CIPD

Championing better work and working lives

Annual Report and Accounts

Year ended 30 June 2020

STRONGER **than ever**

Working together during an exceptional year of change

Note: all figures in this report are true as of 30 June 2020, unless otherwise stated.

Contents

Trustees' report

Financial Statements

Back

04
Foreword

Reflections on our year

A foreword from our president, board chair and chief executive

We're immensely proud of the CIPD's impact on work and working lives this year – for our workforce, our members and the wider world of work.

Like many organisations, we innovated at scale and pace in response to the challenges the global pandemic threw at us. But we also had a particular responsibility to help other employers navigate the storm: we're proud of the way we and our members rose to the challenge.

We responded to emerging events with speed and accuracy, looking after our people and members with professionalism and kindness. We stayed true to our purpose and maintained a strong commercial focus that's crucial to our long-term sustainability. And we lived our values: putting our customers first, pulling together as one CIPD, using research and evidence to bring an expert voice to policy debates, and focusing our efforts to ensure maximum impact.

'We responded to emerging events with speed and accuracy, looking after our people and members with professionalism and kindness.'

TRUSTEES' REPORT | Foreword

Putting people first

The people profession found itself at the centre of the crisis and showed a remarkable commitment to 'putting people first'. We're also proud that, amid the crisis, the profession stepped up to the challenge of supporting the Black Lives Matter movement.

As a professional body, we have a clear role to play in stamping out racism in the profession and at work more broadly. We've made progress on the diversity and inclusion agenda, and we've provided our members with a range of resources to tackle racism in the workplace, but we know we need to do more.

'We have a clear role to play in stamping out racism in the profession and at work more broadly, and we know we need to do more.'

We've committed publicly to tackling racism in three ways: calling for policy reform (for example on ethnicity pay reporting); providing support and guidance for organisations to act; and supporting black and ethnic minority people to join our profession and progress within it. And as an employer, we've got an action plan in place to close our ethnicity pay gap and achieve greater representation of black and ethnic minority employees in senior roles.

Responsible business and corporate governance

Responsible business is at the heart of good work, and we're committed to walking the talk. We use the Large Charity Governance Code to guide our governance practices and board effectiveness, as well as looking at what we can learn from practice in other sectors.

An independent evaluation this year rated our board as strong, recognising in particular our commitment to effective corporate governance and the gender and ethnic diversity of our board. We'll continue to build on this in our board membership and working practices.

Stronger than ever

The pandemic has put many HR teams under immense pressure and scrutiny, but it has also proven the central role that the people profession plays in business. It's been uplifting to see so many employers putting their people first wherever possible, and we hope this will endure in the 'new normal' – whatever shape that takes.

'Our best defence is to continue providing a valuable service to members and customers.'

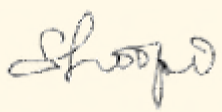
At the CIPD, things will never be the same again. We've emerged from this crisis stronger than ever, having proven what we can do in terms of delivering digital events and learning, as well as rapidly developing guidance for our members in response to changing government advice. And we're determined to keep on innovating. We'll build on our experience of remote working, giving our people more choice about where and how they work.

The economic climate poses a real risk to our revenue streams, but our best defence is to continue adapting and responding so that we can provide a valuable service to members and customers. Our membership numbers, financial results and customer feedback all show that we're doing just that. Membership grew 2% this year to 157,430, and member satisfaction increased across all measures.

In terms of our financial performance, we entered the crisis ahead of plan, just over halfway through our financial year. We saw some inevitable drop in revenues, from areas such as training, but adapted and recovered. We closed the year with a surplus of £2.4 million, which we can continue investing in our members, the services we provide and our wider purpose.

We could not have achieved any of this without the hard work and dedication of our people, or the commitment of our members – many of whom support us as volunteers. We recognise and thank them for everything they have done for the CIPD during a time of great challenge.

Professor Sir Cary Cooper,
President



Louise Fisher,
Chair of the Board

Peter Cheese,
Chief Executive

Back

About us

We're the CIPD, the professional body for HR and people development.

Our purpose

We exist to champion better work and working lives. We believe people should have work that benefits them, their organisations and society. To make that a reality, we need champions for better work and working lives: the people profession. And they need a partner and a voice: the CIPD.

Our mission

We want to build the world's most influential community of experts on people, work and change – united by a common goal to make work better, led by the highest standards of professionalism and enabled by a professional body that provides world-class learning and content.

