

# **INSTITUTE FOR GOVERNMENT**

## **ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD TO 31 MARCH 2016**

**Charity number 1123926**

**Company number 6480524**

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**INSTITUTE FOR GOVERNMENT  
ANNUAL REPORT AND ACCOUNTS  
CONTENTS**

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	<b>Pages</b>
Legal and Administrative Information	3
Foreword by Lord Sainsbury	4
Introduction by Bronwen Maddox	5
Governors' Annual Report	6 to 14
Independent Auditors Report	15 to 16
Statement of Financial Activities	17
Balance Sheet	18
Cash flow statements	19
Notes to the Accounts	20 to 29

**INSTITUTE FOR GOVERNMENT  
LEGAL AND ADMINISTRATIVE INFORMATION  
FOR THE PERIOD TO 31 MARCH 2016**

**Board of Governors**

**Governor**

Lord Sainsbury of Turville  
Baroness Valerie Amos  
Rt Hon Liam Byrne MP  
Sir Andrew Cahn  
Sir Ian Cheshire  
Lord Currie of Marylebone  
Miranda Curtis  
Dame Sandra Dawson  
Lord Finkelstein  
Susan Hitch  
Sir Andrew Likierman  
Philip Rutnam  
Lord Sharkey  
Lord Simon of Highbury

Chair  
Appointed 23 September 2015  
  
Appointed 22 June 2016  
  
Acting Chair, Finance & Audit Committee  
  
  
  
Resigned 24 March 2016

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

**Executive Directors**

Until 31 August 2016 Peter Riddell was the Director of the Institute. Bronwen Maddox took over as Director in September 2016. 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 Auditors**

Crowe Clark Whitehill 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 2016**

**Foreword**

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

The mission of the Institute for Government is to work with politicians of all parties and with civil servants to improve the machinery and working of Government to meet today's opportunities and challenges. We are independent and impartial, and in the seven years of our existence have worked closely with Labour, Coalition and Conservative governments. We seek to provide governments with excellent research and practical help, and to have a measurable impact. Meanwhile, the number of those who work with the Institute, come to events and look to it as the place to hold informed discussions continues to grow.

This was the final year of Peter Riddell's outstanding direction of the Institute, both as leader and manager. Under his wise guidance, the Institute has built its role as a trusted but critical friend to both Westminster and Whitehall, clear in critique but collaborative in working towards answers. After the May 2015 election, the Institute supported the new Ministers of David Cameron's government while keeping its focus on the longer term themes of good financial management, the relationship between the centre and departments, arm's length bodies and contracted services and the use of evidence in policy making. The annual Whitehall Monitor has become an authoritative tracker of government performance, and a new initiative this year has been the 'Ministers Reflect' archive of in-depth interviews with former government ministers, which should prove to be an immensely valuable resource for the Institute.

The single most important change in the governance of the United Kingdom, whose result will play out over the years to come, was of course the referendum vote this June to leave the European Union. It fell outside the financial year reported here, but the work which has led to an excellent series of papers, discussions and events on the implications for government of a vote for Brexit took many months of rigorous and intelligent preparation.

My heartfelt thanks, first and foremost, to Peter Riddell. It has been a pleasure to work with him. Thanks too to Julian McCrae, Gareth Morgan, and to all the staff of the Institute for their energy, commitment, intelligence and hard work. I am also, as every year, particularly aware of what the excellent Board of Governors brings us in knowledge, wisdom, oversight and careful consideration of the issues we face. Thanks to them and to all those who have worked with us, it has been another year of real achievement.

Last, but far from least, I am delighted to welcome our new Executive Director, Bronwen Maddox. She comes to us from editing and directing Prospect magazine; she brings distinction as a thinker and writer as well as broad experience of business and politics. I am looking forward to the Institute's future under her direction.

David Sainsbury

# **INSTITUTE FOR GOVERNMENT**

## **INTRODUCTION BY BRONWEN MADDOX**

### **Introduction**

By Bronwen Maddox, Executive Director of the Institute for Government

I am delighted to have the opportunity of taking over as Director of the Institute for Government, all the more as this is a time when government faces many new questions and difficulties.

It is a real pleasure to have joined a team of such energy, intellect and enthusiasm, and with such a high reputation for its work – all credit to Peter Riddell for having taken it to that point. Although I started formally in September, I began talking with the team the day after the European Union referendum to begin to shape our work on the consequences of the vote, which now permeate almost every part of government.

