

INSTITUTE FOR GOVERNMENT

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR TO 31 MARCH 2021

Charity number 1123926

Company number 6480524

**INSTITUTE FOR GOVERNMENT
ANNUAL REPORT AND ACCOUNTS**

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

Board of Governors

Governor

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

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

Executive Directors

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

Bankers

Barclays Bank
Acorn House
36-38 Park Royal Road
London
NW10 7JA

Registered Auditor

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Principal & Registered Office

2 Carlton Gardens
London
SW1Y 5AA

Website

www.instituteforgovernment.org.uk

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

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

Foreword

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

The past year has been an extraordinary one. The government has had to deal with an unprecedented health crisis which has changed the way we all live our lives. Covid-19 has had a devastating impact on the country, in terms of lives lost, the hit to the economy, and a deterioration in the quality of people's lives. In response to the pandemic the Institute has undertaken significant research and provided extensive commentary on the pandemic and on how the government has managed the crisis.

Given the Institute for Government's remit to increase the effectiveness of government, we are pleased that, despite the emergency, the government has retained its focus on civil service reform. 'The Declaration of Government Reform' sets out many sensible aspirations for reform but provides few details of how they are to be achieved, and key organisational and governance issues have not been tackled. As a result, the accountability of ministers and civil servants is still unclear, and the relationship between the centre of government and the departments remains a problem.

The Institute has continued to influence public debate and has informed policy making by providing evidence-based and expert analysis. Among other questions, it has focussed on the centre of government; devolution; civil service skills, pay and promotion; Brexit; parliamentary scrutiny; public services; and the economy. There has been a focus on policy making, in particular on energy and transport, and the Institute held a one-day international conference on net zero. In terms of work on Brexit, the team analysed how the government managed the transition period and continues to comment on the impact of the Northern Ireland protocol.

The Institute continues to provide clear and practical recommendations, and promotes good governance, accountability and transparency. It provides practical, private advice to ministers on how to get the best out of the civil service and their time in office, and works with Opposition teams on preparing for government. It has successfully enhanced its international reach by making links with civil servants, ministers, academic institutes and think tanks in different countries, and by inviting international speakers to participate in its panels. International viewer numbers for our events have increased significantly. An international round-table on cabinet government with participants from four countries was particularly successful. The Institute has developed partnerships with foundations and academic institutions to improve the connections between research (evidence) and policy-making.

The research and events teams have produced an impressive range of virtual events, round-tables and podcasts. The Institute has focused on improving its website and its reach. The Institute's podcast has continued to be successful, and covers topical issues every week, with many interesting guest speakers.

The Institute has published many significant reports during the year. These include reports on Covid-19; government reform; public services; the UK's relationship with the EU; progress with devolution; net zero; and the performance of public services.

The Director of the Institute, Bronwen Maddox, has continued her strong leadership of the Institute, and I would like on behalf of the Board to congratulate and thank her and all the staff for the way they have creatively and intelligently responded to the challenge of continuing to work during the pandemic. I am also, as always, grateful too for the knowledge and advice of the Board.

David Sainsbury

INSTITUTE FOR GOVERNMENT INTRODUCTION BY BRONWEN MADDOX FOR THE YEAR TO 31 MARCH 2021

By Bronwen Maddox, Executive Director of the Institute for Government

This has been an extraordinary year. Our work, as that of the government, has been dominated by the coronavirus emergency, which has brought such upheaval - and transformation - to the way that people live and work. The crisis descended as a new government, just months from winning a large majority, was also grappling with the UK's exit from the European Union.

We have covered extensively the government's response to coronavirus - planning for pandemics over years, ministerial decisions, use of scientific advice, and the structure of the Cabinet Office among others. We have taken a hard look at the failings - not least in the Department for Education and social care. But we have also pointed out the many successes. The speed with which Her Majesty's Revenue & Customs and the Department for Work and Pensions managed to get financial support to millions of people owed a lot to years of work and investment in digital systems, of a kind that the Institute for Government has urged.

