

# **INSTITUTE FOR GOVERNMENT**

## **ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD TO 31 MARCH 2018**

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 PERIOD TO 31 MARCH 2018**

**Board of Governors**

**Governor**

Lord Sainsbury of Turville	Chair
Baroness Valerie Amos	
Rt Hon Liam Byrne MP	
Sir Andrew Cahn	
Sir Ian Cheshire	Chair, Finance & Audit Committee
Miranda Curtis	
Dame Sandra Dawson	
Lord Finkelstein	Resigned 15 June 2017
Susan Hitch	Resigned 14 September 2017
Rt Hon George Freeman MP	Appointed 25 January 2018
Sir Richard Lambert	Appointed 13 July 2017
Philip Rutnam	
Lord Sharkey	
Lord Simon of Highbury	

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**

The Co-operative Bank plc  
Charity, Cooperative and Social Enterprise Banking  
3rd Floor, St Paul's House  
10 Warwick Lane London EC4M 7BP

**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](http://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 PERIOD TO 31 MARCH 2018**

**Foreword**

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

It has been a year of considerable political uncertainty; a minority Conservative government was returned following an unexpected election and has been working with the civil service to negotiate and deliver the UK's exit from the European Union. At this time, the work of the Institute for Government has been more important than ever.

Fulfilling its mission to work with politicians of all parties and with civil servants, the Institute has focused on the key opportunities and challenges facing Government, and worked to identify ways to improve its machinery and decision making.

Following the decision of the Board in 2016 that the Institute should provide objective research and advice on administrative challenges of Brexit, a significant amount of resource has been devoted to this area of work. I am delighted to say that the Institute has continued to develop its reputation for high quality and objective work on Brexit, providing clear, impartial advice to politicians, civil servants and the public. This will rightly continue to be a major area of work for the Institute in the run up to March 2019.

The past year has seen the Institute's established reputation for independence and rigour grow further. This was illustrated in the run up to the June 2017 election and in its aftermath when many called upon the Institute as an impartial source of expertise on complex constitutional issues including the Fixed Term Parliaments Act, purdah, confidence and supply arrangements and minority government. Meanwhile the Institute has continued to pursue the improvement of professional skills throughout the civil service, including on policy-making, finance and digital.

In her second full year as Director of the Institute, Bronwen Maddox has continued to strengthen the Institute's research programme and voice. Supported by the Directors and research staff, she has sustained and strengthened the Institute's relationship with the civil service, with ministers, with parliamentarians and with the wider community of business, civil society and academia that continues to benefit from engaging with the Institute's considered and impartial work.

I would like to give my warm thanks to Bronwen and her team for another highly successful year. The wisdom and knowledge of the Board, particularly in guarding the independence and objectivity of the Institute in a time of political uncertainty, has also been invaluable.

David Sainsbury



**INSTITUTE FOR GOVERNMENT  
INTRODUCTION BY BRONWEN MADDOX  
FOR THE PERIOD TO 31 MARCH 2018**

**Introduction**

By Bronwen Maddox, Executive Director of the Institute for Government

This is a hard time to run a country. Globalisation, technology, migration and the state of the national finances all confront government with significant challenges. The ageing of the population is a strain on the NHS and healthcare, to take one obvious example, but people's expectations of public services remain high, while their scepticism about the ability of government to deliver them is high, too. To these existing challenges, the UK has added Brexit, which even when politicians have agreed a destination will be the greatest technical challenge to have faced the civil service for years.

We have been spoilt for choice, then, in our work this year. We continue to devote time to Brexit; our reports have examined the options facing the country, their cost and implications. We are delighted at the way they have been used within the UK government, the European Union negotiation team, and in wider public debate. We have given evidence to Parliamentary committees and advised House of Commons committees generally on how to be more effective.

We have continued our work on how government can devise better policies – coherent and more soundly based on evidence. Our series of six reports on infrastructure looked at why the UK is so often presented with proposals that are too big, expensive, and late, and recommended changes to analysis and to planning which have been adopted by the Treasury. Our work on health and social care recommended ways of solving problems that successive governments have found intractable.