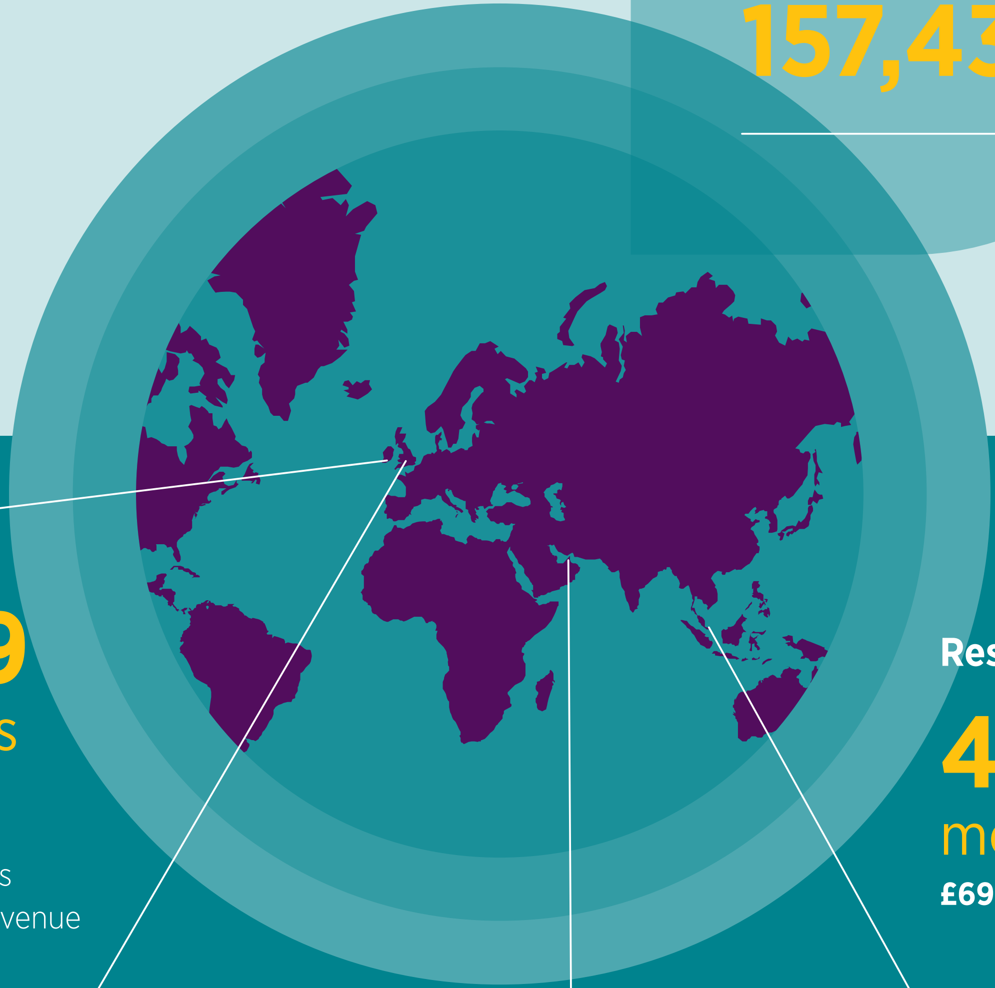
Our strategy

- Build the capability of the profession as experts in people, work and change ('building professionalism').
- Make the case for better work – and raise the profile of the people profession as its champions ('building professional capital').
- Develop a sustainable, future-fit organisation that's able to meet the needs of our customers, our business and our people ('operational excellence').

Where we work

Total worldwide membership

157,430



Ireland

5,999
members

5 employees
113 volunteers
5 paid associates
£1.2 million in revenue

United Kingdom

140,574
members

337 employees
5,315 volunteers
275 paid associates
£35.3 million in revenue

Middle East

4,726
members

9 employees
18 paid associates
£2.7 million in revenue

Asia Pacific

2,055
members

5 employees
15 paid associates
£683,000 in revenue

Rest of World

4,076
members

£695,000 in revenue

Our people and partners

To deliver on our strategy and fulfil our purpose, we rely on the professionalism and commitment of nearly **6,000** people – **356** are employees, and **313** are paid associates who support membership assessment and deliver some of our training courses.

The remainder are members who volunteer their time and expertise to support our branch network (see page 45), our Code of Professional Conduct (see page 31) and our social impact and innovation programmes (see page 39). A further 12 trustees currently volunteer their time and expertise to serve on our board.

We also collaborate with external partners across many different parts of our business, to help us deliver products and services as well as extend our reach and impact (see page 45).

10

Responding to a global pandemic

Back

Responding to a global pandemic

Supporting our members, influencing public policy and adapting our own organisation.

2020 was a year unlike any other: our response to the COVID-19 pandemic spanned all three of our strategic pillars:

- We built the capability of the profession by providing expert advice and guidance to help them navigate the rapidly changing world of work.
- We made the case for better work and job support through our media and public policy work, with a focus on protecting jobs, livelihoods and employee wellbeing.
- We adapted our business models and ways of working to ensure we could continue to develop a sustainable, future-proof organisation.