Yet Brexit is only one of the challenges facing the UK and the government; as ministers and permanent secretaries are keen to point out, many of their challenges stem from commitments made before the vote as well as from the economic uncertainty which has followed, and the Institute's programme reflects that.

We have reshaped Whitehall Monitor, our highly-regarded almanac, to anticipate these changes and to comment more on government performance. We have just launched a significant report on digital government – acknowledging the improvements made but pointing out the need for much more – and we are embarking on a major programme of work on improving policy making. Meanwhile, our Ministers Reflect series of interviews has commanded even more attention during a time of turbulence in ministerial appointments.

The Brexit vote is only one sign of the pressures that make it hard to govern a modern democracy. People's expectations of government are high, yet so is their disenchantment, and after years of pressure on incomes, their tolerance for disappointment is low. It matters that government works well, and is seen to work well. In its eight years, the Institute has carved out a unique position for its comment and advice on how to bring about change, based on its independence and its high-level relationships in government. We will build on that as we move into what seems likely to be a difficult period not just for the UK but for the governments of many democracies.

Bronwen Maddox

# **INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2016**

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 2016 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 2016**

Together, these reports and the events arising out of the reports provide a robust evidence base on the governance of the UK, thereby equipping the public 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**

During the year our work continued to be divided into five core themes:

- **A More Effective Whitehall.** This theme covers the management of the civil service and ways of building Whitehall's effectiveness, including through more effective relationships between ministers and civil servants.
- **New Models of Governance and Public Services.** This theme covers new ways of managing public services, the functioning of arm's length government, decentralization and emerging forms of local governance.
- **Better Policy Making.** This theme covers the core work of Whitehall in developing and implementing policy and new additions to the policy maker's toolkit.
- **Leadership for Government.** This theme covers leadership development for ministers, special advisers and potential ministers, and on-going development support for the Senior Civil Service.
- **Parliament and the Political Process.** This theme covers the overall political scrutiny of government, the dynamics of coalition government and the UK's shifting relationship with the devolved nations.

## **A More Effective Whitehall**

We have continued to focus on supporting departments: helping them to manage spending reductions; understanding and supporting the centre of government to become more effective; and examining departmental structures. As well as supporting a range of departmental change programmes we also concentrated on understanding how government's overall can manage better in the light of spending constraints with our report on *Managing with Less*.

We held an event which focussed on the then Prime Minister David Cameron's smarter state speech, exploring the themes of reform, devolution and efficiency. We have conducted research on a key part of making government more effective and efficient - digital government - and will publish a report later in 2016.

The Institute remained at the heart of debates about the management and leadership of government, for example by hosting public events with current and former Health Secretaries, Liz Truss, Oliver Letwin, Sir Jeremy Heywood, and with the government lead Non-Executive, Sir Ian Cheshire. We also focussed on the role of women in Whitehall, with our Women Leaders events series and a report looking at the experience of women officials since 1979.

# **INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2016**

## **New Models of Governance and Public Services**

We began major new work examining how to best join up public services at a local level, publishing a paper on the barriers that get in the way, a timeline showing the key national attempts to join up public services at a local level from 1997 to 2015 and a report on how to help people involved in integrating public services locally to share and learn from their experiences to improve outcomes. Alongside this we began new work examining failure in public services and published a report on dealing with failure and turnaround in four critical areas of public service delivery.

We built on past Institute work on decentralisation by publishing a new report on how to make English devolution deals work, and held two public events on the role Whitehall needs to play in a devolved England and to explore how local areas are dealing with devolution.

We have also built on our previous work to ensure government acted on existing recommendations. For example, we continued to promote the use of a new standard transparency clause for use in all government contracts. Our past research also highlighted a lack of practical information and support for those working with public service markets across central and local government, and we published an interactive diagnostic tool that helped practitioners to analyse a particular public service market in depth. We also held four public events to discuss the challenges facing the new government in designing, managing and stewarding public service markets.

Again building on our previous work, we continued to push for improvements in the way Whitehall works with arm's length bodies (ALBs). We continued to support the Government's review of the classification system of ALBs with the aim of simplifying it and drawing an explicit link between form and function, proposed by the Institute in 2010. We also continued to work closely with the Public Chairs Forum and the Association of Chief Executives and others interested in promoting more effective relationships between government departments and their ALBs.