We have worked directly with the Policy Profession within the civil service on its proposed professional standards, and continue to advocate the development of professional skills throughout government. Our programme of professional development for ministers has continued with private discussion sessions and more public advice; a debate on How to be a Minister, with Ken Clarke and Jack Straw, held in Speaker's House, attracted great interest. We also held a private induction session for new ministers where they could fire questions at Sir Jeremy Heywood, Cabinet Secretary, and David Lidington, Minister for the Cabinet Office.

The Institute has become expert at describing how government might work better; persuading individuals to make those changes is another matter. That is why we put so much emphasis on accountability, the theme of another major project this year. The Grenfell fire and the Windrush deportation row showed how complex are questions of accountability in modern government.

This work is underpinned by our own data-based analysis of government. *Whitehall Monitor* reveals the size, shape and cost of central government. *Performance Tracker* looks at the funding and performance of public services, in a way that the Treasury does not do (but we think should). We talk to many international delegations to learn from others' successes – and failures – and share our views of what works.

Bronwen Maddox



## **INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2018**

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 2018 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).

The Chair's Report can be found on page 4.

### **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 Institute's original core funder was Lord Sainsbury of Turville. Its principal core funder is now the Gatsby Charitable Foundation, one of the Sainsbury Family Charitable Trusts. Lord Sainsbury is Chair of the Governors. In addition to core funding from the Gatsby Charitable Foundation, the Institute funds its project work and events by generating income from a range of trusts and foundations and academic and corporate funders.

The Governors are defined in the Articles of Association of the company as having corresponding meaning as Directors of the Company; they are also Charity Trustees as defined by the Charities Act 2011. Under the Articles, all Governors automatically become Members of the Company when they are appointed as Governors.

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.

Our vision remains to improve the effectiveness of government in the UK and our intention remains to focus on bringing about long-term change in the process of government, continuing to move from producing proposals to helping to make them happen.

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 continues to publish its reports, blogs, analysis and event videos and summaries on our website. These are freely available to the public.

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



## INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2018

Together, these reports and the events arising out of the reports 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.

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.

### **Principal Activities and Achievements**

The last year has been an exceptionally busy and fascinating time for government in the United Kingdom. There are well established challenges such as how to improve public services at a time of tight national finances, and how to improve persistent problems of productivity, lack of growth in real wages, social mobility, educational standards, the housing market and regional imbalances. On top of those, the Government has had to grapple with Brexit.

Our work during 2017-18 has focused on helping government be more effective in devising and implementing solutions in the following areas:

- **Whitehall** - the management, professional skills and accountability of the civil service (with particular focus on its use of data and digital development).
- **Brexit** – how the Government can devise and implement new arrangements after leaving the EU
- **Policy Making** - how policy makers can use evidence, experience and models better in making decisions (particularly on infrastructure, health and outsourcing).
- In our **Devolution** projects, we looked at the transfer of power to UK nations, regions and cities; and in our work on **Parliament**, how to strengthen the accountability of government.
- We also continue to provide **Professional Development for Government**, providing high-level advice, seminars and report for ministers, advisers, senior officials and select committees.

### **Future plans**

We will continue these core programmes in the coming year. We are beginning a significant piece of work on the Treasury, beginning with a report on how to conduct spending reviews better – starting with the one expected in 2019. We are also taking a new look (building on our past work) at outsourcing – government's use of the private sector. We will look at what has worked and failed, and how it could work better. We have expanded Performance Tracker to new sectors of public services, and dealt more explicitly with the impact of rising demand for services, and analysis of whether they have become more efficient. We are launching a new annual document, Parliamentary Monitor, looking at how well parliament runs and carries out its role.



# INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2018

## **Going Concern**

The Institute reported a cash inflow of £263,603 for the year and £97,712 on a group basis. The governors are of the view that, despite a large increase in the annual rent costs for 2 Carlton Gardens backdated to 1 April 2015 and applicable for the period through to April 2020 when the current lease term expires, on the basis of the strong cash flow and healthy fund levels the charity is a going concern.

