'.
- **Public services** – The latest edition of Performance Tracker analysed the position of nine key public services. A connected research project examined capital investment.
- **Public finances** – We published research on the Treasury's role in performance management, barriers to reform of the tax system and how government should address the potential impacts of a no-deal Brexit on business.
- **Devolution** – We published a cluster of reports marking the twentieth anniversary of devolution to Scotland, Wales and Northern Ireland, as well as research on the consequences of the suspension of power-sharing in Northern Ireland. We have continued to analyse the relationship between Westminster and the devolved nations, including the impact of Brexit and how another independence referendum could be held in Scotland.
- **Outsourcing and procurement** – We have published reports on outsourcing, the collapse of Carillion, and bringing service back under government control or 'insourcing'.
- **Public inquiries and accountability** – We have been continued to promote our earlier work on accountability and public inquiries.
- **Policy making** – We worked closely with the civil service Policy Profession, undertook research on the implications of digital technology for the civil service, and started two parallel research projects on the role of evidence in transport and energy policy-making.
- We also continue to deliver professional development for government, providing high-level advice, events and research to support ministers, advisers, senior officials and select committees.

Tenth anniversary

We celebrated the tenth anniversary of the Institute in June 2019 with a day-long international conference. A full programme of events culminating in a keynote speech by the Cabinet Secretary Sir Mark Sedwill followed by our annual summer party. The anniversary gave us the chance to highlight our achievements, and outline our current work and future plans.

Awards

The Institute won "Think Tank of the Year" at Prospect's Think Tank awards in July 2019.

Podcasts

We started a weekly podcast, "Inside Briefing", to discuss the key issues of the week relating to our work. The experience we gained from this enabled us to move rapidly into conducting events online during the coronavirus pandemic.

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2020

Future plans

In the coming year, we will continue to deliver research and seek to achieve impact in the areas covered by our core programmes, set out in our three-year plan agreed by the Board in March 2020. We have already begun to adjust our priorities for specific research projects to reflect the questions raised by the coronavirus pandemic.

During 2020-21, we plan to increase our focus on public finances, the civil service, policy-making and accountability, devolution, parliament and the constitution. Alongside these core programmes, we will continue to work on Brexit – focusing on the government's progress towards the 31 December end of the transition period, as well as digital government, data, public services, professional development and the role of ministers. We also plan to redevelop our website and make improvements in our communications capacity.

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. Our research is also made available widely and free of charge to individuals, organisations, practitioners and others with an active interest in the government of the UK. We have a social media presence on Twitter, Facebook, Instagram and LinkedIn which is free and accessible to the public.

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

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

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2020

Financial Review

The Institute's consolidated income amounted to £5,238,017 (2019: £4,745,511) whilst consolidated expenditure amounted to £4,575,406 (2019: £4,866,145) as shown in the Statement of Financial Activities. The consolidated surplus before transfers on the general fund for the period was £733,542. After transfers to designated funds, the consolidated surplus on all funds was £662,611.

The charity's trading subsidiary, IFG Enterprises Limited, produced more revenue this year as a result of letting the premises to film production companies. Income for the year was £100,822 (2019: £83,663). A Board Resolution of 11th December 2018 mandated the automatic transfer of the IFG Enterprises surplus to the Institute going forward. Profits to be gift aided to the Institute are therefore £41,982 (2019: £22,438).

Principal funding sources

The Institute's core funder is the Gatsby Charitable Foundation. Core funding income from the Gatsby Trust in 2019-20 was £4,447,339 (2019: £4,063,436). In addition to this core funding, Gatsby also provided £32,000 in restricted funding for a special project on transport and energy policy-making.

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

In addition to this core funding, the Institute funds its project work and events by generating income from a range of trusts and foundations and academic and corporate funders. Details on all sources of funding are provided on the Institute's website. It was an exceptionally positive year for resource generation with the target of £400,000 exceeded by more than 25% and a significant pipeline of opportunities in place for 2020-21.