Building the capability of the profession

The global pandemic created unprecedented challenges for people and organisations everywhere. The CIPD took the lead on providing free, timely, expert advice and guidance, to help organisations put people first throughout the crisis.

CIPD Coronavirus Hub

Guides, **FAQs** and **tools** updated daily.

Tailored content for members in the UK, Ireland, the Middle East and Asia.

2.1 million unique visitors, **3.8 million** page views, and more than **157,000** downloads by year-end.

Furlough guide viewed 1.1 million times by year-end.

Lezlee-Jayne Stones, Assoc. Professor of HRM at the University of Lincoln
The resources and clarity of information have been exceptional. An organisation whose tag line is 'championing better work and working lives' – actually living the values and leading the way for their members and industry too. #proud #HRCommunity

Social media

Ten live **#AsktheCIPD Twitter Q&As** attracted more than 2,000 comments.

@CIPD Twitter posts from March to June doubled compared with last year.

CIPD Community

Activity in our **online Community** in March and April doubled compared with last year.

Tim Scott, FCIPD,
Director of People, Fletchers Solicitors
I feel like our professional body has really stepped up in this crisis – loads of helpful resources provided quickly and also been really visible in the debate at a national level. Keep up the good work all! #AskTheCIPD

TRUSTEES' REPORT | Responding to the global pandemic

Support for members

Weekly email updates from Peter Cheese helped members navigate the crisis.

Sixty-nine free webinars in 12 weeks attracted almost 30,000 viewers. Branch members ran an additional 394 virtual events to keep the profession informed and connected.

A new wellbeing hub and advice line to help members, particularly those working independently, to manage their own wellbeing.

No membership fee increases and 2,000 members made use of a specific register created to reduce fees for those impacted financially by the pandemic.

@cami_marques
Thank you to @CIPD for providing financial assistance with membership fees for membership year 2020/21 ♥

Mike Fatkin, Associate, Owner & MD, Highbury Management
I can't speak highly enough of the way the @CIPD has supported its members throughout this pandemic. From online resources to regular newsletter updates, specific Coronavirus tips and advice to a three-day online conference, free to everyone who registered. Great work. Thank you.

Free access to the virtual **Festival of Work.**

#HRtogether: fostering a sense of pride and recognition

When the pandemic took hold, it was clear that HR, L&D and OD professionals had a central role to play in keeping people safe and essential businesses running. To ensure the profession got the recognition it deserved, and to create a sense of pride and solidarity, we asked people professionals to share their stories on social media, using **#HRtogether**.

We also collaborated with the European Association of People Management to use International HR Day as an opportunity to gather and share as many stories as possible from all around the world. Hundreds of people professionals contributed, and their stories generated more than 11,000 interactions on social media. Here's a small selection.

'Shout out to Judith Sequeira for sharing her experience of navigating the crisis. Her willingness to share and empower NGO HR managers in Tanzania is commendable.'

Pamela Pendo Lwakarbare, Independent HR Consultant

'We're talking to banks and HR colleagues in Italy and Spain to get a sense of what the demands might be in three or four weeks. There's a sense in HR of more sharing and learning than normal.'

Matt Elliott, Chief People Officer, Bank of Ireland

'We've been recruiting new staff, co-ordinating childcare for key workers, sourcing accommodation, supporting employee wellbeing, analysing absence data, and balancing remote working with a core office presence.'

Samantha Whann, Senior HR Manager, Belfast Health and Social Care Trust

'We've leaned down on costs because we want to protect and maintain employment for our staff.'

Kate Bicknell, Head of People and Culture, Fideres Partners

'Safety is our top priority. We've ensured our colleagues remain safe and motivated to work, and we constantly aim to strike the right balance between employee safety and business continuity.'

Veronika Onischenko, HR Director GCC, Merck Sharp & Dohme

'I offered free one-hour coaching sessions to anyone in my network, who was struggling in any way. It felt good to make an impact on their situation.'

Krystyna Gadd, Founder, How to Accelerate Learning

'Managing COVID-19 has been an eye-opening experience for us, especially for HR ... creativity and willingness to try new and different ways have taken centre-stage.'

Dr Noraslinda Zuber, Director of Human Capital, Islamic Religious Council of Singapore

'COVID-19 put our agility to the test. Within a week of working from home, our L&D team rolled out training on leading and managing change as well as weekly training on how to build digital skills and a growth mindset.'

Mazen Altaruti, Regional Managing Director, MSD GCC

'When we come out of the other end of this and reflect on what we describe as "core" services, I wonder if the crucial role my team has played will be recognised.'