The uncertain economic outlook and changes within the funding environment has been an area of financial pressure and future uncertainty. However, the short to medium-term future of the general-purpose grant from the Gatsby Charitable Foundation providing the bulk of the Institute's funding is secure.

Despite challenges following proposed changes to research council funding, 2017-18 has been a positive year for resource generation, exceeding our budget target of £400,000 with total income of £480,758. The target for 2018-19 has been maintained at £400,000.

## **Financial Review**

The consolidated surplus before transfers on the general fund for the period was £214,325. After transfers to designated funds, equivalent to fixed asset additions as well as additions to a building fund, the consolidated deficit on all funds was £138,114.

The Institute holds a designated fixed asset fund representing the net book value of the underlying fixed assets in the business. This is a prudent measure reflecting the fact that these assets would not be easily realisable if needed to meet future liabilities.

A designated fund has been set aside towards future capital and maintenance costs of 2 Carlton Gardens which, despite significant external redecoration cost, has been maintained at £400,000 in 2017-18.

Total unrestricted funds decreased to £1,625,490 at 31 March 2018 reflecting the ongoing depreciation of leasehold improvements (2017: £1,763,604). Restricted funds remained at £nil (2017: £nil).

There was a deficit on total unrestricted funds, including designated funds, of £138,114 (2017: £255,581) which is after depreciation charges of £352,439 against fixed assets, the net book value of which is held in a designated fund. There was a surplus recorded on the unrestricted general fund of £214,325.

The Institute's consolidated income from general funds amounted to £4,056,285 (2017: £4,003,192) whilst consolidated general fund expenditure amounted to £3,841,960 (2017: £3,894,246) as shown in the Statement of Financial Activities.

The charity's trading subsidiary, IFG Enterprises Limited, had another good year with income from room and building hire steady at £92,216 (2017: £80,192). As a result, profits to be gift aided to the Institute were slightly up to £21,275 (2017: £16,219).



# INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2018

## **Reserves Policy**

The Gatsby Charitable Foundation supports the Institute financially through core funding on an annual basis. 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 (previously measured as unrestricted net current assets), should be at least £250,000 for operational activities. Current general fund reserves levels are well above this target at £844,671. Given recent increases in building costs and with only 2 years remaining on our current lease, it is felt the current level of reserves are appropriate to cover these specific risks and for the size of the organisation and the size and nature of the other risks faced.

Total unrestricted reserves stand at £1,625,490. Fixed assets represent £380,819 of this, principally our interest in 2 Carlton Gardens and specifically leasehold improvements, reflecting the extent of investment in the fixed assets of the business and the importance of building up a more significant pool of liquid reserves.

There are also designated funds set aside for future capital and maintenance of 2 Carlton Gardens. These funds amount to £400,000 and provide further financial security against significant one-off costs associated with 2 Carlton Gardens.

With continued need to invest in projects including Brexit, outsourcing and work on the Treasury anticipated during 2018-19 and with the increased costs of 2 Carlton Gardens, the Institute's financial budgeting programme for the 2018-19 financial year aims to maintain a similar level of funds reserved for future building commitments whilst allowing free funds to be invested back into our Research activity. Generally speaking reserves are required to:

- smooth out surpluses and deficits year on year;
- replace capital expenditure or restructure the organisation;
- deal with the effect of any risks that materialise;
- allow the organisation to take on opportunities that may arise in a timely manner;
- deal with the unexpected.

The policy is reviewed at least once a year as part of the annual reporting process and as necessary by the Governors.

## **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 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 new governance code for charities was launched in July 2017. The Institute will utilise this framework going forward 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.



## **INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2018**

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's chair, Lord Sainsbury of Turville, is also the settlor of the Gatsby Charitable Foundation, the Institute's principal funder. Lord Sainsbury and the Gatsby Trustees review the proposed delivery of the strategic plans of the Institute to support its funding. This active involvement of Gatsby's settlor means the Institute operates in areas that Lord Sainsbury is particularly passionate about and where he believes charitable funding can make a real difference.