Impact of Covid19

The Institute moved to working entirely from home on 17th March 2020. The office opened again for two days a week in August 2020 for those who were finding working at home difficult, but there has been, as yet, no return to a normal working week.

The research programme, which had been based on our usual core research interests and the new government's plans, was immediately adjusted to take account of the impact of the pandemic on both government itself and its policies. We expect to continue to do work in this area for some significant time to come. There was, however, very little impact on our ability to undertake research and publish and disseminate our work.

While the research work continued largely unimpeded, there was an immediate and significant effect on the resource generation and external hire plans. Although the Institute pivoted quickly to move its events online and retained the financial support of many sponsors for work that could continue in a virtual environment, it will nonetheless be challenging to achieve the resource generation budget. The external hire business conducted through the trading subsidiary IFG Enterprises is currently non-existent and is unlikely to revive in the near future.

We estimate that income may be up to £350,000 below budget. However substantial savings on the closure of the building between March and August and a recruitment freeze initiated at lockdown should mean that the budgeted bottom line is achievable.

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2020

The outlook for the rest of the year and 2021-22 is unpredictable, but the Institute's management is aware of the need to adapt quickly to changing circumstances.

Reserves policy

Total unrestricted funds increased to £2,167,467 at 31 March 2020 (2019: £1,504,856).

There are no restricted reserves (2019: £nil). Fixed assets represent £76,250 of the unrestricted funds total of £2,167,467. Designated funds of £400,000 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 £614,914 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 £1,706,303 (2019: £404,856) which represent 32% of the planned expenditure of the Institute for 2020-21. It is therefore, in principle, the policy of the Institute to continue to build its reserves. However, recognising the large surplus achieved in 2019-20, the Board has given its approval for the Institute to run a deficit budget over the course of the current three-year plan (2020-23) which will reduce reserves by some £360,000. The Governors do not consider this a risk in the light of the commitment to ongoing support of the Institute from the Gatsby Charitable Foundation.

Investment policy

The investment of funds surplus to day to day requirements is discussed at the Finance & Audit Committee. These funds are placed on deposit with large reputable banks with as long a maturity as is consistent with managing cash flow requirements. Unfortunately returns have been declining and the outlook for interest rates and interest income looks even bleaker than before the pandemic.

Going Concern

The Institute reported a cash outflow of £(144,818) for the year (2019: inflow of £190,449). This is due to the resolution of some old outstanding issues relating to third parties which has seen creditors fall by £677,160 and an increase in resource generation business which led to an increase in debtors of £199,004. The organisation retained a healthy cash balance of £2,116,201 at 31st March 2020. The Governors are of the view that the management plans to react quickly to changing circumstances and the security of the medium-term commitment of the Gatsby Charitable Foundation provide assurance that the charity remains a going concern despite the impact of Covid19.

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.

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2020

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 Lord Sainsbury (Chair) and Sir Andrew Cahn 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 be limited to a maximum of fifteen.

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

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

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

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

Risk Management

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

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2020

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 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 2023-23 has been received. The potential liabilities relating to 2 Carlton Gardens have been mitigated by setting aside adequate reserves in the Capital and Maintenance Fund.

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

Trading subsidiary

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

The Institute does not raise funds from the public but 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 2021 will be put to the Annual General Meeting.

**INSTITUTE FOR GOVERNMENT
GOVERNORS' ANNUAL REPORT
FOR THE YEAR TO 31 MARCH 2020**

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.