## **Better Policy Making**

Our work this year has focused partly on supporting leaders of the policy profession and departmental policymakers to implement previous commitments to improve policy-making. The Institute has also offered support to wider initiatives focused on raising the quality of policymaking in government. We have worked closely with government's What Works centres and hosted a number of events on improved use of evidence and evaluation. We produced a report exploring the possibility of developing a rapid assessment tool to rate government departments on their use of evidence in policy decisions, to show which ones use evidence well and which less well. In partnership with others, we produced a framework that offers a rapid assessment tool to rate departments on how transparent they are in the use of evidence in policy decisions.

The second focus of our policymaking work has been on understanding and supporting better policy implementation. We have engaged closely with the government's Implementation Unit, the Policy Unit and departmental implementation units, including by running sessions for ministers and senior officials and supporting the launch of the virtual implementation profession.

The third area of focus is on how government can engage citizens more effectively in difficult policy decisions: we published a report, *Smarter Engagement*, looking at the drivers for change in this area.



# **INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2016**

Our fourth policymaking focus related to understanding the UK's political economy and how current institutional arrangements both help and hinder effective policymaking in the areas of education, housing, and infrastructure (especially transport and energy policy). We published a report looking at the institutional barriers to better policy making in these areas.

Finally, we started research on how government can maintain a focus on priorities that span more than one Parliament, for example by using political ambition effectively, setting public targets, and establishing watchdogs.

## **Parliament and the Political Process**

The Institute conducted a range of work to support preparation for a possible political transition in 2015, culminating in the publication of several briefing notes setting out the Institute's position on how the incoming government could be effective.

The Institute conducted a range of work in relation to further devolution to the three devolved nations, including an event with the head of the Scottish civil service, a briefing paper on policy learning between the UK's four governments, contributions to parliamentary committee inquiries, and various blogs and media interventions especially before the 2016 devolved elections. We have consistently emphasised the need for more effective intergovernmental cooperation between the UK and devolved governments and for a more coherent approach to managed devolution and the Union.

The Institute conducted a major research project on the effectiveness of parliamentary scrutiny of government, and we have focussed on engaging committee members and staff to see the recommendations of that report implemented. We have also worked with the civil service to improve understanding of how Parliament works.

In the approach to the EU referendum we looked at how seven national parliaments across Europe – from countries inside and outside the EU – scrutinise EU legislation.

## **Leadership for Government**

Work in this area has followed the Institute's strategy of supporting the development of Ministers and their immediate teams by providing practical support through briefings and seminars. We captured our insights from our work supporting politicians to improve their effectiveness in *Supporting politicians to lead in government*.

We also launched a major research resource called *Ministers Reflect*, which provides an archive of interviews with former ministers' on what it takes to be effective in the job. The launch of this archive and our analysis of the interviews attracted significant coverage and the material has been widely used externally as well as providing insights for the Institute's research. We continue to add new interviews to the archive.

## **Overarching projects**

This year saw the publication of Whitehall Monitor 2015, our third annual report providing a data-driven view of the size, shape and performance of Whitehall and giving a retrospective view of the five years of Coalition government. Many of the Institute's blogposts used data to illuminate topics ranging from Civil Service staff numbers to the grade structure of different departments, and from accounting officer directions to freedom of information.

We have also continued to focus on the value of Whitehall's History, providing contemporary history perspectives and institutional memory for current practitioners through publications, workshops, events and media work. Changes around diversity, the role of permanent secretaries and the UK's relationship with the EU have been a particular focus.

# **INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2016**

## **Future Plans**

To achieve our mission to promote government efficiency and effectiveness, the Institute needs to be authoritative, independent and professional and be seen to be an indispensable centre of knowledge and expertise. To this end, we will continue to blend our research work with wide engagement with decision-makers and hands-on support to those working in senior positions across government.

The Institute can now draw on an extensive body of research which highlights ways that government effectiveness can be improved. We will continue to conduct research in relation to all of our five themes.

Our focus will continue to be on influencing change as well as producing new insights, including in the following areas: understanding and helping to explain the implications of Brexit; how Whitehall can manage within tough spending constraints; how the new civil service professions can be strengthened, including on financial management; relations between various levels of government within the UK, including in relation to fiscal devolution; how institutions can learn from failure; how public services integration at a local level can be improved; on public service outsourcing, on English devolution; a study on Universal Credit; tax policy making; and how to overcome the gap between citizens and experts.

