



**INVOLVEMENT AND PARTICIPATION ASSOCIATION
(A Company limited by guarantee)**

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



**Registered in England Number: 0648436
Charity Number: 200468**



**INVOLVEMENT & PARTICIPATION ASSOCIATION
EXECUTIVE COMMITTEE REPORT 31 DECEMBER 2021**

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**INVOLVEMENT & PARTICIPATION ASSOCIATION
EXECUTIVE COMMITTEE REPORT 31 DECEMBER 2021**

PRESIDENT:

Rt Hon Lord Monks

VICE PRESIDENT:

Baroness Rita Donaghy

EXECUTIVE COMMITTEE

(Executive Committee & Directors)

Graham Steel - (Chair)

Stephen Elliott – Chemical Industries Association (Vice-chair)

Katherine Barton – Change for Work (resigned April 2021)

Dr Neil Bentley-Gockman OBE – World Skills UK

Dr Duncan Brown

David Coats – WorkMatters Consulting Ltd

Sara Gorton – UNISON

Linda Gregory – Linda Gregory Industrial Relations Ltd

Christina McAnea - UNISON (resigned May 2021)

Ged Nichols – Accord

Michelle Simpson – HF Trust

Dr Emma Soane – London School of Economics & Political Science

Dr Alix Thom – OEUK

David Yeandle OBE



**INVOLVEMENT & PARTICIPATION ASSOCIATION
EXECUTIVE COMMITTEE REPORT 31 DECEMBER 2021**

Company Registered in England Number	0648436
Charity Registered Number	200468
Registered Office	2 nd Floor West Wing Somerset House Strand London WC2R 1LA
Secretary	Nita Clarke OBE
Auditors	Haysmacintyre LLP Chartered Accountants & Registered Auditors 10 Queen Street Place London EC4R 1AG
Bankers	Unity Trust Bank plc PO Box 7193 Planetary Road Willenhall WV1 9DG
Solicitors	Mackrell Turner Garrett 31 Bedford Street Strand London WC2E 9EH

The Executive Committee, who are also Executive Committee and directors of the charitable company for the purposes of the Companies Act, submit their annual report and the financial statements of the Involvement and Participation Association (IPA), (the company) for the year ended 31 December 2021.

The Executive Committee confirm that the annual report and financial statements of the company comply with current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (second edition) effective 1 January 2019.



CHAIR'S REVIEW (January to December 2021)

Who could have predicted that in preparing the chair's report for the 2020 financial year I would once again be reviewing a year so profoundly affected by the COVID19 pandemic. The steps the IPA team quickly took in 2020 to transfer our IT systems to the cloud, move to the online delivery of the majority of our services, and the relocation to a smaller more flexible office space, enabled the organization to continue to deliver high-quality provision of consultancy, training and research services throughout another challenging year.

2021 was a year of two halves, with IPA performing strongly and above budget in the first half. The second half of the year brought the complete relaxation of all COVID19 mitigations in July which led to our client organisations postponing planned work as they grappled with effecting a safe return to the office. We were beginning to get back on track when the surge in infections due to the emergence of the Omicron variant impacted work planned for November and December. Whilst I am pleased to be able to report that we have been able to reschedule the delayed projects, it did mean that, notwithstanding the sterling efforts of the IPA team, the year ended with a small operating deficit.

The experience of the previous two years of turbulence has shown that the case for positive and progressive engagement between employers and employees – through the trades unions, staff forums or both – has never been stronger. During the year IPA published a case study, *Lloyds Banking Group: partnership during COVID19*, evidencing how one organisation met the challenges of the pandemic.

Other research published during the year, included the timely *Just Transition: remembering the UK workforce in the push for net zero*, written by IPA's head of policy & research, Patrick Briône and published ahead of the crunch climate summit of COP26, held in Glasgow in November 2021, this review of the UK's journey towards preparing the workforce for net zero was commissioned by Friedrich Ebert Stiftung.

During 2021 our Training and Development Director Derek Luckhurst and IPA Associate Andrea Ryland continued the delivery of a series of social partnership workshops designed for the Welsh Government and rolled out across the country. We were also pleased to be involved with a project undertaken by B&Q to introduce five new employee networks – gender, ethnicity, disability, LBGTQ+ and armed forces. Sarah Dawson led on the process to elect employee representatives for each network across the whole of the UK and IPA associate, Dr Jasmine Gartner, delivered a comprehensive training programme for the representatives, the network chairs and the senior managers sponsoring the networks. IPA director, Nita Clarke OBE, led the work with Lloyds Banking Group examining how their partnership with the trade unions works in practice that led to the publication of the case study 'partnership during COVID19'.