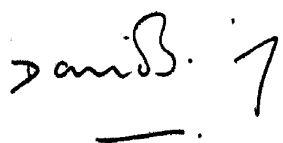
The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as the trustees are 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
- the Governors, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves 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)

29 September 2020

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

Opinion

We have audited the financial statements of Institute for Government for the year ended 31 March 2020 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2020 and of the group's incoming resources and application of resources, including its 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 and the Charities Act 2011.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the 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:

- the parent company has not kept adequate accounting records; or
- the parent company 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 exemption in preparing the Trustees Annual Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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 group's or 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.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

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, and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees 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 14 October 2020

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

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2020

		Unrestricted				
	Notes	General Fund	Designated Funds	Restricted Funds	2020 Total Funds	2019 Total Funds
		£	£	£	£	£
Income from:						
Charitable activities	4	4,970,330	-	32,000	5,002,330	4,580,987
Other trading activities	5	100,822	-	-	100,822	83,663
Investments		-	-	-	-	-
Other	6	134,865	-	-	134,865	80,861
Total		5,206,017	-	32,000	5,238,017	4,745,511
Expenditure on:						
Raising funds		58,840	-	-	58,840	61,224
Charitable activities	7	4,413,635	70,931	32,000	4,516,566	4,804,921
Total		4,472,475	70,931	32,000	4,575,406	4,866,145
Net income/(expenditure)		733,542	(70,931)	-	662,611	(120,634)
Transfers between funds	16	(62,095)	62,095	-	-	-
Net Movement in funds		671,447	(8,836)	-	662,611	(120,634)
Reconciliation of funds:						
Total funds brought forward		404,856	1,100,000	-	1,504,856	1,625,490
Total funds carried forward		1,076,303	1,091,164	-	2,167,467	1,504,856

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 £70,931 allocated to designated funds (2019: £313,544) represents the depreciation charge, primarily on leasehold improvements (see also Note 12 on page 26).

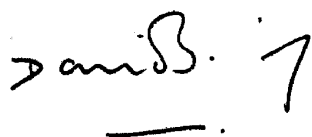
**INSTITUTE FOR GOVERNMENT
CHARITY AND GROUP BALANCE SHEETS
AS AT 31 MARCH 2020**

	Notes	Group		Charity	
		2020	2019	2020	2019
		£	£	£	£
Fixed Assets					
Tangible fixed assets	12	76,250	85,086	76,250	85,086
Investments	13	-	-	100	100
		76,250	85,086	76,350	85,186
Current Assets					
Debtors	14	436,320	237,316	608,454	326,687
Cash at bank		2,116,201	2,320,918	1,943,987	2,231,447
		2,552,521	2,558,234	2,552,441	2,558,134
Current Liabilities					
Creditors: amounts falling due within one year	15	461,304	1,138,464	461,324	1,138,464
Net Current Assets		2,091,217	1,419,770	2,091,117	1,419,670
Total assets less current liabilities		2,167,467	1,504,856	2,167,467	1,504,856
Total Net Assets		2,167,467	1,504,856	2,167,467	1,504,856
The funds of the charity:	17				
Unrestricted Funds					
General Fund		1,076,303	404,856	1,076,303	404,856
Designated Funds		1,091,164	1,100,000	1,091,164	1,100,000
		2,167,467	1,504,856	2,167,467	1,504,856

Company number 6480524

The profit/loss for the financial year dealt with in the financial statements of the parent company was £662,611 (2019: £(99,359)).

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 29 September 2020

**INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
YEAR ENDING 31 MARCH 2020**

	Group 2020 £	2019 £
Cash flows from operating activities:		
Net cash (used)/provided by operating activities	(144,818)	190,449
Cash flows from investing activities:		
Interest income	2,196	861
Purchase of tangible fixed assets	(62,095)	(17,811)
Net Cash used in investing activities	(59,899)	(16,950)
Change in cash and cash equivalents in the reporting period	(204,717)	173,499
Cash and cash equivalents at the beginning of the reporting period	2,320,918	2,147,419
Total cash and cash equivalents at the end of the reporting period	2,116,201	2,320,918

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

	Group 2020 £	2019 £
Net income/(expenditure) for the reporting period	662,611	(120,634)
Adjustments for:		
Depreciation charge	70,931	313,544
Interest income	(2,196)	(861)
(Increase)/Decrease in debtors	(199,004)	1,603
Decrease in creditors	(677,160)	(3,203)
Net cash provided by operating activities	(144,818)	190,449

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2020**

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 9.