Throughout the past turbulent year, the government has maintained that it is committed to reform of the civil service. It published this summer its Declaration of Government Reform, setting out its thoughts. These questions represent the core of the Institute's work, and we have published our response to this Declaration as well as extensive work on the key changes that in our view are needed. The government's aims are admirable but it has not addressed some of the key questions that are at the heart of many problems. Those include the need for a clear division of responsibility of ministers and officials, and a clearer relationship between the heart of government - No.10 Downing Street, the Cabinet Office and the Treasury - and Whitehall departments. We will also continue to write extensively on pay, promotion and skills in the civil service and how the turnover of officials between jobs, which almost everyone agrees is highly damaging, can be avoided. We welcome the government's continuing profession of commitment to this cause.

Brexit and coronavirus have drawn even more attention to relations between Westminster and the devolved nations. Often, those relations have been strained. An important wing of our work looks at the technicalities of these relations and what could be done to improve them - as well as at relations with the city mayors and the imperfect state of decentralisation in England. We are also working on relations between government and public bodies, one of the original core themes of the Institute; the past year has shown again how poorly understood their role and governance is, including by ministers.

Since launching at the time of the 2019 general election, the Institute's weekly podcast *Inside Briefing* has established itself as a popular and respected podcast. It regularly tops iTunes' government charts, continues to grow its audience, and attracts high profile guests from British and international media outlets. It also featured in Iain Dale's top 50 political podcasts. The need to go entirely digital for a year has strengthened our events programme. We have been able to bring together speakers including Professor Joseph E. Stiglitz; Rt Hon David Lammy MP; Rt Hon Rory Stewart; Anneliese Dodds MP; Rt Hon Jeremy Hunt MP; Chi Onwurah MP; Stephen Bush; Lord Maude; Rt Hon Greg Clark MP; Tony Blair; Rt Hon Jesse Norman MP; and Ambassador João Vale de Almeida, and are delighted at the expanded audiences these have reached. Nonetheless, as we begin to explore the future of hybrid work and returning to that building, we look forward to the time when we can welcome many of you there again.

Bronwen Maddox

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2021

The Governors are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2021 which are prepared to meet the requirements for a directors' report and accounts for Companies House.

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

Our purposes and activities

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

The purposes of the Institute for Government are:

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

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

Principal activities and achievements

The past year has been exceptional by any standard. Just before the start of the year the UK went into lockdown as a result of the Covid-19 pandemic and never completely emerged again during the course of the year.

The end of the Brexit transition period took effect at the end of January 2020, but otherwise the manifesto programme on which the Conservative Party had been elected in December 2019 was largely side-lined as the machinery of government was mobilised to deal with the consequences of the pandemic. The persistence of the virus and the associated public health measures meant that the Institute staff worked from home almost all year, with a return to the office in September 2021. However, the research programme was quickly amended to take account of the new government priorities and our events programme moved swiftly online. The fact that everyone who could do so was working remotely gave us easier access to many geographically distant experts and panellists and saw our web traffic and audiences increase.

**INSTITUTE FOR GOVERNMENT
GOVERNORS' ANNUAL REPORT
FOR THE YEAR TO 31 MARCH 2021**

Our work during 2020-21 has focussed on the following areas:

- **Brexit** – We analysed the government’s progress leading up to the end of the transition period on 31 December 2020, including the implementation challenge as well as the negotiations with the EU – providing real-time commentary to inform the public debate. We have made recommendations on how the government should approach its new regulatory freedom as well as manage the UK internal market which has informed discussions among policy makers.
- **Whitehall Monitor** – We published Whitehall Monitor 2021 in January 2021, assessing the impact of Covid and the final preparations for leaving the EU on the working of central government.
- **Ministers** – We have continued to support current ministers to increase their effectiveness as well as developing Ministers Reflect – our archive of interviews with ministers who have left government. We published a report examining how the role of special advisers has changed during Johnson’s premiership.
- **Public services:** We published research on the criminal justice system, public services resilience and preparedness before the pandemic, a comparison of the NHS, schools, and social care in the four nations of the UK, and the use of targets in public services. The latest edition of Performance Tracker analysed public services’ response to the pandemic.
- **Devolution** – We published reports on questions including how the UK and devolved governments have worked together to manage coronavirus, how the devolved governments are funded, and whether and how an independent Scotland could rejoin the European Union.
- **Coronavirus** – We analysed government decision making, the impact on the economy and Parliament’s response and contributed to public debates about lockdown measures.
- **Civil service** – We assessed the government’s plans for civil service reform in the context of the changing political environment and the weaknesses and strengths exposed by the Covid-19 response. We also looked at the problems with the centre of government, skills in the civil service and plans to relocate civil servants.
- **Policy making** – We published work on the role of evidence in transport and energy policy making and continued to work with the civil service on how to improve standards of policy making in government
- **Net Zero** – We analysed how government could meet the target of net zero greenhouse gas emissions by 2050, including looking at how government is organised, public engagement and the role of parliamentary scrutiny.