The Institute is run by a Board of Governors who are also Members and Directors of the Company and Trustees of the Charity. The Board met every three months during the period covered by the Annual Report to manage and control the affairs of the Institute and delegates day-to-day management issues to the Director and management. Senior management within the Institute includes the Director, the Director of Research, the Director of Finance & Resources, the Director of Communications & Marketing, 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 meets on a quarterly basis.

The Governors concern themselves mainly with issues of a strategic nature, deciding broad policy for the Institute and ensuring good governance and compliance. The Management Team undertakes the day-to-day management of the Institute's activities within the framework set out by the Governors.

The Articles of Association provide for the appointment and retirement of the Governors. There will always be 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 our 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.



## **INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2018**

### **Pay policy for senior staff**

The governors consider the Board, who are the Institute's trustees and 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 no governor expenses during the year.

The pay of the senior staff is reviewed annually by the Director and representatives of the Board (who also review the Director's pay). Remuneration levels are reviewed for competitiveness with other think-tanks, civil service and academic roles as well as considering individual performance and economic factors such as inflation. Market additions may be added given specialist skills and experience.

### **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 and a risk management plan has been produced following a review of the current risk analysis, significant risk occurrences over the past twelve months, business developments within the Institute and scoping of the external environment. The assessment of probability and impact is a combination of actual events and the combined professional judgement of management and evidence of increased or new risks arising. To give further evidence and background to the rating given to each risk area and sub-set of risk elements, the register also sets out any events informing our rating & planning assumptions used.

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 IfG. The most significant risks facing the Institute and the ones that inform our reserves policy is the reliance on Gatsby funding and the potential liabilities relating to 2 Carlton Gardens. The Board ensures that appropriate mitigating steps are taken to manage all significant risks.

### **Auditors**

On 25 June 2018, Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP. 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 2019 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).



**INSTITUTE FOR GOVERNMENT  
GOVERNORS' ANNUAL REPORT  
FOR THE PERIOD TO 31 MARCH 2018**

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.

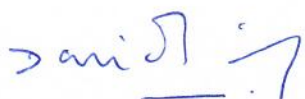
The governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**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)

25 September 2018



## **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 2018 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 2018 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.



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.



## **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](http://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.



Mike Hicks

Senior Statutory Auditor

For and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

**London**

**Date 25.9.19**

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 ACCOUNTS)  
YEAR ENDED 31 MARCH 2018**

INCOMING RESOURCES	Notes	Unrestricted				2018 Total Funds	Unrestricted				2017 Total Funds		
		General Fund	Designated Funds	Restricted Funds	Restricted Funds		General Fund	Designated Funds	Restricted Funds	Restricted Funds			
		£	£	£	£		£	£	£	£			
<b>Income and endowments from:</b>													
Charitable activities	4	3,902,402	-	480,758	4,383,160	3,855,003	-	384,092	4,239,095				
Other trading activities	5	92,216	-	-	92,216	80,192	-	-	80,192				
Investments		-	-	-	-	78	-	-	78				
Other	6	61,667	-	-	61,667	67,919	-	-	67,919				
<b>Total</b>		<b>4,056,285</b>	<b>-</b>	<b>480,758</b>	<b>4,537,043</b>	<b>4,003,192</b>	<b>-</b>	<b>384,092</b>	<b>4,387,284</b>				
<b>Expenditure on:</b>													
Raising funds		72,457	-	-	72,457	41,463	-	-	41,463				
Charitable activities	7	3,769,503	352,439	480,758	4,602,700	3,852,783	364,527	384,092	4,601,402				
<b>Total</b>		<b>3,841,960</b>	<b>352,439</b>	<b>480,758</b>	<b>4,675,157</b>	<b>3,894,246</b>	<b>364,527</b>	<b>384,092</b>	<b>4,642,865</b>				
<b>Net income/(expenditure) Transfers between funds</b>	16	214,325	(352,439)	-	(138,114)	108,946	(364,527)	-	(255,581)				
<b>Net Movement in funds</b>		(32,115)	32,115	-	-	198,323	(198,323)	-	-				
<b>Reconciliation of funds:</b>		182,210	(320,324)	-	(138,114)	307,269	(562,850)	-	(255,581)				
<b>Total funds brought forward</b>		662,461	1,101,143	-	1,763,604	355,192	1,663,993	-	2,019,185				
<b>Total funds carried forward</b>		844,671	780,819	-	1,625,490	662,461	1,101,143	-	1,763,604				

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 £352,439 allocated to designated funds (2017 £364,527) represents the depreciation charge on leasehold improvements (see also Note 12 on page 25).