## **Going Concern**

The Institute reported a cash inflow of £599,802 for the year and £392,849 on a group basis. The governors are of the view that despite a likely large increase in the annual rent costs for 2 Carlton Gardens to be backdated to 1 April 2015 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 uncertainly 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.

After a challenging 2015-16 for other external funding, opportunities in 2016-17 and beyond appear more promising. We have set a target of £350,000 for 2016-17 and have already confirmed over £260,000. We expect to increase our target in 2017-18.

## **Financial Review**

The consolidated surplus before transfers on the general fund for the period was £215,126. 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 £162,254.

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 now totalling £400,000 has been set aside towards future capital and maintenance costs of 2 Carlton Gardens. A previous fund had been fully utilised undertaking roof works on the building in 2013-14 and it is anticipated that the current fund will be significantly utilised in 2016-17 when quinquennial external redecorations take place.

A designated fund of £237,975 continues to be held for future investment in project activity. In the light of the Brexit vote and as the Institute welcomes a new Director and comes to the end of its most recent Five Year Plan, it is anticipated that there will be significant investment in new project activity in the next 18 months hence at this point the fund has been retained.

**INSTITUTE FOR GOVERNMENT  
GOVERNORS' ANNUAL REPORT  
FOR THE PERIOD TO 31 MARCH 2016**

Total unrestricted funds increased to £2,019,185 at 31 March 2016 (2015: £2,181,439). Restricted funds remained at £nil (2015: £nil).

There was a deficit on total unrestricted funds, including designated funds, of £162,254 (2015: £44,768) which is after depreciation charges of £377,380 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 £215,126.

The Institute's consolidated income from general funds amounted to £3,753,166 (2015: £3,665,051) whilst consolidated general fund expenditure amounted to £3,538,040 (2015: £3,234,881) as shown in the Statement of Financial Activities.

The charity's trading subsidiary, IFG Enterprises Limited, had a good year with income from room and building hire up to £83,172 (2015: £58,400). As a result profits to be gift aided to the Institute increased to £17,085.

### **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. Current reserves levels are well above this target at £355,192. Given the size of the organisation and the size and nature of the risks faced the current policy and reserves level is regarded as satisfactory.

Total unrestricted reserves stand at £2,019,185. Fixed assets represent £1,026,018 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 project investment and capital and maintenance of 2 Carlton Gardens. These funds amount to £637,975 and provide financial security against significant one off costs associated with 2 Carlton Gardens and scope to invest in future new activity.

With further investment in projects anticipated during 2016-17 as the result of the referendum outcome and with a cyclical external redecoration planned for 2016 utilising a significant portion of these funds as well as continued uncertainty over the level of rent costs for 2 Carlton Gardens as await agreement of a rent review effective from April 2015, the Institute's financial budgeting programme for the 2016-17 financial year aims to maintain a similar level of free general fund reserves. 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.

# **INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2016**

## **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 Institute for Government.

The Institute's chair, Lord Sainsbury of Turville, is also the settlor of the Gatsby Charitable Trust the Institute's principal funder. All Gatsby's funds have come from Lord Sainsbury of Turville, and he and the Gatsby Trustees set out its strategic direction and approve all activities. This active involvement of Gatsby's settlor means it operates in areas that Lord Sainsbury is particularly passionate about including the activities of the Institute, 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, Deputy Director, Director, Finance & Operations 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, which was chaired by Sir Andrew Likierman throughout 2015-16, 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.

**INSTITUTE FOR GOVERNMENT  
GOVERNORS' ANNUAL REPORT  
FOR THE PERIOD TO 31 MARCH 2016**

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.

**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 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**

A resolution proposing the appointment of Crowe Clark Whitehill LLP as auditors of the Charity for the year to 31 March 2016 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 2016**

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)

21 September 2016

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

We have audited the financial statements of the Institute for Government for the year ended 31 March 2016 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets and the related notes numbered 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 the charitable company's trustees as a body in accordance with section 154 of the Charities Act 2011. 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.

### **Respective responsibilities of Governors and auditor**

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

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 2016 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- the parent charitable company has not kept adequate accounting records; or
- the parent 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 exemption from the requirement to prepare a strategic report or in preparing the Trustees Annual Report.