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- **Parliament** – Our research on Parliament focused on the impact of Covid-19 on parliamentary processes, the impact of virtual proceedings and the implications of their subsequent unwinding. We provided high profile commentary on parliament's efforts to scrutinise the government's response to the pandemic.
- **Public finances** – We have monitored the evolution of policy, the public finances and the economy during the coronavirus crisis, including reports on the labour market and business support policies and outcomes in different countries and the challenges posed by covid-19 for the social security system. We published research on how to overcome barriers to tax reform and the future of subsidy control in the UK. We also published analysis on tax revenues and public spending across the four nations of the UK.
- **Public inquiries and accountability** – We have continued to promote our earlier work on accountability and public inquiries.
- We continue to deliver professional development for government, providing high-level advice, events and research to support ministers, advisers, senior officials and select committees.
- We also provide learning and development courses for early-career researchers on engaging with government and creating impact with their research.

Future plans 2021-22

In the coming year, we will continue to deliver research and seek to achieve impact in the areas covered by our core programmes, set out in our three-year plan agreed by the Board in March 2020. We will continue to adapt our priorities to take account of external events, such as the ongoing impact of the pandemic and the upcoming COP meeting on climate change and the government's own plans for reform.

The core of our work is about civil service reform and the responsibilities of ministers and officials, as well as the quality of policy making. We will look at the intentions behind 'The Declaration of Government Reform' published in June 2021 as well as other statements from the government and the measures which need to be taken to achieve greater effectiveness, efficiency and accountability.

The reckoning with the Covid pandemic will start to make itself felt and we will look at its implications in our work on Parliament, public services and public finances. The constitution and devolution will figure highly this year as the current settlement comes under increasing pressure.

We also plan to redevelop our website and make further improvements in our communications capacity to achieve greater impact for our work.

How our activities deliver public benefit

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

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2021

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

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

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

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

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

Financial Review

The Institute's consolidated income amounted to £5,456,952 (2020: £5,238,017) whilst consolidated expenditure amounted to £4,630,411 (2020: £4,575,406) as shown in the Statement of Financial Activities. The consolidated surplus before transfers on the general fund for the period was £875,155. After transfers to designated funds, the consolidated surplus on all funds was £826,541.

The charity's trading subsidiary, IFG Enterprises Limited, did not operate at all during the year as the closure of the building and public health restrictions meant that external hire and events were not possible. The company has made a small loss of £1,646 for the year due to administrative costs. We will return to active promotion of the hire of the premises when government guidance and the public health situation allow. A Board Resolution of 11th December 2018 mandated the automatic transfer of the IFG Enterprises surplus to the Institute going forward but there are no profits or gift aid transfers to be made in respect of 2020-21

Despite the lack of external hire activity, the Institute made a significant surplus in 2020-21. This was the result of a combination of two factors. Firstly, although there were some additional costs in areas such as equipment for working from home and technical support for virtual events, the savings which accrued from the closure of the building for such a long period were significant. Secondly, corporate partners, denied other outlets, were keen to invest in virtual events resulting in a large amount of sponsorship income. We also saw a notable increase in bookings from academic institutions for courses to support early career researchers to understand government and make an impact on the policy debate.

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2021

The Institute had always planned to use its reserves to invest in an expanded research team, a new website and enhanced audio-visual capabilities during the second and third years of the 2020-2023 plan. It did so in 2020-21 and continues to do so in line with the plan.