We were pleased to welcome a new member of staff in 2021. Mandy Caruana joined IPA as Digital Marketing Adviser in May and we have already seen the positive impact her work has had on our website traffic and social media profile.

It is clear that IPA will need to show resilience in the face of continuing uncertainty and volatility. Not just due to the continuing pandemic, the tightening of the labour market and the negative affect of Brexit, but at the time of writing we are experiencing a cost-of-living crisis that will stretch even the best workplace relationships between employers and their workforces, and some will inevitably breakdown under the strain.

I am confident that IPA will continue to deliver its important combination of research and practical support in the world of work, and that the services that our team deliver are more relevant to UK organizations than ever before.

Graham Steel, Chair
May 2022



PURPOSE

The objects of the charity are:

- To extend, increase and disseminate knowledge and to exchange information and ideas in relation to the practice of employee participation in industry.
- To hold conferences and meetings for the discussion of employee participation and involvement and industrial relations in all their aspects.
- To collect, collate and publish information which will in any way assist in promoting the first of these objects and to furnish examples and advice to those who wish to introduce employee participation or similar schemes.
- To initiate encourage and maintain investigation and research into the principle of employee participation in industry and to publish the results of such investigation and research.

There have been no changes in the objects of the charity since the last annual report.

PUBLIC BENEFIT STATEMENT

The Executive Committee members confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission in determining the activities undertaken by the Charity.

The Charity Commission in its "Charities and Public Benefit" Guidance states that there are two key principles to be met in order to show that an organisation's aims are for the public benefit: firstly, there must be an identifiable benefit and secondly, that the benefit must be to the public or a section of the public. The Executive Committee are satisfied that the aims and objectives of the charity, and the activities reported on here to achieve those aims, meet these principles.

- The IPA helps organisations to develop new ways of working, based on collaboration and trust, which improve the well-being of all employees and their experience of working life.
- The IPA works to disseminate good practice in this area, by providing speakers at conferences; organising free-to-attend events, workshops and networking opportunities; providing an information service; and producing free good practice guides, case studies and research reports.
- The IPA aims to work with organisations of all types and sizes and offers reduced fee rates to smaller organisations and organisations in the not-for-profit or voluntary sectors.
- The IPA's knowledge and experience are made freely available for public benefit through the publication of research and case studies on the IPA website.
- The IPA responds to enquiries from students pursuing relevant studies and offers guidance and information. The IPA also provides materials to teachers and lecturers relevant to our area of work.
- The IPA also provides advice and guidance to policymakers, trade unions, academics and employer organisations on employee engagement, partnership, information and consultation and collaborative ways of working.



ACTIVITIES

The IPA is the UK's leading organisation developing employee engagement, partnership and consultation strategies in the workplace. It is a not-for-profit, independent body which works with clients in the public, private and voluntary sectors to help managers and employees develop new ways of working – based on collaboration and trust – which deliver better workplaces and better outcomes – increased productivity and improved services.

In addition to a range of **consultancy and training** services, the IPA carries out **research**, provides **policy advice** to government bodies and co-sponsors **conferences and events**. The IPA works closely with other institutions on research and advice both in the UK and in Europe. Many of Britain's best-known companies are IPA members, as well as leading trade unions.

The IPA is supported in its work by an informal group of advisers, known as the Work Insights Group, drawn from leading employer, union and representative bodies. It acts as a sounding board for the organisation, helping to identify future trends of topics of interest in the world of work.

ACHIEVEMENTS AND PERFORMANCE

The IPA is committed to the highest quality of service and delivery. IPA's quality management system was updated and audited against the new ISO9001:2015 standard in 2019, and re-audited by external auditors SGS in February 2022 and certified as compliant.

IPA is also recognised as a QIP "Qualified Independent Person" for the purpose of ballots under trade union law.

Membership, Consultancy & Training

The range of services provided by the IPA has continuously evolved to meet the changing needs of UK organisations. IPA members, SMEs and not-for-profit organisations benefit from a discount on fees.

IPA supported organisations to achieve higher levels of employee engagement by providing training, coaching and mentoring for managers as well as undertaking high-level employee engagement and industrial relations diagnostics and audits.

IPA also continued to roll-out further stages in the well-established training programme for workplace employee representatives and managers. The training programme now comprises three levels.

To meet the evolving needs of clients, IPA has developed training and development programmes focussed on working with trade unions, employee voice and corporate governance, employee engagement and transition to net zero carbon and how the adoption of new technologies will impact the workplace.