**INSTITUTE FOR GOVERNMENT  
CHARITY AND GROUP BALANCE SHEETS  
AS AT 31 MARCH 2018**

	Notes	Group		Charity	
		2018	2017	2018	2017
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	12	380,819	701,143	380,819	701,143
Investments	13	-	-	100	100
		<b>380,819</b>	<b>701,143</b>	<b>380,919</b>	<b>701,243</b>
<b>Current Assets</b>					
Debtors	14	238,919	243,776	231,182	423,205
Cash at bank		2,147,419	2,049,707	2,133,781	1,870,178
		<b>2,386,338</b>	<b>2,293,483</b>	<b>2,364,963</b>	<b>2,293,383</b>
<b>Current Liabilities</b>					
Creditors: amounts falling due within one year	15	1,141,667	1,231,022	1,141,667	1,231,022
<b>Net Current Assets</b>		<b>1,244,671</b>	<b>1,062,461</b>	<b>1,223,296</b>	<b>1,062,361</b>
<b>Total assets less current liabilities</b>		<b>1,625,490</b>	<b>1,763,604</b>	<b>1,604,215</b>	<b>1,763,604</b>
<b>Total Net Assets</b>		<b>1,625,490</b>	<b>1,763,604</b>	<b>1,604,215</b>	<b>1,763,604</b>
<b>The funds of the charity:</b>					
<b>Unrestricted Funds</b>					
General Fund		844,671	662,461	823,396	662,461
Designated Funds		780,819	1,101,143	780,819	1,101,143
		<b>1,625,490</b>	<b>1,763,604</b>	<b>1,604,215</b>	<b>1,763,604</b>

The loss for the financial year dealt with in the financial statements of the parent company was £159,389. (2017: £255,581).

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 by the governors on 25 September 2018

**INSTITUTE FOR GOVERNMENT**  
**STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDING 31 MARCH 2018**

	Group 2018	2017	Charity 2018	2017
	£	£	£	£
<b>Cash used in operating activities</b>	<b>129,827</b>	<b>537,937</b>	<b>295,718</b>	<b>438,409</b>
<b>Cash flows from investing activities</b>				
Interest income	-	78	-	78
Purchase of tangible fixed assets	(32,115)	(39,652)	(32,115)	(39,652)
<b>Cash used in investing activities</b>	<b>(32,115)</b>	<b>(39,574)</b>	<b>(32,115)</b>	<b>(39,574)</b>
Increase (decrease) in cash and cash equivalents in the year	97,712	498,363	263,603	398,835
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,049,707</b>	<b>1,551,344</b>	<b>1,870,178</b>	<b>1,471,343</b>
<b>Total cash and cash equivalents at the end of the year</b>	<b>2,147,419</b>	<b>2,049,707</b>	<b>2,133,781</b>	<b>1,870,178</b>

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

	Group 2018	2017	Charity 2018	2017
	£	£	£	£
Net movement in funds	(138,114)	(255,581)	(159,389)	(255,581)
Add back depreciation charge	352,439	364,527	352,439	364,527
Deduct interest income shown in investing activities	-	(78)	-	(78)
Decrease (increase) in debtors	4,857	8,385	192,023	(91,133)
Increase (Decrease) in creditors	(89,355)	420,684	(89,355)	420,684
<b>Net cash used in operating activities</b>	<b>129,827</b>	<b>537,937</b>	<b>295,718</b>	<b>438,409</b>



**INSTITUTE FOR GOVERNMENT  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2018**

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**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 6.