There are further adjustments required as a result of the pandemic: adjustment to the office facilities to protect the health of staff and equipment to support more flexible working; the need for better hybrid audio-visual capabilities to retain the best of this period's innovations and additional staff to cover new areas of research work opened up by the challenges of the pandemic. The unanticipated surplus from 2020-21 will be used to cover not only the planned deficit for the period 2021-23 but also the additional investment required.

Principal funding sources

The Institute's core funder is the Gatsby Charitable Foundation. Core funding income from the Gatsby Trust in 2020-21 was £4,525,690 (2020: £4,447,339). In addition to this core funding, Gatsby also provided £151,953 in restricted funding for a special project on transport and energy policy making.

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

In addition to this core funding, the Institute funds its project work and events by generating income from a range of corporate and academic funders and trusts. Details on all sources of funding are provided on the Institute's website. As noted above, it was an exceptionally positive year for resource generation with the target of £520,000 exceeded by more than 30% and a significant pipeline of opportunities in place for 2021-22.

Impact of Covid-19

The Institute moved to working entirely from home on 17th March 2020. The office opened again for two days a week when permitted during the year for those who were finding working at home difficult but there will be no return to a normal working week until September 2021 when the Institute currently expects staff to return to the office for at least three days a week.

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

While the research work continued largely unimpeded, there was an immediate and significant impact on the funding partnerships work and the external hire of the building.

The charity's trading subsidiary, IFG Enterprises Limited, did not operate at all during the year as the closure of the building and public health restrictions meant that external hire and events were not possible. This aspect of our work will resume when the situation allows.

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The impact of the pandemic has been significant, but the Institute demonstrated an immediate ability to adapt and to continue its work while incurring fewer costs. Some developments, for example the extended reach which technology provided, have been positive and we will seek to maintain those; others, such as the loss of serendipitous in-person exchanges, we are keen to leave behind. The savings made during the pandemic will allow the Institute to invest to exploit hybrid working to its maximum potential in the future.

Reserves policy

Total unrestricted funds increased to £2,994,008 as at 31 March 2021 (2020: £2,167,467).

There are no restricted reserves (2020: £nil). Fixed assets represent £80,053 (2020: £76,250) of the unrestricted funds total of £2,994,008. Designated funds of £200,000 have been set aside to provide financial security against significant one-off costs associated with 2 Carlton Gardens. In addition, the property relocation fund of £620,000 has been established with a view to covering the potential costs of planning a move and re-equipping new premises in anticipation of the end of the current lease in 2023.

The Governors have reviewed their reserves policy and the financial risks faced by the organisation. The Governors' policy is that the level of reserves, defined as free and undesignated reserves measured by the amount of retained general funds should be at least six months' operating costs. Current general fund reserves levels are £2,093,955 (2020: £1,076,303) which represent 39% of the planned expenditure of the Institute for 2020-21. It is therefore, in principle, the policy of the Institute to continue to build its reserves. However, recognising the large surplus achieved in both 2019-20 and 2020-21, the Board has given its approval for the Institute to run a deficit budget over the course of the current three-year plan (2020-23) which will reduce reserves by some £421,000. The Governors do not consider this a risk in the light of the commitment to ongoing support of the Institute from the Gatsby Charitable Foundation.

Investment policy

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

Going Concern

The Institute reported a cash inflow of £923,427 for the year (2020: outflow of £(144,818)) as a result of the operating surplus reported by the charity. The group retained a healthy cash balance of £2,987,856 at 31st March 2021. The Governors are of the view that the management plans to react quickly to changing circumstances and the security of the medium-term commitment of the Gatsby Charitable Foundation provide assurance that the charity remains a going concern despite the impact of Covid-19.

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2021

Structure, Governance and Management

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

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

Governors

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

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

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

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

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

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

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

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

Risk Management

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

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

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

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

Trading subsidiary

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

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

Pay policy for senior staff

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

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

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

Auditor

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

Statement of Governors' responsibilities

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

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

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

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

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

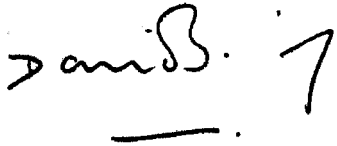
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Statement as to disclosure to our auditors

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

A handwritten signature in black ink, appearing to read 'Sainsbury' followed by a stylized flourish.