Mike Hicks

Senior Statutory Auditor

For and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

**St Bride's House**

**London EC4Y 8EH**

Date: 9.12.16

Crowe Clark Whitehill 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 2016**

INCOMING RESOURCES	Notes	Unrestricted				Unrestricted			
		General Fund	Designated Funds	Restricted Funds	2016 Total Funds	General Fund	Designated Funds	Restricted Funds	2015 Total Funds
		£	£	£	£	£	£	£	£
<b>Income and endowments from:</b>									
Charitable activities	4	3,615,870	-	453,976	4,069,846	3,541,988	-	505,876	4,047,864
Other trading activities	5	83,172	-	-	83,172	58,680	-	-	58,680
Investments		703	-	-	703	1,242	-	-	1,242
Other	6	53,421	-	-	53,421	63,141	-	-	63,141
<b>Total</b>		<b>3,753,166</b>	<b>-</b>	<b>453,976</b>	<b>4,207,142</b>	<b>3,665,051</b>	<b>-</b>	<b>505,876</b>	<b>4,170,927</b>
<b>Expenditure on:</b>									
Raising funds		39,709	-	-	39,709	43,329	-	-	43,329
Charitable activities	7	3,498,331	377,380	453,976	4,329,687	3,191,552	385,402	505,876	4,082,830
<b>Total</b>		<b>3,538,040</b>	<b>377,380</b>	<b>453,976</b>	<b>4,369,396</b>	<b>3,234,881</b>	<b>385,402</b>	<b>505,876</b>	<b>4,126,159</b>
<b>Net income/(expenditure)</b>		<b>215,126</b>	<b>(377,380)</b>	<b>-</b>	<b>(162,254)</b>	<b>430,170</b>	<b>(385,402)</b>	<b>-</b>	<b>44,768</b>
<b>Transfers between funds</b>	17	<b>(201,764)</b>	<b>201,764</b>	<b>-</b>	<b>-</b>	<b>(417,417)</b>	<b>417,417</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of funds:</b>									
<b>Total funds brought forward</b>		<b>341,830</b>	<b>1,839,609</b>	<b>-</b>	<b>2,181,439</b>	<b>329,077</b>	<b>1,807,594</b>	<b>-</b>	<b>2,136,671</b>
<b>Total funds carried forward</b>		<b>355,192</b>	<b>1,663,993</b>	<b>-</b>	<b>2,019,185</b>	<b>341,830</b>	<b>1,839,609</b>	<b>-</b>	<b>2,181,439</b>

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

**INSTITUTE FOR GOVERNMENT  
CHARITY AND GROUP BALANCE SHEETS  
AS AT 31 MARCH 2016**

	Notes	Group 2016	2015	Charity 2016	2015
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	12	1,026,018	1,351,634	1,026,018	1,351,634
Investments	13	-	-	100	100
		<b>1,026,018</b>	<b>1,351,634</b>	<b>1,026,118</b>	<b>1,351,734</b>
<b>Current Assets</b>					
Debtors	14	252,161	255,453	332,072	538,857
Cash at bank		1,551,344	1,158,495	1,471,343	871,541
		<b>1,803,505</b>	<b>1,413,948</b>	<b>1,803,415</b>	<b>1,410,398</b>
<b>Current Liabilities</b>					
Creditors: amounts falling due within one year	15	810,338	540,906	810,348	537,456
<b>Net Current Assets</b>		<b>993,167</b>	<b>873,042</b>	<b>993,067</b>	<b>872,942</b>
<b>Total assets less current liabilities</b>		<b>2,019,185</b>	<b>2,224,676</b>	<b>2,019,185</b>	<b>2,224,676</b>
Creditors: amounts falling due after more than one year	16	-	43,237	-	43,237
<b>Total Net Assets</b>		<b>2,019,185</b>	<b>2,181,439</b>	<b>2,019,185</b>	<b>2,181,439</b>
<b>The funds of the charity:</b>	17				
<b>Unrestricted Funds</b>					
General Fund		355,192	341,830	355,192	341,830
Designated Funds		1,663,993	1,839,609	1,663,993	1,839,609
		<b>2,019,185</b>	<b>2,181,439</b>	<b>2,019,185</b>	<b>2,181,439</b>