**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. In the view of the Governors no assumption concerning the future or estimation of uncertainty affecting assets and liabilities at the balance sheet date 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 (Continued)**  
**YEAR ENDED 31 MARCH 2018**

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**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:

<b>Asset category</b>	<b>Annual rate</b>
Long leasehold building	Based on term of the lease
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.

At the balance sheet date, the Institute held financial assets at amortised cost of £2,299,368 (2017 £2,230,360) and financial liabilities at amortised cost of £885,513 (2017 £994,703).

**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 (Continued)**  
**YEAR ENDED 31 MARCH 2018**

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**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:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Income	4,515,768	4,367,236
Gift aid from subsidiary company		16,219
	4,515,768	4,383,455
Expenditure on raising funds and charitable activities	4,675,157	4,639,036
<b>Net Income</b>	(159,389)	(255,581)
Total funds brought forward	1,763,604	2,019,185
<b>Total funds carried forward</b>	1,604,215	1,763,604
Represented by:		
Designated unrestricted income funds	780,819	1,101,143
General unrestricted income funds	823,396	662,461
	1,604,215	1,763,604

**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2018**

**4. INCOME FROM CHARITABLE ACTIVITIES**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Grant from Gatsby Charitable Foundation	3,836,702	3,761,473
Income from staff secondments	40,851	77,411
Project support	289,874	260,554
Events support	124,205	85,633
Other income from charitable activities	91,528	54,023
	<u>4,383,160</u>	<u>4,239,094</u>

The Gatsby Charitable Foundation continues to provide an annual inflation adjusted general purposes grant towards the operational costs of the Institute. This grant is formally committed until March 2020. The Gatsby Charitable Foundation has indicated its willingness to continue funding the Institute beyond March 2020.

**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 2018 have been prepared. A summary of the trading results is shown below.

The summary financial performance of the subsidiary alone is:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Turnover	92,216	80,192
Cost of sales and administrative costs	(70,941)	(63,973)
Interest receivable	-	-
Net profit	<u>21,275</u>	<u>16,219</u>
Amount to be gift aided to the charity	-	(16,219)
Retained in subsidiary	<u>21,275</u>	<u>-</u>

Included in the results above is a management fee payable to the parent company of £67,005 (2017: £60,144) relating to the cost of sales of events held by IFG Enterprises Limited.

The total income of £92,216 (2017: £80,192) is shown as Income from Other Trading Activities and is unrestricted general fund income.

As at 31 March 2018, IFG Enterprises Limited had total assets of £32,034 and total liabilities of £10,659.

**6. OTHER INCOME**

Other Income of £61,667 (2017: £67,919) represents recharges for the use of facilities at 2 Carlton Gardens including utilities and other service costs incurred by the Institute in respect of the whole building and is unrestricted general fund income.



**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2018**

**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.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Staff salaries and other staff related costs	2,586,746	2,558,725
Premises and other building related costs	618,925	714,537
Events and Staff Catering	310,597	277,223
Transcription and other research costs	60,832	14,499
Office supplies	12,579	22,851
IT costs	103,512	105,780
Depreciation	352,439	364,527
Finance costs including bank charges	4,864	4,445
Website and media costs	170,576	142,142
Irrecoverable VAT	44,205	48,624
Governance costs	28,511	45,951
Support costs	308,914	302,098
Total	<u>4,602,700</u>	<u>4,601,402</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.

	<b>General support</b>	<b>Governance</b>	<b>Total</b>	<b>2017</b>	<b>Basis of calculation</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Staff costs	216,075	-	216,075	207,400	Support function staff time spent on support function activities
Building costs	92,839	-	92,839	94,698	Support function staff as proportion of FTE staff
Audit and accountancy fees:	-	14,250	14,250	15,500	Governance
- Audit	-	262	262	2,850	Governance
- Tax advisory					
Legal and professional fees	-	13,999	13,999	27,601	Governance
<b>Total</b>	<u><b>308,914</b></u>	<u><b>28,511</b></u>	<u><b>337,425</b></u>	<u><b>348,049</b></u>	