Lord Sainsbury of Turville (Chair)

28 September 2021

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

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.



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

London

20 October 2021

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2021

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

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

The amount of £48,614 allocated to designated funds (2020: £70,931) represents the depreciation charge (see also Note 12 on page 26).

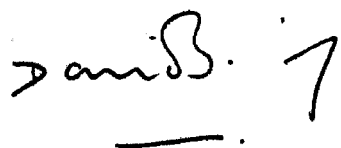
**INSTITUTE FOR GOVERNMENT
CHARITY AND GROUP BALANCE SHEETS
AS AT 31 MARCH 2021**

	Notes	Group 2021	2020	Charity 2021	2020
		£	£	£	£
Fixed Assets					
Tangible fixed assets	12	80,053	76,250	80,053	76,250
Investments	13	-	-	100	100
		80,053	76,250	80,153	76,350
Current Assets					
Debtors	14	424,819	436,320	515,717	608,454
Cash at bank		2,987,856	2,116,201	2,898,524	1,943,987
		3,412,675	2,552,521	3,414,241	2,552,441
Current Liabilities					
Creditors: amounts falling due within one year	15	498,720	461,304	498,740	461,324
Net Current Assets		2,913,955	2,091,217	2,915,501	2,091,117
Total assets less current liabilities		2,994,008	2,167,467	2,995,654	2,167,467
Total Net Assets		2,994,008	2,167,467	2,995,654	2,167,467
The funds of the charity:					
Unrestricted Funds					
General Fund		2,093,955	1,076,303	2,095,601	1,076,303
Designated Funds		900,053	1,091,164	900,053	1,091,164
		2,994,008	2,167,467	2,995,654	2,167,467

Company number 6480524

The profit/loss for the financial year dealt with in the financial statements of the parent company was £828,187 (2020: £662,611).

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



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

Approved and authorised for issue by the Governors on 28 September 2021

**INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
YEAR ENDING 31 MARCH 2021**

	Group 2021 £	2020 £
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities	923,427	(144,818)
Cash flows from investing activities:		
Interest income	645	2,196
Purchase of tangible fixed assets	(52,417)	(62,095)
Net Cash used in investing activities	(51,772)	(59,899)
Change in cash and cash equivalents in the reporting period	871,655	(204,717)
Cash and cash equivalents at the beginning of the reporting period	2,116,201	2,320,918
Total cash and cash equivalents at the end of the reporting period	2,987,856	2,116,201

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

	Group 2021 £	2020 £
Net income/(expenditure) for the reporting period	826,541	662,611
Adjustments for:		
Depreciation charge	48,614	70,931
Interest income	(645)	(2,196)
(Increase)/Decrease in debtors	11,501	(199,004)
Increase/(Decrease) in creditors	37,416	(677,160)
Net cash provided by operating activities	923,427	(144,818)

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2021**

1. ACCOUNTING POLICIES

a) Basis of preparation

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

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

b) Preparation of the accounts on a going concern basis

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

c) Critical accounting judgements and estimate uncertainty

In the application of the charity's accounting policies, which are described in this note, Governors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods. Other than the contingent liability disclosed in Note 19 relating to a potential cost on reinstating the current premises on the lease termination and judgements made in recovering VAT on costs, the Governors are of the view that there are no assumptions concerning the future or estimations of uncertainty affecting assets and liabilities at the balance sheet date which are likely to result in a material adjustment to their carrying amounts in the next financial year.

d) Group financial statements

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

e) Income

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

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

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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2021**

f) Fund accounting

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

g) Expenditure and irrecoverable VAT

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

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

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

h) Allocation of support costs

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

i) Tangible fixed assets

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

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

j) Financial instruments

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

k) Debtors

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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2021**

l) Cash at bank and in hand

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

m) Creditors and provisions

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

n) Pensions

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

2. LEGAL STATUS OF THE INSTITUTE

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

3. FINANCIAL PERFORMANCE OF THE CHARITY

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

	2021	2020
	£	£
Income	5,456,952	5,191,483
Gift aid from subsidiary company	-	41,982
	5,456,952	5,233,465
Expenditure on raising funds and charitable activities	4,628,765	4,570,854
Net Income	828,187	662,611
Total funds brought forward	2,167,467	1,504,856
Total funds carried forward	2,995,654	2,167,467
Represented by:		
Designated unrestricted income funds	900,053	1,091,164
General unrestricted income funds	2,095,601	1,076,303
	2,995,654	2,167,467