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 18 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 2020**

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 including the bar and coffee lounge and their associated support costs;
- Expenditure on charitable activities includes the costs of events, projects and research and other activities undertaken to further the purposes of the charity and their associated support costs;
- Other expenditure represents those items not falling into any other heading.

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

h) Allocation of support costs

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

i) Tangible fixed assets

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

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

j) Financial instruments

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

k) Debtors

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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2020**

l) Cash at bank and in hand

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

m) Creditors and provisions

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

n) Pensions

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

2. LEGAL STATUS OF THE INSTITUTE

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

3. FINANCIAL PERFORMANCE OF THE CHARITY

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

	2020	2019
	£	£
Income	5,191,483	4,718,241
Gift aid from subsidiary company	41,982	43,713
	5,233,465	4,761,954
Expenditure on raising funds and charitable activities	4,570,854	4,861,313
Net Income	662,611	(99,359)
Total funds brought forward	1,504,856	1,604,215
Total funds carried forward	2,167,467	1,504,856
Represented by:		
Designated unrestricted income funds	1,091,164	1,100,000
General unrestricted income funds	1,076,303	404,856
	2,167,467	1,504,856

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2020**

4. INCOME FROM CHARITABLE ACTIVITIES

	2020	2019
	£	£
Grant from Gatsby Charitable Foundation	4,447,339	4,063,436
Income from staff secondments	8,443	30,425
Project support	256,633	214,979
Events support	218,849	204,449
Other income from charitable activities	71,066	67,698
	<u>5,002,330</u>	<u>4,580,987</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 2020 have been prepared. A summary of the trading results is shown below.

The summary financial performance of the subsidiary alone is:

	2020	2019
	£	£
Turnover	100,822	83,662
Cost of sales and administrative costs	(58,840)	(61,224)
Net profit	<u>41,982</u>	<u>22,438</u>
Retained earnings brought forward	-	21,275
Amount gift aided to the charity	41,982	43,713
Retained earnings carried forward	<u>-</u>	<u>-</u>

Included in the results above is a management fee payable to the parent company of £54,288 (2019: £56,392) relating to the cost of sales of events held by IFG Enterprises Limited.

The total income of £100,822 (2019: £83,662) is shown as Income from Other Trading Activities and is unrestricted general fund income.

As at 31 March 2020, IFG Enterprises Limited had total assets of £182,670 and total liabilities of £182,570.

6. OTHER INCOME

Other Income includes £82,733 (2019: £80,000) 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. Also included is £49,935 (2019: nil) due to resolution of a historical overpayment in relation to a staff secondment.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2020**

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.

	2020	2019
	£	£
Staff salaries and other staff related costs	2,798,364	2,744,266
Premises and other building related costs	655,849	731,141
Events and Staff Catering	361,674	338,633
Transcription and other research costs	12,299	11,522
Office supplies	14,103	13,203
IT costs	88,332	107,426
Depreciation	70,932	313,544
Finance costs including bank charges	2,547	3,615
Website and media costs	120,233	136,638
Irrecoverable VAT	9,616	26,178
Governance costs	38,335	29,822
Support costs	344,181	348,933
Total	<u>4,516,465</u>	<u>4,804,921</u>

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	2019	Basis of calculation
	£	£	£	£	
Staff costs	218,033	16,201	234,234	241,937	Support function staff time spent on support function activities
Building costs	95,978	-	95,978	106,996	Support function staff as proportion of FTE staff
Audit and accountancy fees:					
Audit	-	13,800	13,800	14,400	Governance
Tax advisory	-	4,884	4,884	3,529	Governance
Legal and professional fees	30,170	3,450	33,620	11,893	Governance
Total	<u>344,181</u>	<u>38,335</u>	<u>382,516</u>	<u>378,755</u>	

The total paid to the charity's auditors was £16,800, of which £13,800 is included in this note and £3,000 in raising funds.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2020**

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

The aggregate payroll costs were as follows:

	2020	2019
	£	£
Salaries and wages	2,473,030	2,345,025
Social security costs	277,288	260,668
Pension costs	199,984	210,889
Other costs	6,963	7,306
	2,957,265	2,823,888

During the year there were £16,000 redundancy or termination payments (2019: £nil).