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 21 September 2016

**INSTITUTE FOR GOVERNMENT**  
**STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDING 31 MARCH 2016**

Notes	Group 2016	2015	Charity 2016	2015
	£	£	£	£
<b>Cash used in operating activities</b>	<b>443,910</b>	<b>48,323</b>	<b>650,863</b>	<b>12,459</b>
<b>Cash flows from investing activities</b>				
Interest income	703	1,242	703	1,242
Purchase of tangible fixed assets	(51,764)	(79,442)	(51,764)	(79,442)
<b>Cash provided by (used in) investing activities</b>	<b>(51,061)</b>	<b>(78,200)</b>	<b>(51,061)</b>	<b>(78,200)</b>
 Increase (decrease) in cash and cash equivalents in the year	 392,849	 (29,877)	 599,802	 (65,741)
 <b>Cash and cash equivalents at the beginning of the year</b>	 <b>1,158,495</b>	 <b>1,188,372</b>	 <b>871,541</b>	 <b>937,282</b>
 <b>Total cash and cash equivalents at the end of the year</b>	 <b>1,551,344</b>	 <b>1,158,495</b>	 <b>1,471,343</b>	 <b>871,541</b>

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

	Group 2016	2015	Charity 2016	2015
	£	£	£	£
Net movement in funds	(162,254)	44,769	(162,254)	44,769
Add back depreciation charge	377,380	385,402	377,380	385,402
Deduct interest income shown in investing activities	(703)	(1,242)	(703)	(1,242)
Decrease (increase) in debtors	3,292	(25,762)	206,785	(61,576)
Increase (Decrease) in creditors	269,432	(320,105)	272,892	(320,155)
Increase (Decrease) in long-term creditors	(43,237)	(34,739)	(43,237)	(34,739)
 <b>Net cash used in operating activities</b>	 <b>443,910</b>	 <b>48,323</b>	 <b>650,863</b>	 <b>12,459</b>

**INSTITUTE FOR GOVERNMENT  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2016**

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**1. ACCOUNTING POLICIES**

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 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.

**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) Reconciliation with previous Generally Accepted Accounting Practice**

In preparing the accounts the governors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement of the parent charity to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. No other restatements in respect of applying FRS 102 were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided below.

**Reconciliation of reserves**

	<b>1 April 2014</b>	<b>31 March 2015</b>
	<b>£'000</b>	<b>£'000</b>
Reserves (as previously stated)	2,186	2,232
Holiday accrual 2013-14	(50)	-
Holiday pay accrual 2014-15	-	(51)
<b>Reserves as restated</b>	<b>2,136</b>	<b>2,181</b>

**Reconciliation of 2015 surplus for the period**

	<b>31 March 2015 £'000</b>
2015 surplus as previously stated	46
Holiday accrual movement between 2013-14 and 2014-15	(1)
<b>2015 surplus restated</b>	<b>45</b>

**INSTITUTE FOR GOVERNMENT  
NOTES TO THE ACCOUNTS (Continued)  
YEAR ENDED 31 MARCH 2016**

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**c) 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.

**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 Ltd 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.

**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.

**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2016**

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**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 liabilities held at amortised cost comprise trade creditors and loans.

**k) Debtors**

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

**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.

**o) Transition to FRS 102**

The opening fund balances at the date of transition have been restated (see note 1b) due to a liability for holiday pay but no subsequent restatement of items has been required in making the transition to FRS 102. The transition date was 1 April 2015.

**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2016**

**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>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Income	4,186,188	4,156,049
Gift aid from subsidiary company	17,085	11,034
	<u>4,203,273</u>	<u>4,167,083</u>
Expenditure on raising funds and charitable activities	4,365,527	4,122,314
<b>Net Income</b>	<u>(162,254)</u>	<u>44,769</u>
Total funds brought forward	2,181,439	2,136,670
<b>Total funds carried forward</b>	<u><u>2,019,185</u></u>	<u><u>2,181,439</u></u>
Represented by:		
Designated unrestricted income funds	1,663,993	1,839,609
General unrestricted income funds	355,192	341,830
	<u><u>2,019,185</u></u>	<u><u>2,181,439</u></u>

**4. INCOME FROM CHARITABLE ACTIVITIES**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Grant from Gatsby Charitable Foundation	3,511,473	3,442,621
Income from staff secondments	191,565	170,341
Project support	216,368	279,986
Events support	82,953	94,940
Other income from charitable activities	67,487	59,976
	<u><u>4,069,846</u></u>	<u><u>4,047,864</u></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 2017. The Gatsby Charitable Foundation has indicated its willingness to continue funding the Institute beyond March 2017.

**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

**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2016**

for Government, principally room hire and other event management. Financial statements for the company's financial year to 31 March 2016 have been prepared. A summary of the trading results is shown below.