**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2018**

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

The aggregate payroll costs were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Salaries and wages	2,302,085	2,270,010
Social security costs	235,106	229,991
Pension costs	202,739	207,813
Other costs	6,640	5,556
	2,746,570	2,713,370

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

	<b>2018</b>	<b>2017</b>
£60,000 - £69,999	4	3
£70,000 - £79,999	1	1
£80,000 - £89,999	-	2
£90,000 - £99,999	2	-
£100,000 - £109,999	-	1
£110,000 - £119,999	1	2
£140,000 - £150,000	2	-
£150,000 - £159,999	-	1
£190,000 - £199,999	1	-

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

The charity trustees were not paid or received any other benefits from employment with the charity or its subsidiary in the year (2017: £nil) neither were they reimbursed for expenses during the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil).

During the year there were redundancy or termination payments made or accrued which amounted to £80,000, of which £10,000 was paid into the company pension scheme (2017: £26,000). All payments were made following the year-end however no liability now remains.

During 2017-18, the key management personnel of the parent charity comprise the trustees, the Director, Deputy Director, Director of Finance & Operations and Programme Directors of the Institute for Government. The total employee benefits of the key management personnel of the charity were £1,122,354 (2017: £1,059,225).

The key management personnel of the group comprise 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:

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Research, Learning and Development	33	31
Office, management and services	<u>13</u>	<u>14</u>
	46	45
		24



**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2018**

**11. CORPORATION TAXATION**

The charity is exempt from the tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

**12. TANGIBLE FIXED ASSETS**

Cost	Group and Charity			£ Total
	£ Leasehold Improvements	£ Office Equipment	£ Furniture & Fittings	
Balance brought forward 1 April 2017	2,857,211	864,819	388,697	4,110,727
Additions	-	15,681	16,434	32,115
Balance carried forward at 31 March 2018	2,857,211	880,500	405,131	4,142,842
<b>Depreciation</b>				
Balance brought forward at 1 April 2017	2,250,969	826,980	331,635	3,409,584
Charge for the period	293,771	29,356	29,312	352,439
Balance carried forward 31 March 2018	2,544,740	856,336	360,947	3,762,023
<b>Net book value at 31 March 2018</b>	<b>312,471</b>	<b>24,164</b>	<b>44,184</b>	<b>380,819</b>
Net book value at 1 April 2017	606,242	37,839	57,062	701,143

**13. INVESTMENTS**

	Charity	
	2018	2017
	£	£
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 is summarised in note 5.

**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2018**

14. DEBTORS	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	144,933	94,629	129,348	90,335
Other debtors	16,917	34,948	27,497	218,671
Prepayments and accrued income	77,069	114,199	74,337	114,199
	<u>238,919</u>	<u>243,776</u>	<u>231,182</u>	<u>423,205</u>

Included within Other debtors of the Charity is an amount due from IFG Enterprises Limited of £10,639 (2017: £183,745).

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	120,435	124,021	120,435	124,021
Other taxation and social security	67,685	64,055	67,685	64,055
Accruals and deferred income	912,155	1,038,800	912,155	1,038,800
Other creditors	41,392	4,146	41,392	4,146
	<u>1,141,667</u>	<u>1,231,022</u>	<u>1,141,667</u>	<u>1,231,022</u>

Deferred income at 31 March 2018 is £188,468 (2017: £172,264).

In 2018 income was deferred on a few events series where the schedule of events overlaps 2017-18 and 2018-19 as well as one significant project running for 18 months and into 2018-19. All of these deferrals were released in 2018-19.

In 2018 accruals were £723,687 (2017: £866,537). Most accruals relate to the annual rent for 2 Carlton Gardens. At the end of 2018 rent for the year had not yet been paid as an invoice from our immediate landlord had not been received.