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2021**

4. INCOME FROM CHARITABLE ACTIVITIES

	2021	2020
	£	£
Grant from Gatsby Charitable Foundation	4,677,643	4,447,339
Income from staff secondments	-	8,443
Sponsorship income	506,726	475,482
Learning and development courses	178,606	64,703
Other income from charitable activities	4,999	6,363
	<u>5,367,974</u>	<u>5,002,330</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 2021 have been prepared. Due to the coronavirus pandemic, the company did not trade during the year. A summary of the results is shown below.

The summary financial performance of the subsidiary alone is:

	2021	2020
	£	£
Turnover	-	100,822
Cost of sales and administrative costs	(1,646)	(58,840)
Net profit	<u>(1,646)</u>	<u>41,982</u>
Retained earnings brought forward	-	-
Amount gift aided to the charity	-	41,982
Retained earnings carried forward	<u>(1,646)</u>	<u>-</u>

There is no management fee payable to the parent company included in the results above (2020: £54,288) relating to the cost of sales of events held by IFG Enterprises Limited.

As at 31 March 2021, IFG Enterprises Limited had total assets of £89,352 (2020: £182,670) and total liabilities of £90,898 (2020: £182,570).

6. OTHER INCOME

Other Income includes £88,333 (2020: £82,733) which represents recharges for the use of facilities at 2 Carlton Gardens including utilities and other service costs incurred by the Institute in respect of the whole building and is unrestricted general fund income. In 2020 it also included £49,935 due to resolution of a historical overpayment in relation to a staff secondment.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2021**

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

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

	2021	2020
	£	£
Staff salaries and other staff related costs	3,112,134	2,798,364
Premises and other building related costs	625,172	655,849
Events and Staff Catering	89,976	361,674
Transcription and other research costs	8,554	12,299
Office supplies	4,759	14,103
IT costs	69,746	88,332
Depreciation	48,614	70,932
Finance costs including bank charges	1,971	2,547
Website and media costs	137,710	120,233
Irrecoverable VAT	117,379	9,616
Governance costs	49,500	38,335
Support costs	363,250	344,181
Total	4,628,765	4,516,465

8. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

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

	General support	Governance	Total	2020	
	£	£	£	£	
Staff costs	271,946	20,256	292,202	234,234	Support function staff time spent on support function activities
Building costs	85,251		85,251	95,978	Support function staff as proportion of FTE staff
Audit and accountancy fees:					
Audit		16,300	16,300	13,800	Governance
Tax advisory		12,944	12,944	4,884	Governance
Legal and professional fees	6,053	-	6,053	33,620	Governance
Total	363,250	49,500	412,750	382,516	

The total paid to the charity's auditors was £16,800, of which £16,300 is included in this note and £500 in raising funds.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2021**

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

The aggregate payroll costs were as follows:

	2021	2020
	£	£
Salaries and wages	2,532,365	2,473,030
Social security costs	277,037	277,288
Pension costs	354,618	199,984
Other costs	6,519	6,963
	<u>3,170,539</u>	<u>2,957,265</u>

During the year there were no redundancy or termination payments (2020: £16,000). In 2020 a pension salary exchange scheme was introduced which has led to an increase in pension costs and an equivalent reduction in salaries and wages.

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

	2021	2020
£60,000 - £69,999	3	5
£70,000 - £79,999	2	2
£80,000 - £89,999	2	2
£90,000 - £99,999	2	-
£100,000 - £110,999	0	1
£120,000 - £129,999	1	1
£230,000 - £239,999	0	1
£240,000 - £249,999*	1	0

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

*The disclosure above includes an amount of £20,032 (2020; £14,729) in lieu of pension contributions for the Director. All other banding disclosures are the gross pay of higher paid staff net of pension salary exchange, which has the effect of moving the individual to a lower emoluments band.