In 2021 IPA worked on 85 projects with 66 organisations (78 projects with 61 organisations in 2020).



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Clients

In 2021, the IPA provided membership and research, and consultancy & training services to the following organisations:

Aberystwyth University	Financial Reporting Council	Royal College of Anaesthetists
Acas	Global Equality & Diversity Conference	Royal College of Paediatricians & Child Health
Accord	General Medical Council	Recruitment & Employment Confederation
Aggregate Industries	Ghetto Golf	Renishaw
ASOS	Guardian News & Media	Royal London
B&Q	Hawkins & Brown	Sanctuary Housing
BFI	Hft	Santander UK
Bishops Stortford College	Jaguar Land Rover	Scottish National Investment Bank
Blue Cross	Kelvin Hughes	Sheffield Health & Social Care NHSFT
BP	Kingfisher	Sopra Steria
British Business Bank	King's College London	Southern Water
CAC	Legal & General	Ted Baker
Capgemini UK	Lindsay & Gilmour	Tees, Esk & Wear Valleys NHSFT
Catalyst Housing	Lloyds Banking Group	Trades Union Congress
Cellnex	London School of Economics & Political Science	UNICEF UK
Chemicals Industries Association	Manchester NHSFT	USDAW
Cifas	Muller Milk and Ingredients	VIVID Housing
Citizen Housing	National Highways	WaterAid
City & Guilds	NHS Employers	Welsh Government
Clarion Housing	Nottingham Trent University	Whitbread
Clean Tech	Oil & Gas UK	Wilko
Cumbria University	Parkinson's UK	World Skills
Cushman & Wakefield	Pepsico	Young & Co
DHL Supply Chain	Pfizer	Zoetis
Disclosure & Barring Service	Queen Mary's University	
Enable Leisure & Culture	Raytheon	
Friedrich Ebert Stiftung		
Finance & Leasing Association		

Research

The IPA's research programme is focussed on **voice and the changing workplace**: just transition to net zero carbon; innovation and productivity; Good Work and employee wellbeing; good governance and regulation; new technology; and diversity and inclusivity.

In 2021, IPA produced research reports and case studies included:

- *Just Transition: remembering the UK workforce in the push for net zero*, on behalf of Friedrich Ebert Stiftung
- *Lloyds Banking Group: partnership during COVID19*
- *How Colleague Voice is Making a Difference at Zoetis UK*

These reports are freely available via the IPA website – www.ipa-involve.com.



FINANCIAL REVIEW

IPA showed net deficit for the year of £8,929 (2020 surplus of £9,170). Net movement on unrestricted funds were £(8,929) (2020 - £9,170) and no restricted income was received in the year. Total income for the year was £420,493 (2020 - £446,136) and total expenditure was £429,422 (2020 - £436,966). At the year-end reserves were £1,510 (2020 - £10,439).

Investment policy and performance

The Memorandum and Articles of Association provides that the company invests moneys not immediately required for its own purposes in or upon such investments, securities or property, as may be thought fit. At the present time the Executive Committee's policy is to maintain any such monies on deposits earning a market rate of interest.

Reserves policy and going concern

A key component of the Executive Committee strategy is to mitigate risk using the policy of maintaining a level of unrestricted reserves to ensure that there are adequate funds to meet all current and known future liabilities. In practice, the Executive Committee consider that holding unrestricted reserves equivalent to three months' core costs provides sufficient resources to respond to unexpected adverse changes in IPA's funding or activities. This is currently equivalent to £79,598.

The costs comprise:

- Three months' staff costs, of all employees on permanent contracts of employment, which are currently £63,380.00 (salary, pension, life insurance and NI)
- The unexpired portion of term commitments, for maintenance and lease agreements on property and equipment, which currently amounts to £12,410 (property) £3,808 (copier).

At the end of 2021 the free funds amounted to £1,510 (2020: £10,439).

Financial performance is reviewed fortnightly by the IPA's Finance Task Group – a sub-group of the Executive Committee. Particular attention is paid to cash flows, work in progress and level of reserves. Overheads were reduced in 2021 and the Executive Committee has further plans in hand to restore the reserves to the level stated in the reserves policy. These are outlined in the section "Future Plans" below. A prudent budget was set for 2022. It is recognised that IPA continues to operate in a volatile environment, and the business plan for 2022 will be regularly reviewed and updated as needed. Cash flow for the period to May 2023 is forecast as sufficient to meet debts as they fall due. An overdraft agreement is in place with IPA's bankers, Unity Trust. Cash flow assumptions have been made on the basis of this agreement and there is no anticipation that changes to the agreement will be necessary.