**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2018**

**16. ANALYSIS OF CHARITABLE FUNDS**

**Analysis of movements in unrestricted and restricted funds**

	Balance 1 Apr 2017	Incoming resources	Resources used	Transfers	Balance 31 Mar 2018
	£	£	£	£	£
<b>Unrestricted Income Funds</b>					
General funds	662,461	4,056,285	(3,841,960)	(32,115)	844,671
<b>Designated Funds</b>					
Property and fixed asset fund	701,143	-	(352,439)	32,115	380,819
Capital and maintenance fund	400,000	-	-	-	400,000
<b>Restricted Funds</b>					
Charitable activities with restricted funding	-	480,758	(480,758)	-	-
<b>TOTAL FUNDS</b>	<b>1,763,604</b>	<b>4,537,043</b>	<b>(4,675,157)</b>	<b>-</b>	<b>1,625,490</b>

The transfers between funds reflect a transfer of £32,115 to put aside within designated funds a sum equal to the net book value of the Institute's fixed assets as these assets are not liquid.

**Analysis of movements in unrestricted and restricted funds**

	Balance 1 Apr 2016	Incoming resources	Resources used	Transfers	Balance 31 Mar 2017
	£	£	£	£	£
<b>Unrestricted Income Funds</b>					
General funds	355,192	4,003,192	(3,894,246)	198,323	662,461
<b>Designated Funds</b>					
Property and fixed asset fund	1,026,018	-	(364,527)	39,652	701,143
Capital and maintenance fund	400,000	-	-	-	400,000
Project Investment fund	237,975	-	-	(237,975)	-
<b>Restricted Funds</b>					
Charitable activities with restricted funding	-	384,092	(384,092)	-	-
<b>TOTAL FUNDS</b>	<b>2,019,185</b>	<b>4,387,284</b>	<b>(4,642,865)</b>	<b>-</b>	<b>1,763,604</b>

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.

**INSTITUTE FOR GOVERNMENT  
NOTES TO THE ACCOUNTS (Continued)  
YEAR ENDED 31 MARCH 2018**

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

The Project Investment Fund had been put aside to provide funding for new project initiatives. As this is a continual and necessary part of the operations of the Institute it was felt these funds would be better represented as general.

**17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS**

	Unrestricted funds		Restricted funds	Group total
	General	Designated		funds
	£	£	£	£
<b>Fund balances at 31 March 2018</b>				
<b>are represented by:</b>				
Tangible fixed assets	-	380,819	-	380,819
Current assets	1,986,338	400,000	-	2,386,338
Current liabilities	(1,141,667)	-	-	(1,141,667)
	<b>844,671</b>	<b>780,819</b>	<b>-</b>	<b>1,625,490</b>

	Unrestricted funds		Restricted funds	Group total
	General	Designated		funds
	£	£	£	£
<b>Fund balances at 31 March 2017</b>				
<b>are represented by:</b>				
Tangible fixed assets	-	701,143	-	701,143
Current assets	1,893,483	400,000	-	2,293,483
Current liabilities	(1,231,022)	-	-	(1,231,022)
	<b>662,461</b>	<b>1,101,143</b>	<b>-</b>	<b>1,763,604</b>



**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2018**

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**18. OPERATING LEASE COMMITMENTS**

At 31 March 2018, the charity had the following total operating lease commitments:

	<b>Group</b>		<b>Charity</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating lease commitments due:				
Not later than one year	475,000	465,000	475,000	465,000
Later than one year and not later than five years	485,000	960,000	485,000	960,000

The above commitments are for an operating lease on 2 Carlton Gardens.

Following a rent review the annual commitments from April 2015 have been set at £445,000 increasing by £10,000 per annum until the end of the lease term in April 2020. As a result, the commitment for 2017-18 was £465,000 and in 2018-19 will be £475,000. Thereafter the commitment to April 2020 when the current lease expires will be £485,000.

**19. RELATED PARTY TRANSACTIONS**

The Institute is still seeking assignment of the head lease to 2 Carlton Gardens from the Secretary of State for Communities and Local Government which would allow us to sub-let unused parts of the building. Whilst the Institute waits for this to be concluded, Full Fact have been allowed to use the third floor of the building. Lord Sharkey is a trustee of Full Fact but was not involved in these arrangements. There have been no other related party transactions during the reporting period that require disclosure.

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 £67,005 (2017: £60,144) 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.