The charity trustees were not paid nor did they receive any other benefits from employment with the charity or its subsidiary in the year (2020: £nil). They were not reimbursed for expenses during the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

During 2020-21, the key management personnel of the parent charity comprised the trustees, the Director, Deputy Director, Director of Research, Director of Finance & Resources, Programme Directors and Chief Economist of the Institute for Government. The total employee benefits of the key management personnel of the charity were £1,078,517 (2020: £1,031,942). The key management personnel of the group are the same as those of the Charity.

10. STAFF NUMBERS

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

	2021	2020
	No.	No.
Research, Learning and Development	34	31
Office, management and services	<u>16</u>	<u>16</u>
	<u>50</u>	<u>47</u>

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2021**

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 2020	2,857,211	693,134	411,695	3,962,040
Additions	-	51,606	811	52,417
Disposals	-	(13,230)	-	(13,230)
Balance carried forward at 31 March 2021	2,857,211	731,510	412,506	4,001,227
Depreciation				
Balance brought forward at 1 April 2020	2,857,211	639,745	388,834	3,885,790
Charge for the period	-	38,849	9,765	48,614
Disposals	-	(13,230)	-	(13,230)
Balance carried forward 31 March 2021	2,857,211	665,364	398,599	3,921,174
Net book value at 31 March 2021	0	66,146	13,907	80,053
Net book value at 1 April 2020	0	53,389	22,861	76,250

13. INVESTMENTS

	Charity	
	2021	2020
	£	£
Investment in subsidiaries	100	100

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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2021**

14. DEBTORS

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	212,655	315,305	212,655	304,869
Other debtors	-	1,272	-	1,272
Amounts owed by subsidiary	-	-	90,898	182,570
Prepayments and accrued income	212,164	119,743	212,164	119,743
	<u>424,819</u>	<u>436,320</u>	<u>515,717</u>	<u>608,454</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	91,765	116,927	91,765	116,927
Accruals and deferred income	320,589	252,547	320,589	252,567
VAT	5,127	7,998	5,147	7,998
Other taxation and social security	78,517	81,732	78,517	81,732
Other creditors	2,722	2,100	2,722	2,100
	<u>498,720</u>	<u>461,304</u>	<u>498,740</u>	<u>461,324</u>

16. DEFERRED INCOME

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Deferred income at 1 April 2020	114,760	111,286	114,760	111,286
Resources deferred during the year	140,790	111,760	140,790	111,760
Amounts released from previous periods	(93,402)	(108,286)	(93,402)	(108,286)
	<u>162,148</u>	<u>114,760</u>	<u>162,148</u>	<u>114,760</u>

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17. ANALYSIS OF CHARITABLE FUNDS

Analysis of movements in unrestricted and restricted funds 2020-21

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

Analysis of movements in unrestricted and restricted funds 2019-20

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

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

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

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

18. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

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

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

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19. OPERATING LEASE COMMITMENTS

At 31 March 2021, the charity had the following total operating lease commitments:

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Operating lease commitments due:				
Not later than one year	487,240	6,674	487,240	6,674
Later than one year and not later than five years	490,395	2,240	490,395	2,240

The above commitments include the charge for an operating lease on 2 Carlton Gardens. The lease in place at the previous year end expired on 4 April 2020. There was therefore a commitment of only £4,434 at 31 March 2020. The original lease was replaced in April 2020 with a new three-year lease with rent set at £485,000 until the end of the lease term in April 2023. The balance of the future commitments relates to a finance lease on one item of office equipment.

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

20. RELATED PARTY TRANSACTIONS

The charity does undertake transactions with its wholly owned subsidiary IFG Enterprises Limited in the normal course of business. For 2020-21 there were no recharges to IFG Enterprises Limited (2020: £54,288) for the costs incurred by the Institute in supporting the external hire business of IFG Enterprises Ltd. When there are remaining profits from its business they are gift aided by IFG Enterprises Limited to the Institute. There were no other related party transactions during the year.

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20. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted			2020 Total Funds £	2019 Total Funds £
		General Fund £	Designated Funds £	Restricted 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