The Executive Committee has reviewed the circumstances of the IPA and consider that adequate resources continue to be available to support the activities of the IPA for the foreseeable future. The Committee is of the view that the IPA is a going concern.

FUTURE PLANS

On 19th November 2021, the IPA Executive and staff participated in an "Awayday" to reflect on the progress towards the targets set in the development plan 2020, review IPA strategy and plan the future direction of the IPA. The outcome of this meeting was an updated IPA Business Plan and budget for 2022.

The actions and targets set in the plan are reviewed regularly by the IPA staff in monthly team meetings and by the IPA Executive Committee. They are included in the ISO9001:2015 Quality Management System which is subject to an annual independent audit by SGS.

The "Awayday" will next take place in October 2022 to continue to review and update the Business Plan.

The following key objectives emerged from the Awayday and are prioritised in the current Business Plan for 2022.



How we work

1. To continue with registration to ISO9001:2015, and to continuously improve in how we work.
2. To develop a cloud-based customer relationship management system so that we work smarter.
3. To continuously improve our website and optimise for searches and further develop social media presence, leading to increased client enquiries.
4. To continuously improve the service we offer to our members and clients.

What we do

5. To grow our impact in our three strategic priority areas:

- Employee relations and developing positive workplace relationships.
- Environmental, Social and Governance strategies.
- Employee engagement and the four key enablers:
 - Strategic narrative
 - Engaging managers
 - Employee Voice
 - Integrity – values and behaviours

6. To grow our influence as advocates for better ways of working – based on collaboration and trust – that deliver improved productivity, quality of products and services, and employee wellbeing.

Financial sustainability

7. To reach a budgeted income of £406,600 from training, consultancy and research operations.
8. To keep expenditure at or below a budget of £400,249 and begin to restore reserves to pre-pandemic levels.

STRUCTURE AND GOVERNANCE

Constitution and organisation structure

The company is registered in England and Wales as a charitable company limited by guarantee (Company number 0648436, Charity number 200468) and is governed by its Memorandum and Articles of Association as incorporated on 1 February 1960, amended by special resolutions, April 1961, October 1972 and May 1989.

Recruitment, appointment, induction and training of Executive Committee

The management of the company is the responsibility of the Executive Committee who are elected and co-opted under the terms of the Articles of Association.

The Executive Committee members of the charitable company are its Executive Committee for the purpose of charity law. There are no other Executive Committee. The Executive Committee members who served throughout the period and at the date of this report are set out on page 1.

The Executive Committee governs the company. In accordance with the IPA's constitution, the maximum number of Committee members is determined by the company in general meeting and the minimum number in office at any given time must be 10. The Executive Committee has the power to appoint new Board members at any time up to the maximum fixed amount of 20, currently the Committee comprises 12 persons.



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On joining the Executive Committee, new members are provided with a briefing pack in the IPA – its history, purpose, activities, finances and governance. New members then spend an induction day meeting IPA staff and becoming familiar with the organisation and its activities. Training in the role of the trustee is regularly provided to all Executive Committee members.

Organisational structure and decision making

The Executive Committee is responsible for overall control of the IPA's operations and meets regularly to review the performance of the IPA, and to plan and authorise strategic decisions. The Director, Nita Clarke is responsible for the day-to-day administration of the charity.

Setting pay and remuneration

A sub-committee of the Executive Committee – the IPA Remuneration Committee – is responsible for reviewing and making recommendations to the Executive Committee regarding the salaries and benefits paid to IPA staff. The Remuneration Committee is currently composed of four Executive Committee members and makes its recommendation to the full Executive Committee in January each year. The recommendation is debated by the full Committee, without the presence of staff, and the level of staff pay and benefits for the coming year is agreed.

Executive committee's liability

The Executive Committee of the company guarantees to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

Related parties and co-operation with other organisations

None of the IPA's Executive Committee receive remuneration or other benefit from their work with the Charity. In compliance with the IPA's Articles of Association, all Executive Committee members are either individual members of the Association, or a representative of a member organisation. Any other connection between an Executive Committee member and an IPA client or other organisation with which there is a working relationship must be disclosed to the Executive Committee in the same way as any other related party relationships. No such related party transactions were reported in 2020 or 2021.

Risk management

A detailed review of the IPA's activities, risks and opportunities is conducted annually by the Executive Committee members and staff and forms an integral part of the charity's strategic planning. The Executive Committee are confident that a full spectrum of the risks faced by the charity has been identified, quantified and, where appropriate, action has been taken to mitigate those risks.