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

	2020	2019
£60,000 - £69,999	5	7
£70,000 - £79,999	2	1
£80,000 - £89,999	2	-
£90,000 - £99,999	-	2
£100,000 - £110,999	1	-
£120,000 - £129,999	1	1
£230,000 - £239,999*	1	-
£240,000 - £249,999	-	1

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 £14,729 in 2019-20 in lieu of pension contributions for the Director. In 2018-19 the Director's pay reflected two annual pay reviews because of delays in carrying out reviews, plus a single payment for exceptional development of the Institute's work and reputation.

The charity trustees were not paid nor did they receive any other benefits from employment with the charity or its subsidiary in the year (2019: £nil). They were not reimbursed for expenses during the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

During 2019-20, the key management personnel of the parent charity comprised the trustees, the Director, Deputy Director, Director of Research, Director of Finance & Resources, Programme Directors and Chief Economist of the Institute for Government. The total employee benefits of the key management personnel of the charity were £1,031,941 (2019: £1,152,232).

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:

	2020	2019
	No.	No.
Research, Learning and Development	31	32
Office, management and services	<u>16</u>	<u>15</u>
	<u>47</u>	<u>47</u>

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2020**

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 2019	2,857,211	771,040	404,877	4,033,128
Additions	-	55,277	6,818	62,095
Disposals	-	(133,183)	-	(133,183)
Balance carried forward at 31 March 2020	2,857,211	693,134	411,695	3,962,040
Depreciation				
Balance brought forward at 1 April 2019	2,823,740	745,071	379,231	3,948,042
Charge for the period	33,471	27,857	9,603	70,931
Disposals	-	(133,183)	-	(133,183)
Balance carried forward 31 March 2020	2,857,211	639,745	388,834	3,885,790
Net book value at 31 March 2020	0	53,389	22,861	76,250
Net book value at 1 April 2019	33,471	25,969	25,646	85,086

13. INVESTMENTS

	Charity	
	2020	2019
	£	£
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.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2020**

14. DEBTORS	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	315,305	140,976	304,869	125,403
Other debtors	1,272	43,306	1,272	43,286
Amounts owed by group	-	-	182,570	104,963
Prepayments and accrued income	119,743	53,034	119,743	53,035
	<u>436,320</u>	<u>237,316</u>	<u>608,454</u>	<u>326,687</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	116,927	635,652	116,927	635,652
Accruals and deferred income	252,547	426,189	252,567	426,189
VAT	7,998	-	7,998	-
Other taxation and social security	81,732	75,443	81,732	75,443
Other creditors	2,100	1,179	2,100	1,179
	<u>461,304</u>	<u>1,138,463</u>	<u>461,324</u>	<u>1,138,463</u>

Deferred income at 31 March 2020 is £114,760 (2019: £111,286).

In 2020 accruals were £137,786 (2018: £314,904). In 2018-19 £161,000 was included in accruals as the result of an old outstanding amount due for electricity. This was resolved and paid during 2019-20.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2020**

16. ANALYSIS OF CHARITABLE FUNDS

Analysis of movements in unrestricted and restricted funds

	Balance 1 April 2019	Income	Expenditure	Transfers	Balance 31 March 2020
	£	£	£	£	£
Unrestricted Income Funds					
General funds	404,856	5,206,017	(4,472,475)	(62,095)	1,076,303
Designated Funds					
Fixed asset fund	85,086	-	(70,931)	62,095	76,250
Property relocation fund	614,914	-	-	-	614,914
Capital and maintenance fund	400,000	-	-	-	400,000
Restricted Funds					
Charitable activities with restricted funding- Transport & Energy Policy-making	-	32,000	(32,000)	-	-
TOTAL FUNDS	1,504,856	5,238,017	(4,575,406)	-	2,167,467