The summary financial performance of the subsidiary alone is:

	2016	2015
	£	£
Turnover	83,172	58,400
Cost of sales and administrative costs	(66,249)	(47,646)
Interest receivable	162	280
Net profit	17,085	11,034
Amount to be gift aided to the charity	(17,085)	(11,034)
Retained in subsidiary	-	-

Included in the results above is a management fee payable to the parent company of £62,379 (2015: £43,800) relating to the cost of sales of events held by IFG Enterprises Limited.

The total income of £83,172 (2015: £58,400) is shown as Income from Other Trading Activities and is unrestricted general fund income.

As at 31 March 2016, IFG Enterprises Limited had total assets of £88,443 and total liabilities of £88,343.

**6. OTHER INCOME**

Other Income of £53,421 (2015: £63,141) represents recharges to other tenants of 2 Carlton Gardens of utility and other service costs incurred by the Institute in respect of the whole building and is unrestricted general fund income.

**7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

During 2015-16 the Institute continued to work on its five core strategic themes of work which are: A More Effective Whitehall; New Models of Governance and Public Services; Better Policy Making; Leadership for Government; and Parliament and the Political Process. Each area of work includes aspects of Research and Training and Development. As a result any distinction between Research and Learning & Development is not relevant. The expenditure on our charitable work is analysed below.

	2016	2015
	£	£
Staff salaries and other staff related costs	2,515,615	2,328,646
Premises and other building related costs	526,209	437,018
Events and Staff Catering	271,252	254,256
Transcription and other research costs	44,582	80,472
Office supplies	18,541	19,904
IT costs	92,679	74,981
Depreciation	377,380	385,402
Finance costs including bank charges	4,015	4,327
Website and media costs	97,873	79,061
Irrecoverable VAT	67,852	88,016
Governance costs	41,353	44,394
Support costs	272,336	286,353
Total	4,329,687	4,082,830



**INSTITUTE FOR GOVERNMENT  
NOTES TO THE ACCOUNTS (Continued)  
YEAR ENDED 31 MARCH 2016**

**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>Basis of calculation</b>
Staff costs	204,634	-	204,634	Support function staff time spent on support function activities
Building costs	67,702	-	67,702	Support function staff as proportion of FTE staff
Audit and accountancy fees	-	14,750	14,750	Governance
Legal and professional fees	-	26,603	26,603	Governance
<b>Total</b>	<b>272,336</b>	<b>41,353</b>	<b>313,689</b>	

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

The aggregate payroll costs were as follows:

	<b>2016 £</b>	<b>2015 £</b>
Salaries and wages	2,256,741	2,064,583
Social security costs	255,121	227,711
Pension costs	186,395	154,833
Other costs	9,303	9,644
	<b>2,707,560</b>	<b>2,456,771</b>

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

	<b>2016</b>	<b>2015</b>
£60,000 - £69,999	2	2
£70,000 - £79,999	1	-
£80,000 - £89,999	1	1
£90,000 - £99,999	-	1
£100,000 - £109,999	1	-
£110,000 - £119,999	2	1
£220,000 - £229,999	1	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 (2015: £nil) neither were they reimbursed for expenses during the year (2015: £11,750). The expenses reimbursed were the travel costs of one board member to attend Institute Board meetings from Canada. There are 4 Board meetings a year. No charity trustee received payment for professional or other services supplied to the charity (2015: £nil)

**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2016**

The key management personnel of the parent charity comprise the trustees, the Director, Deputy Director and Programme Directors of the Institute for Government. The total employee benefits of the key management personnel of the charity were £927,585 (2015: 754,600). The principle reason for the increase in costs in 2016 was the full-year impact of Programme Director appointments in 2015.

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:

	2016 No.	2015 No.
Research, Learning and Development	29	28
Office, management and services	14	14
	43	42

**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 2015	2,852,523	803,810	362,978	4,019,311
Additions	-	43,775	7,989	51,764
	2,852,523	847,585	370,967	4,071,075
<b>Depreciation</b>				
Balance brought forward at 1 April 2015	1,666,341	724,876	276,460	2,667,677
Charge for the period	292,251	57,620	27,509	377,380
	1,958,592	782,496	303,969	3,045,057
<b>Net book value at 31 March 2016</b>	<b>893,931</b>	<b>65,089</b>	<b>66,998</b>	<b>1,026,018</b>
Net book value at 1 April 2015	1,186,182	78,934	86,518	1,351,634

**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2016**

**13. INVESTMENTS**

	<b>Charity</b>	
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
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.