Our responses to the external risks identified play a key part in shaping our strategy and our operational plans. Internal risks are addressed by periodic reviews of internal controls and improvements in systems designed to minimise such risks. Examples include:

- Written procedures governing the delegation of authority to the Director and to other IPA staff.
- Formal limits of authorised expenditure for each staff member and the requirement for at least two signatories to approve transactions above specified levels.
- Segregation of duties amongst members of staff as far as possible.
- Responding to any control issues highlighted by our auditors.

The significant risks identified by the Executive Committee are summarised below, along with steps taken to mitigate these risks:

Risk	Mitigation	Actions Planned/Taken
Deferment of income due to pandemic or other significant world event	<ul style="list-style-type: none">- Use of any available government schemes to support businesses.- Revert to working from home if necessary.	IPA systems already transferred to cloud to facilitate working from home/hybrid working – ensure these systems are reviewed and updated as necessary.



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Risk	Mitigation	Actions Planned/Taken
Loss of key staff members	<ul style="list-style-type: none"> - Appropriate remuneration (agreed by Remuneration Committee) - Notice periods consistent for all staff and stated in contract of employment - Performance reviews 	<ul style="list-style-type: none"> - Remuneration Committee review of pay & benefits - Performance reviews with Director & review of training needs
Loss of data due to IT Failure or Cyber Crime (ransoming data)	<ul style="list-style-type: none"> - Firewall and IT security advice taken - Procedures in place to identify phishing emails - Regular upgrades to equipment and maintenance contracts 	<ul style="list-style-type: none"> - Advice sought from IT-support company and recommendations for strengthening firewall security implemented - Maintenance contract reviewed. Planned upgrade to cloud based computing.
Loss of IPA members and failure to recruit new organisations into IPA network	<ul style="list-style-type: none"> - Review of membership – existing and potential - at monthly team meetings and scheduling of member contacts 	New members recruited as part of on-going projects
Failure to secure contracts for consultancy, training and research	<ul style="list-style-type: none"> - Monthly team meetings to identify opportunities - Fortnightly Task Group teleconference to monitor opportunities and financial performance - Horizon-scanning function of Executive Committee 	2022 development plan identifies focus for identifying opportunities for IPA
Competition	<ul style="list-style-type: none"> - Review and horizon scanning by IPA team and Executive Committee at Executive meetings and Awayday - IPA team maintain awareness of and contact with competitor organisations - Identify new market opportunities at Awayday 	Continue horizon scanning activity
Price erosion	<ul style="list-style-type: none"> - Review rates for IPA work regularly. - Variable pricing structure according to type of work and level of team member delivering and type of client organisation - Where daily rates are negotiated downwards consideration is given to increasing the number of project days chargeable 	Monitor competition's rates and review at team meetings
Cash Flow	<ul style="list-style-type: none"> - Weekly preparation of cash flow statements. - Early chasing for payment from clients. - Close liaison with IPA bankers 	Processes in place to monitor debtors and provide early warning of cash flow "pinch points".
Taxation	<ul style="list-style-type: none"> - Incurrence of penalty charges - Failure to maximise any tax exemptions 	<ul style="list-style-type: none"> - Processes in place to ensure returns are submitted on time. - Regular contact with HMRC as needed.



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EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The Executive Committee (who are also directors of the Involvement and Participation Association for the purposes of company law) are responsible for preparing the Executive Committee's 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 Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Executive Committee 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 charitable company will continue in business

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

In so far as we are aware:


- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Executive Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The report of the Executive Committee has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

AUDITORS

The auditors, Haysmacintyre LLP are willing to be re-appointed in accordance with section 485 of the Companies Act 2006.

This report was approved by the Executive Committee on 26 May 2022 and signed on its behalf, by:


.....
Graham Steel Chair

**Independent auditor's report to the members of Involvement & Participation Association****Opinion**

We have audited the financial statements of Involvement & Participation Association for the year ended 31 December 2021 which comprise the Statement of Financial Activities, Balance Sheet, and Statement of Cash Flows, 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 charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the 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 charity 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 trustees' 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 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. The other information comprises the information included in the Chair's Review and the Executive Committee's Report. 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 the audit:

- the information given in the Executive Committee's 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 Executive Committee's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chair's Review or the Executive Committee's Report (which incorporates the directors' 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 accounting records have not been kept by the charitable company; or
- the charitable 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' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 12, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:



Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to employment regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and UK tax law.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to limited scope for segregation of duties in the charity's finance team. Audit procedures performed by the engagement team included:

- Inspecting minutes of Trustees' meeting
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates, particularly surrounding the recognition of accrued income.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Lee Stokes (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 6 July 2022

**STATEMENT OF FINANCIAL ACTIVITIES**
(Incorporating Income and Expenditure account)**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Total unrestricted funds 2021 £	Total unrestricted funds 2020 £
Income from:			
Donations	2	66,176	111,391
Income from charitable activities:			
Research and advice	3	354,317	334,745
Total		420,493	446,136
Expenditure on:			
Raising funds	4	21,577	23,317
Charitable activities:			
Research and advice	6	407,845	413,649
Total		429,422	436,966
Net (expenditure) / income		(8,929)	9,170
Net movement in funds		(8,929)	9,170
Total funds brought forward		10,439	- 1,269
Total funds carried forward	13	1,510	10,439

All the above results are derived from continuing activities.

The notes on pages 18 to 28 form part of these financial statements.



		2021	2020
	Notes	£	£
FIXED ASSETS			
Tangible fixed assets	10		
CURRENT ASSETS			
Debtors	11	116,179	179,426
Cash at bank			
		116,179	179,426
CREDITORS: amounts falling due within one year	12	(114,669)	(168,987)
NET CURRENT ASSETS		1,510	10,439
NET ASSETS	13	1,510	10,439
CHARITY FUNDS			
Unrestricted funds			
General funds	13	1,510	10,439
		1,510	10,439

The notes on pages 18 to 28 form part of these financial statements.

The financial statements were approved and authorised for issue by the Executive Committee on 26 May 2022 and signed on their behalf, by:

Graham Steel Chair



STATEMENT OF CASH FLOWS

	2021 £	2020 £
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	18,396	(15,994)
Cash flows from financing activities:		
Net cash provided by (used in) financing activities	(1,674)	(4,069)
Change in cash and cash equivalents in the reporting period (incl. overdraft)	16,722	(20,063)
Cash and cash equivalents at the beginning of the reporting period	(38,435)	(18,372)
Cash and cash equivalents at the end of the reporting period	(21,713)	(38,435)
	2021 £	2020 £
Net (expenditure) /income for the reporting period	(8,929)	9,170
Adjustments for:		
Net finance costs	1,674	4,069
Increase/(decrease) in debtors	63,247	(57,848)
(Decrease)/increase in creditors (excluding overdraft)	(37,596)	28,615
Net cash provided by (used in) operating activities	18,396	(15,994)
	2021 £	2020 £
Analysis of cash and cash equivalents		
Cash in hand	-	-
Overdraft facility repayable on demand	(21,713)	(38,435)
Total cash and cash equivalents	(21,713)	(38,435)

Reconciliation of net debt

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash and cash equivalents			
Cash at bank	-	-	-
Overdrafts	(38,435)	16,722	(21,713)
	(38,435)	16,722	(21,713)

**NOTES TO FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES****1.1 Basis of preparation of financial statements**

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 application in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) – (Charities SORP (FRS102) second edition and the Companies Act 2006.

The Involvement and Participation Association meets the definition of a public benefit entity under FRS102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated.

1.1.1 Preparation of the accounts on a going concern basis

The Executive Committee consider there are no material uncertainties about the charity's ability to continue as a going concern. At the close of 2021 the bank overdraft was £21,713. IPA's agreed overdraft facility with Unity Trust Bank was £26,000 and in place until May 2022, when a planned reduction of £2,000 per month will commence. This will continue until the overdraft facility is reduced to zero. Operating costs have been further reduced with an overall reduction in staffing contributing to improved cash flows. Forward work bookings, projects currently under discussion and in the pipeline and anticipated expenditure are reflected in a cash flow forecast for 2022/23 and show a positive cash position for the next twelve months.

1.2 Company status

The company is a company registered in England limited by guarantee. The members of the company are the Executive Committee named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Executive Committee in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund are set out in the notes to the financial statements. Investment income, gains and losses are allocated to the appropriate fund.

1.4 Income

All income is included in the Statement of Financial Activities when the charitable company is legally entitled to the income, receipt of the income is probable, and the amount can be quantified with reasonable accuracy. Income received in advance of a training, consultancy or research project being delivered is deferred until the criteria for income recognition is met. Income from donations and subscriptions is received on the invoice date.

**NOTES TO FINANCIAL STATEMENTS (continued)****1.4.1 Furlough grant income**

Amounts received under the coronavirus job retention scheme are recognised as grant income as the associated staff costs are incurred.