Analysis of movements in unrestricted and restricted funds

	Balance 1 April 2018	Income	Expenditure	Transfers	Balance 31 March 2019
	£	£	£	£	£
Unrestricted Income Funds					
General funds	844,671	4,673,600	(4,480,690)	(632,725)	404,856
Designated Funds					
Fixed asset fund	380,819	-	(313,544)	17,811	85,086
Property relocation fund				614,914	614,914
Capital and maintenance fund	400,000	-	-	-	400,000
Restricted Funds					
Charitable activities with restricted funding- History of Whitehall	-	71,911	(71,911)	-	-
TOTAL FUNDS	1,625,490	4,745,511	(4,866,145)	-	1,504,856

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2020**

The property and 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 an 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.

17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds		Restricted funds	Group total funds
	General	Designated		
	£	£	£	£
Fund balances at 31 March 2020				
are represented by:				
Tangible fixed assets	-	76,250	-	76,250
Current assets	1,537,607	1,014,914	-	2,552,521
Current liabilities	(461,304)	-	-	(461,304)
	1,076,303	1,091,164	-	2,167,467

	Unrestricted funds		Restricted funds	Group total funds
	General	Designated		
	£	£	£	£
Fund balances at 31 March 2019				
are represented by:				
Tangible fixed assets	-	85,086	-	85,086
Current assets	1,543,320	1,014,914	-	2,558,234
Current liabilities	(1,138,464)	-	-	(1,138,464)
	404,856	1,100,000	-	1,504,856

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2020**

18. OPERATING LEASE COMMITMENTS

At 31 March 2020, the charity had the following total operating lease commitments:

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Operating lease commitments due:				
Not later than one year	6,674	487,593	6,674	487,593
Later than one year and not later than five years	2,240	10,452	2,240	10,452

The above commitments include the charge for an operating lease on 2 Carlton Gardens. The lease in place at year end expired on 4 April 2020. There was therefore a commitment of only £6,986.10 (2019: £485,000) at 31 March 2020. The original lease was replaced with a new three year lease with rent set at £485,000 until the end of the lease term in April 2023.

The Charity has set aside £400k as a designated fund for any maintenance and reinstatement costs which may be needed during the remainder of its lease at Carlton Gardens. Currently there has been no indication that any liabilities will arise and so no provision has been included in the financial statements. This therefore represents a contingent liability.

19. RELATED PARTY TRANSACTIONS

The charity does undertake transactions with its wholly owned subsidiary IFG Enterprises Limited in the normal course of business. This includes recharges to IFG Enterprises Limited of £54,288 (2019: £56,392) for the costs incurred by the Institute in supporting the external hire business of IFG Enterprises Ltd. The remaining profits from its business are gift aided by IFG Enterprises Limited to the Institute.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2020**

20. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted			2019 Total Funds
		General Fund	Designated Funds	Restricted Funds	
		£	£	£	£
Income and endowments from:					
Charitable activities	4	4,509,076	-	71,911	4,580,987
Other trading activities	5	83,663	-	-	83,663
Investments		-	-	-	-
Other	6	80,861	-	-	80,861
Total		4,673,600	-	71,911	4,745,511
Expenditure on:					
Raising funds		61,224	-	-	61,224
Charitable activities	7	4,419,466	313,544	71,911	4,804,921
Total		4,480,690	313,544	71,911	4,866,145
Net income/(expenditure) Transfers between funds					
	16	192,910	(313,544)	-	(120,634)
		(632,725)	632,725	-	-
Net Movement in funds		(439,815)	319,181	-	(120,634)
Reconciliation of funds:					
Total funds brought forward		844,671	780,819	-	1,625,490
Total funds carried forward		404,856	1,100,000	-	1,504,856