**14. DEBTORS**

	<b>Group</b>		<b>Charity</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	187,793	139,621	179,361	127,385
Other debtors	12,132	15,955	100,475	311,595
Prepayments and accrued income	52,236	99,877	52,236	99,877
	<b>252,161</b>	<b>255,453</b>	<b>332,072</b>	<b>538,857</b>

Included within Other debtors of the Charity is an amount due from IFG Enterprises Limited of £88,343 (2015: £295,639).

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

	<b>Group</b>		<b>Charity</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	257,702	156,259	257,702	156,259
Other taxation and social security	116,281	88,068	116,291	88,068
Accruals and deferred income	433,644	295,592	433,644	292,142
Other creditors	2,711	987	2,711	987
	<b>810,338</b>	<b>540,906</b>	<b>810,348</b>	<b>537,456</b>

Deferred income at 31 March 2016 is £73,219 (2015: £99,712).

In 2015 income was deferred on one research project and one Event series both of which ran beyond the end of the financial year. For the Research Project, the expenditure to which the income specifically related was incurred in the period from April to June 2015. The Event Series included 4 events. The first took place in March 2015, the remainder after April 2015. Both of these income deferrals were recognised in 2015-16.

In 2016 there are three smaller projects where the work overlaps 2015-16 and 2016-17 as well as two projects where invoices were raised in 2015-16 for work taking place in 2016-17. All of these deferrals will be released in 2016-17.

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Charity</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other taxation and social security	-	43,237	-	43,237

**INSTITUTE FOR GOVERNMENT**  
**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 MARCH 2016**

**17. ANALYSIS OF CHARITABLE FUNDS**

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

	Balance 1 Apr 2015	Incoming resources	Resources used	Transfers	Balance 31 Mar 2016
	£	£	£	£	£
<b>Unrestricted Income Funds</b>					
General funds	341,830	3,753,166	(3,538,040)	(201,764)	355,192
<b>Designated Funds</b>					
Property and fixed asset fund	1,351,634	-	(377,380)	51,764	1,026,018
Capital and maintenance fund	250,000	-	-	150,000	400,000
Project Investment fund	237,975	-	-	-	237,975
<b>Restricted Funds</b>					
Charitable activities with restricted funding	-	453,976	(453,976)	-	-
<b>TOTAL FUNDS</b>	<b>2,181,439</b>	<b>4,207,142</b>	<b>(4,369,396)</b>	<b>-</b>	<b>2,019,185</b>

The transfers between funds reflect:

- i) £150,000 of additional funds from the general fund and designated towards the Institute's capital and maintenance fund. This fund was set established to put funds aside for future potential liabilities in respect of 2 Carlton Gardens; and
- ii) A transfer of £51,764 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.

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

	Unrestricted funds		Restricted funds	Group total
	General	Designated		funds
	£	£	£	£
<b>Fund balances at 31 March 2016</b>				
<b>are represented by:</b>				
Tangible fixed assets	-	1,026,018	-	1,026,018
Current assets	1,165,530	637,975	-	1,803,505
Current liabilities	(810,338)	-	-	(810,338)
Long-term liabilities	-	-	-	-
	<b>355,192</b>	<b>1,663,993</b>	<b>-</b>	<b>2,019,185</b>

**INSTITUTE FOR GOVERNMENT  
NOTES TO THE ACCOUNTS (Continued)  
YEAR ENDED 31 MARCH 2016**

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**19. OPERATING LEASE COMMITMENTS**

At 31 March 2016 the charity had the following total operating lease commitments:

	<b>Group</b>		<b>Charity</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating lease commitments under leases expiring in:				
Not later than one year	205,000	205,000	205,000	205,000
Later than one year and not later than five years	615,000	820,000	615,000	820,000
Later than five years	-	-	-	-

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

The annual commitments under this lease are currently the subject of a rent review. This review – which would be back-dated to the period from 1 April 2015 – has not yet been concluded however it is anticipated that the annual lease commitments will increase to in the region of £465,000.

Provision has been made in the annual accounts for the expected increase in rental costs relating to the year-ended 31 March 2016.

**20. RELATED PARTY TRANSACTIONS**

There have been no related party transactions during the reporting period that require disclosure.

The charity does undertake transactions with its wholly owned subsidiary IFG Enterprises Ltd in the normal course of business. This includes recharges to IFG Enterprises Limited of £62,249 (2015: £43,800) 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. In 2016 this is £17,085 (2015: £11,034).