1.5 Expenditure

All expenditure is accounted for on an accruals basis as a liability is incurred and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources. Overheads have been allocated on the basis of staff time spent on the activities. Liabilities are recognised as expenditure as soon as there is legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of obligation can be measured reliably.

Expenditure on raising funds include direct costs and where appropriate an allocation of support costs. Fundraising and publicity costs include a portion of advertising, direct costs of administration and other promotional activities. Remaining costs relate to direct costs of maintaining rental property, and an allocation of support costs.

Charitable activities comprise mainly of the provision of training, consultancy and research which are undertaken to further the purposes of the Charity and their associated support costs.

Support costs have been allocated between governance costs and other support costs.

Governance costs have been allocated in line with costs of administration and include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

Governance and support costs have been apportioned between all activities based on amount of staff time spent on the activities. The allocation of support and governance costs is analysed in note 7.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	- 33.33% straight line
Office furniture	- 20% straight line

1.7 Operating leases

Payments under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the life of the lease.

1.8 Pensions

The company operates a defined contribution pension scheme, and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**NOTES TO FINANCIAL STATEMENTS (continued)****1.9 Tax status**

The company is a registered charity and is not subject to corporation tax on its current activities.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 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.

1.12 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 settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.13 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.14 Employee benefits

- **Short term benefits**
Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.
- **Employee termination benefits**
Termination benefits are accounted for on an accrual basis and in line with FRS 102.



NOTES TO FINANCIAL STATEMENTS (continued)

2. DONATIONS & GRANTS

	Total funds 2021 £	Total funds 2020 £
Subscriptions	34,545	35,308
Small Business Grant	-	4,000
Furlough Grant	31,556	72,054
Other donations	75	29
	<u>66,176</u>	<u>111,391</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	Total funds 2021 £	Total funds 2020 £
Fees for consultancy services	351,617	327,644
Other income	2,700	7,101
	<u>354,317</u>	<u>334,745</u>



NOTES TO FINANCIAL STATEMENTS (continued)

4. COSTS OF RAISING FUNDS

	Total funds 2021 £	Total funds 2020 £
Journals and publications	550	1,083
Marketing and advertising	4,422	3,822
Other costs	1,804	2,208
Support costs	14,801	16,204
	<u>21,577</u>	<u>23,317</u>

5. CHARITABLE EXPENDITURE BY FUNCTIONS

SUMMARY BY EXPENDITURE TYPE

	Direct staff Costs £	Support Costs £	Other Costs £	Total £
2021				
Charitable activity costs - Research and advice (see note 6 below)	<u>154,277</u>	<u>165,827</u>	<u>87,741</u>	<u>407,845</u>
2020				
Charitable activity costs - Research and advice (see note 6 below)	<u>159,140</u>	<u>177,755</u>	<u>76,754</u>	<u>413,649</u>

6. CHARITABLE ACTIVITY COSTS

	Total funds 2021 £	Total funds 2020 £
RESEARCH & ADVICE:		
Staff costs	154,277	159,140
Office costs	36,076	44,252
Project & consultancy costs	48,967	29,413
Other costs	2,698	3,089
Support costs	165,827	177,755
	<u>407,845</u>	<u>413,649</u>



NOTES TO FINANCIAL STATEMENTS (continued)

7. SUPPORT COSTS ALLOCATION TO ACTIVITIES

	Fundraising Costs £	Charitable activity costs £	Total 2021 £
2021			
Staff costs	13,120	135,000	148,120
Office costs	633	7,774	8,407
Consultancy	1,036	12,728	13,764
Other costs	12	150	162
Governance costs	-	10,175	10,175
	<u>14,801</u>	<u>165,827</u>	<u>180,628</u>
2020			
Staff costs	12,860	127,000	139,860
Office costs	2,492	30,610	33,102
Consultancy	840	10,320	11,160
Other costs	12	150	162
Governance costs	-	9,675	9,675
	<u>16,204</u>	<u>177,755</u>	<u>193,959</u>

Support costs have been apportioned between all activities based on staff time spent on the activities.

8. NET EXPENDITURE

	2021 £	2020 £
This is stated after charging:		
Auditors' remuneration - audit services (excluding VAT)	9,100	9,000
Pension costs	<u>13,868</u>	<u>13,533</u>

During the year, no Executive Committee members received any remuneration (2020- £Nil).

During the year, no Executive Committee members received any benefits in kind (2020 - £Nil).

During the year, no Executive Committee members received reimbursements of travel expenses to attend IPA Meeting. (2020 – No Executive Committee members received reimbursements of travel expenses to attend IPA Meetings). No other expenses are paid.