Claire Vaughan, Director of Workforce and OD, Welsh Ambulance Service NHS Trust

Read more stories at peopleprofession.cipd.org/stories

Making the case for better work: protecting jobs and livelihoods

Influencing policy and practice in the world of work is an integral part of our strategy to champion better work and working lives, and never more so than during the pandemic.

Key highlights

- Weekly engagement with the UK's Department for Business, Energy and Industrial Strategy (BEIS), focused on encouraging the Government to protect jobs and livelihoods.
- Regular employer and employee surveys to inform our work.
- Nineteen press statements issued and 100+ media enquiries fielded, all reiterating our 'putting people first' message.
- Extensive coverage across national print and broadcast media, as well as HR and business titles.

Calling on business and government to put people first

During the COVID-19 crisis, we surveyed the UK's employers and employees regularly to gather vital evidence about the impact on jobs and working lives. We informed public policy by sharing our insights directly with government departments (including BEIS, HM Treasury, the Department for Work and Pensions and the Department for Education), and issued press statements to influence employers and inform the public.

We called on employers to put the wellbeing and financial security of their people first, and on policymakers to support businesses in doing the right thing. We were quick to call for a Job Retention Scheme and the first to suggest it be made more flexible. And we reiterated three key tests employers should meet before asking anyone to come to work: is it essential, is it safe and is it mutually agreed?

'We recommend that businesses are as generous as possible with their sick pay and leave policies.'

Ben Willmott, CIPD Head of Public Policy, 3 March 2020

We issued 19 press statements between 5 March and 30 June 2020 and secured coverage from BBC News at Ten, BBC Radio 5 Live, BBC Radio Scotland, BBC News Online, Sky News, *The Observer, Daily Telegraph,* the *Financial Times,* the *Irish Times* and the Dubai Eye Breakfast Show.

TRUSTEES' REPORT | Responding to the global pandemic

'Businesses must consider gradual returns to the workplace, looking at flexible options including reduced hours and freezing pay if necessary, to save jobs.'

Peter Cheese, CIPD Chief Executive, 29 May 2020

We played a vital role in disseminating and interpreting official advice and guidance for our members, via our dedicated web hubs, social media, weekly email updates and a series of popular webinars.

Our teams throughout the UK's nations and regions ensured that policy and practice issues that were specific to the devolved nations of Scotland and Wales were not overlooked in the fast-moving and complex circumstances. In addition to the 23 free webinars hosted by our head office, these teams delivered 29 tailored virtual events reaching nearly 1,500 members. Likewise, our teams in Asia, Ireland and the Middle East delivered 17 webinars, reaching approximately 2,000 people.

Visit cipd.co.uk/coronavirus

Harnessing the power of social action

We acted quickly to successfully adapt all our social impact and innovation volunteering schemes to a virtual model, enabling them to continue operating throughout the pandemic. We also found new ways for volunteers to support jobseekers, charities and small businesses impacted by the pandemic.

We refreshed our Steps Ahead Mentoring programme, to provide bite-sized support to young people at risk of unemployment due to the pandemic. And we partnered with the Charities HR Network, Enterprise Nation and the Department for Business, Energy and Industrial Strategy to match CIPD members with small charities and businesses in need of pro bono HR advice during this period of uncertainty.

At the time of writing, 64 CIPD members had successfully registered on the Recovery Advice for Business platform for small businesses (13 included in total year-end volunteer figures on page 39) and 88 members applied to the charity HR mentor programme to mentor small charities (48 at year-end). The bite-sized support for young people will be launching in autumn 2020.

Visit cipd.co.uk/volunteering

Adapting our own organisation

Before the pandemic struck, we had already rolled out virtual collaboration tools to enable more remote working and had plans in place to increase our digital and virtual offerings for members and customers. The pandemic gave us the impetus to accelerate our plans in both these areas.

Remote working and collaboration

To protect our people and prevent the spread of the virus, we closed our offices in March 2020 ahead of government guidance. The vast majority of our workforce then worked from home, using our new collaboration tools. We placed just a few people on furlough, such as our colleagues in reception services, and sadly had to cancel or significantly reduce some of our long-standing office support contracts, such as catering and cleaning services.

The pandemic proved that we can operate effectively remotely: our people rose to the challenge of the new and unexpected circumstances. We maintained 'business as usual' and went above and beyond to support our customers and each other. Our member satisfaction (see page 25) and employee engagement scores (see page 46) are testimony to the levels of collaboration and commitment we saw.

'We recognised that we're not just working from home, but doing so with all the additional responsibilities, pressures and concerns that so many of us have faced during the pandemic.'

Steve George,
Digital Learning Portfolio Manager

Post-pandemic, we want to give people more choice in how and where they work. We'll support more agile working by transforming the design of our workplaces, continuing to invest in the right technology and training our people in the effective use of collaborative tools and agile working methods.

New virtual offerings for members and customers

Like many businesses, we had to cancel or postpone face-to-face events and training courses. But we quickly adapted much of our content and further embraced virtual platforms, so that we could continue to meet the majority of our members' and customers' needs.

We were pleased to see employers did not put their HR professionalisation projects on hold. We helped HR teams through this crucial time by creating a series of world-class virtual learning classrooms on key topics, providing online assessment tools to decipher where strengths and development areas lie and signposting teams to the CIPD's coronavirus resources. We created several new training programmes in response to changing demand, including managing remote teams and job analysis and redesign. And we helped clients transform their organisations to function more effectively post-COVID-19, by listening to their needs and designing strategies to close their capability gaps.

Suraj Mehan, Student

Must say the @CIPD @FestivalofWork is showing how you pull off a virtual conference. My experience with navigating it has been nothing but great!

Our agile response helped us convince some key employers, previously sceptical of online learning, to try our live virtual learning platform. For example, we delivered 124 days of live virtual training to more than 200 HR students in Saudi Arabia's Ministry of Human Resources and Social Development. The programme was initially planned to be face-to-face, but we quickly switched to virtual classrooms to keep the project on track.

Our virtual Festival of Work was a huge success. Originally planned as a two-day event in London, we turned it into a three-day virtual event with 30 live conference sessions, 46 exhibitors and a virtual wellbeing hub. We made the event free for members, attracting more than 25,000 registrations and more than 15,000 attendees. We'll deliver our Annual Conference and Exhibition this November virtually too.

Going forward, our ongoing transformation of new digital platforms will enable greater flexibility to respond to the changing environment in which we operate.