NOTES TO FINANCIAL STATEMENTS (continued)

9. STAFF COSTS AND NUMBERS

	2021 £	2020 £
Staff costs were as follows:		
Wages and salaries	259,141	253,652
Social security costs	27,706	28,963
Pension costs	13,868	13,533
	<u>300,715</u>	<u>296,148</u>
Life assurance	2,698	3,089
	<u>303,413</u>	<u>299,237</u>
	No.	No.
The average number of employees in the year was:		
Charitable activities	5	4
Support	1	1
	<u>6</u>	<u>5</u>
The number of higher paid employees was:		
In the band £70,001 - £80,000	1	1
	<u>1</u>	<u>1</u>

The charity made employer's pension contributions totalling £nil (2020: £nil) on behalf of the higher paid employee.

Key Management Personnel

The senior management team comprises the director, training and development director, and head of policy and research. Their total remuneration benefits and pensions paid to them in the year was £209,354 (2020: £207,222).



NOTES TO FINANCIAL STATEMENTS (continued)

10. TANGIBLE FIXED ASSETS

Furniture, fittings
and equipment
£

Cost

At 1 January 2021

38,274

Additions

At 31 December 2021

38,274

Depreciation

At 1 January 2021

38,274

Charge for the year

At 31 December 2021

38,274

Net Book Value

At 31 December 2021

-

At 31 December 2020

-

11. DEBTORS

2021
£2020
£

Due within one year

Trade debtors

45,323

69,111

Other debtors

7,446

7,446

Prepayments

7,989

11,120

Accrued income

55,421

91,749

116,179

179,426



NOTES TO FINANCIAL STATEMENTS (continued)

12. CREDITORS: amounts falling due within one year	2021 £	2020 £
Bank overdraft	21,713	38,435
Trade creditors	33,228	26,776
Social security and other taxes	21,997	54,319
Deferred Income	8,025	-
Accruals	9,372	41,302
Other creditors	20,334	8,155
	<u>114,669</u>	<u>168,987</u>
Deferred income		
Balance at 1 January	-	10,635
Released from prior year	-	(10,635)
Deferred in current year	8,025	-
	<u>8,025</u>	<u>-</u>
Balance at 31 December	<u>8,025</u>	<u>-</u>



NOTES TO FINANCIAL STATEMENTS (continued)

13. STATEMENT OF FUNDS

	Brought Forward	Income	Expenditure	Carried Forward
	£	£	£	£
2021				
General funds	10,439	420,493	(429,422)	1,510
Total Funds	<u>10,439</u>	<u>420,493</u>	<u>(429,422)</u>	<u>1,510</u>
2020				
General funds	1,269	446,136	(436,966)	10,439
Total Funds	<u>1,269</u>	<u>446,136</u>	<u>(436,966)</u>	<u>10,439</u>

14. PENSION COMMITMENTS

The Association is a participating employer in a number of money purchase schemes. The pensions cost charge represents contributions made by the Association to various pension providers and amounted to £13,868 (2020: £13,469). Contributions totalling £12,339 (2020: £6,007) were payable to the pension companies at the balance sheet date and are included in creditors.

15. OPERATING LEASE COMMITMENTS

At 31 December 2021 the charitable company's future minimum operating lease payments in respect of property and equipment was £16,218 (2020: £30,351) are as follows:

	2021	2020
	£	£
Amounts payable:		
Within 1 year		
Between 1-5 years	16,218	30,351
	<u>16,218</u>	<u>30,351</u>

16. RELATED PARTIES

None of the IPA's Executive Committee receive remuneration or other benefit from their work with the Charity. In compliance with the IPA's Articles of Association, all Executive Committee members are either individual members of the Association, or a representative of a member organisation. Any other connection between an Executive Committee member and an IPA client or other organisation with which there is a working relationship must be disclosed to the Executive Committee in the same way as any other related party relationships. No such related party transactions were reported in 2021 or 2020.



NOTES TO FINANCIAL STATEMENTS (continued)

17. COMPARATIVE SOFA

	Notes	Total unrestricted funds 2020 £
Income from:		
Donations	2	111,391
Income from charitable activities:		
Research and advice	3	334,745
Total		<u>446,136</u>
Expenditure on:		
Raising funds	4	23,317
Charitable activities:		
Research and advice	6	413,649
Total		<u>436,966</u>
Net income		<u>9,170</u>
Net movement in funds		<u>9,170</u>
Total funds brought forward		<u>1,269</u>
Total funds carried forward	13	<u><u>10,439</u></u>