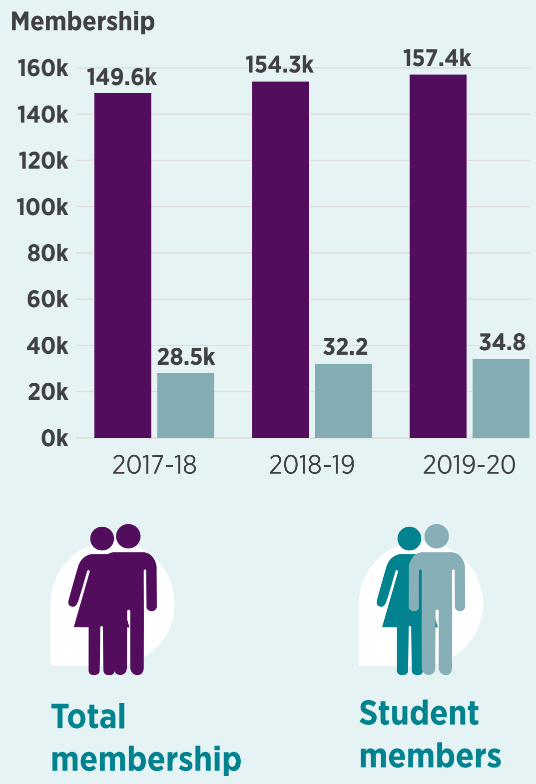
Back

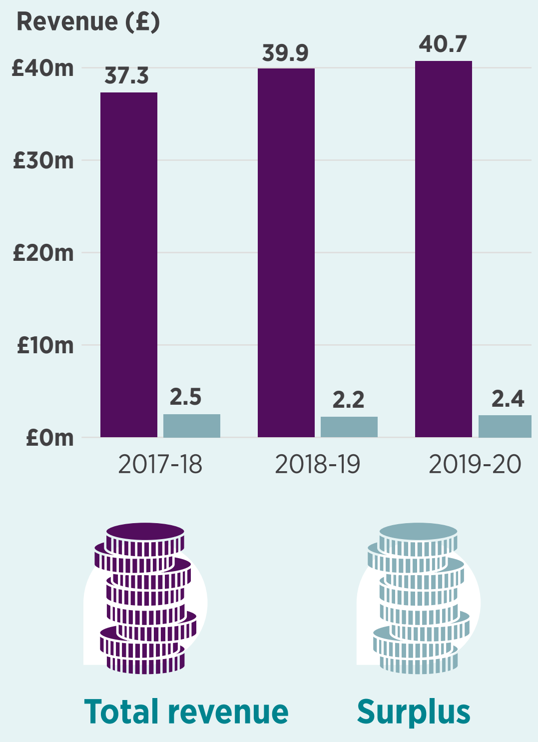
Delivering our strategy

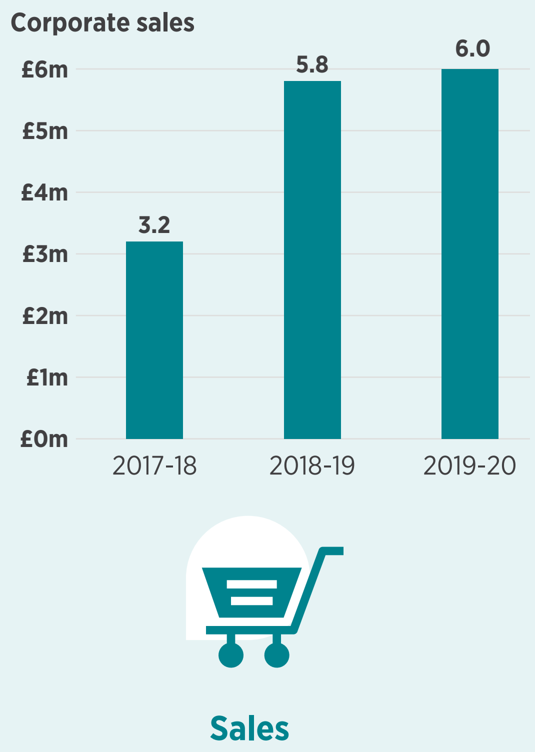
Championing better work and working lives by building professionalism, making the case for better work, and developing a sustainable organisation.

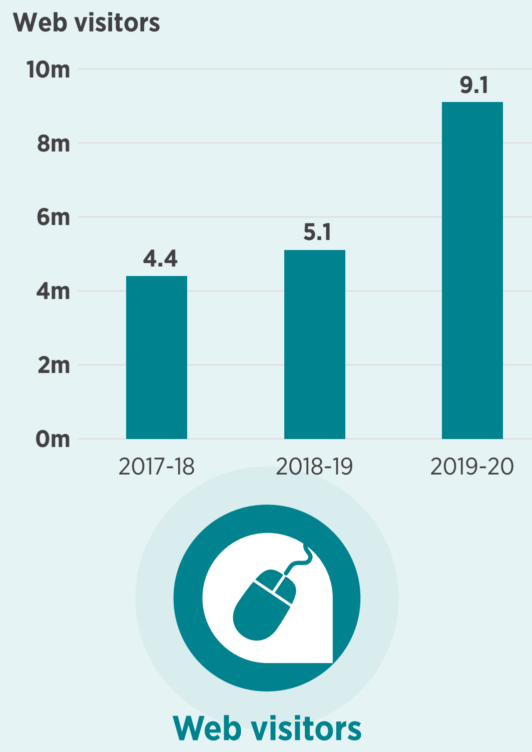
Although the pandemic dominated much of our work for the second half of our financial year, we stayed true to our long-term goals. We made significant progress on each of our three strategic pillars and saw growth across all of our key measures of success. This growth is vital to fulfilling our purpose, because the more people and organisations we can reach, the greater our impact on work and working lives.

Our key measures of success









Back

Building professionalism

Building the capability of the people profession as experts in people, work and change.

Supporting our members: a growing community of champions for better work and working lives

Supporting members in their work and careers is at the heart of our mission to build the world's most influential community of experts on people, work and change. In a year when people professionals have faced an array of challenges, we've been more responsive than ever to members' needs. By being there for members today, we grow a community of advocates for better work and working lives, who have a direct impact within their organisations and with their clients.

'Thank you to everyone at the CIPD team, the contributors and anyone else who has made the job more manageable during this time. I've never felt more supported by this Community or been more grateful for my membership.'

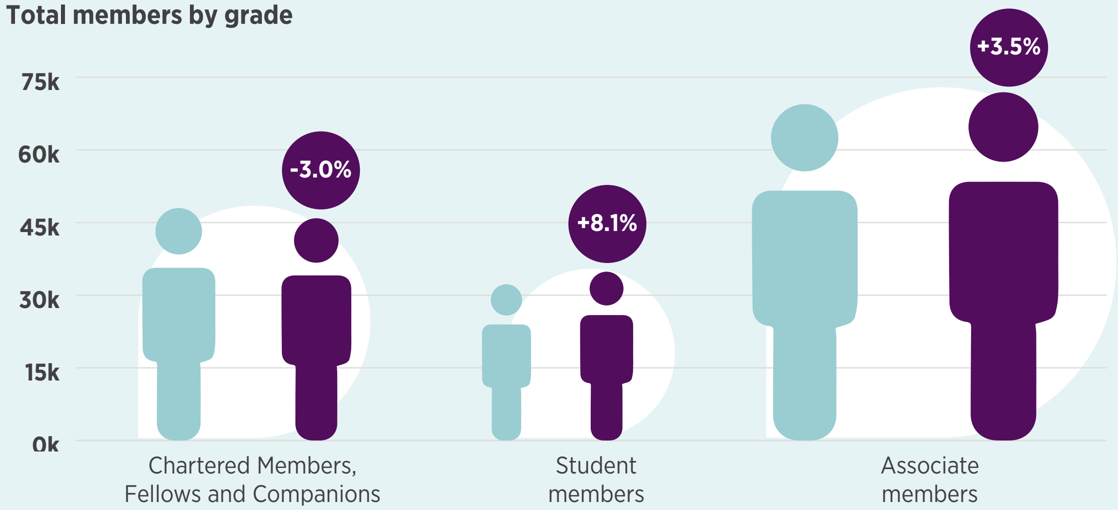
Sarah Trueman,
Associate Member

About our members

30 June 2019 30 June 2020

Total members

Total members by grade



Total members by global regions

*Includes members with no address

Membership grew 2% this year

Membership grew by just under 2% this year, driven mainly by increased uptake of CIPD qualifications. CIPD members make up less than a third of the people profession in the UK and a small fraction of it internationally, so the opportunity to further professionalise the international HR, OD and L&D community is significant. That's why we continue to invest in ensuring that membership provides real value.

One of the areas we're looking at is making it easier for Associate members and experienced professionals not yet in membership to prove their eligibility for Chartered membership without weakening the standard this represents. We hope this will help reverse the small downward trend in Chartered membership and we're addressing this as part of our ongoing programme of change.

We don't know how COVID-19, Brexit and other factors will impact our student numbers. But members renewed at a similar rate in 2020 as they did in 2019, and we're optimistic that by making our qualifications framework clearer and more relevant for today's people professionals (see page 41), we'll sustain our growth.

Improving member support and value
Last year we reported several areas for improvement. Since then, we've made progress in all those areas, with overall scores increasing across all key measures of member satisfaction.

Our Net Promoter Score (an indicator of member satisfaction on a scale of –100 to +100) jumped 32 points to +16, from quarter one to quarter four. And 73% of members gave us a score of seven or more out of ten for relevance (up from 64% at the beginning of the year).

The increases were particularly notable for Chartered Members and those who accessed our coronavirus resources, but satisfaction remains lower among Chartered Members compared with other groups.

We're pleased with the progress we've made, but we know we still have much more to do. Our members' needs vary by experience, career challenges and specialism. To better cater to these needs, we're investing in new digital platforms that will support greater personalisation and allow us to promote our most relevant offerings to different segments of our membership. Find out more on page 42.

'A CIPD member for 20 years, I've seen the benefits grow and grow and now membership is better than ever, with online learning courses supporting the Profession Map.'

Annette Hill, Chartered Fellow

Our Net Promoter Score jumped **32 points**

73% of members gave us a score of seven or more out of ten for relevance

Supporting our members' careers: a snapshot of our year

2019

Reduction in fees

July

We reduced our readmission fee for members on our Career Bridge, Interim and Retirement registers.

August

Our first-ever open nominations process for Chartered Companions opened, allowing members to recognise peers who've made an outstanding contribution to the profession.

September

CIPD members got access to our online Community via our new mobile app. By year-end, 11,433 users had downloaded it, and the Community attracted 75,000 users a month.

online Community app attracted 75k users

October

We launched a new mentoring programme for aspiring HR directors and an employer's guide to ethics at work, which has been viewed by more than 13,000 people to date.

November

More than 4,000 people attended our Annual Conference and Exhibition in Manchester.

December

We announced 13 new Chartered Companions at our AGM in Birmingham.

2020

January

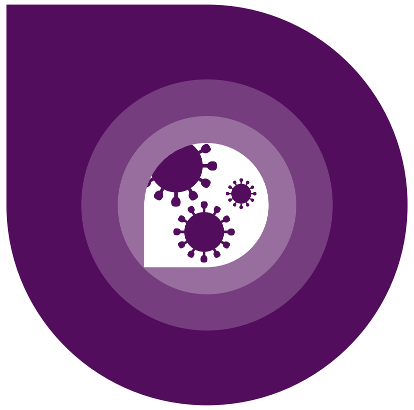
Members got exclusive access to eight new online courses focused on each of the core behaviours in the new Profession Map. They've been viewed 20,847 times to date.

'I've completed five modules so far and found them to serve as a really helpful tool to help keep my knowledge fresh and support my own personal development, in a relatively new role where I am still finding my feet.'

Sarah Payne,
Associate Member

February

Coronavirus advice for UK employers launched. Our factsheet and employer response guide has been viewed more than 472,000 times.



400 support webinars

March

Branch events move online. Branch members hosted nearly 400 webinars offering support to members during the pandemic.

April

New wellbeing helpline and online hub launched to help members work through physical, mental health and financial difficulties. 4,640 members had accessed the hub by year-end.

May

We launched the People Profession Survey 2020 and, to mark International HR Day, invited people professionals all over the world to share their stories using #HRtogether.

June

We launched our annual Good Work Index, welcomed more than 15,000 people to the Festival of Work, and launched our 'tackling racism in the workplace' hub, attracting more than 6,000 page views in two weeks.

'Tackling rascism in the Workplace' hub **6k views**

Visit cipd.co.uk/membership/highlights

Equipping the people profession to improve work and working lives

Great people practices can transform workplaces by providing quality jobs that make for better working lives. But to reach its full potential, our profession needs to build credibility and confidence by investing in its own continuing professional development (CPD).

We support this CPD through the array of content on our website, through qualifications and short courses, and by working directly with employers to professionalise their people teams and bring their people strategies to life.

In addition to the thousands of students studying for CIPD qualifications through our learning centres, we delivered learning programmes to 4,801 individuals around the world this year, on topics including reward, employment law, learning and development, management skills, organisation design and business partnering.

'As our industry and the world around us evolves, so must we. Our work with the CIPD allowed us to consider the skills and behaviours we need to be fit for the future.'

Louisa Clarke, Group Head of People, Chalhoub Group

Building professionalism at an organisational level

We also worked with more than 16,400 people professionals across 425 organisations to professionalise their HR, L&D and management capabilities. These corporate relationships were worth £6 million in sales this year and are testimony to the valued role we play in helping HR functions get the credibility and recognition they deserve within their organisations. Clients value our evidence-based approach to helping them diagnose and assess capabilities against our internationally recognised standards, and develop the knowledge, insights and skills to deliver the right outcomes for their organisations.

We work with a wide range of organisations in the UK, Ireland, Asia and the Middle East. These organisations employ millions of people across sectors, including public services, healthcare, finance, utilities, logistics, and oil and gas.

Work this year included:

- We embedded the new Profession Map as the capability model for the HR function in organisations including Shell and the Civil Service in the UK.
- We assessed HR function capabilities against our international standards. For example, HR professionals at the BBC and the Chalhoub Group in the Middle East used our assessment tools to identify how well equipped their HR teams are to deliver against business priorities and provide a clear view of strengths and capability gaps.
- We supported practitioners through CIPD qualifications and brought them into CIPD membership through experience assessment. For example, we worked with Tesco, HMRC and Deloitte in the UK, as well as Saudi Aramco and the Ministry of Human Resources and Social Development in Saudi Arabia, to enable HR colleagues to achieve professional accreditation.
- We helped people teams develop specialist skills and expert capability. For example, we built organisation design skills for senior HR and business leaders at Irish Distillers; strategic workforce planning capability across the UK Government, Abu Dhabi National Oil Company, Capitaland and the Ministry of Manpower in Singapore; and HR business partnering skills for Metro AG in Germany, Network Rail in the UK and Petronas in Asia.

A snapshot of our work this year

91 HR, reward and L&D practitioners at the BBC took part in the CIPD's 360 assessment programme this year, to assess team and individual capability.

We've supported more than **80 people practitioners** at Tesco to become professional members of the CIPD over the past three years.

We worked with more than 3k HR professionals in Singapore's Public Service Division.

82% of HR practitioners at HMRC hold a CIPD qualification.

We assessed 18 HR business partners at Chalhoub Group in the Middle East against the new Profession Map.

We delivered 124 days of live virtual training to 200+ public sector HR students in Saudi Arabia.

Our workforce planning and job redesign training programme received endorsement from the Singapore Government, meaning other organisations wishing to adopt the programme will receive special funding.

Tesco and HMRC become our first People Development Partners

This year we were pleased to name Tesco and HMRC (the UK's revenue and customs department) as our first-ever People Development Partners (PDPs).

This designation recognises their sustained dedication to raising the capability, credibility, professionalism and impact of their people functions.

With the CIPD's help, Tesco has been investing in the development of its people teams for a number of years. It has developed a set of competencies for its people function, aligned with the new Profession Map and supported 80 practitioners to become professional members of the CIPD in the past three years. Tesco is committed to developing every member of its 800-strong people team and aims to get at least half of its HR practitioners into CIPD membership within the next few years.

'Through our work with the CIPD, we're better equipped to bring new thinking back into the business, which helps us challenge the way we do things so we get it right for colleagues.'
Harriet Buckley, People Capability Manager, Tesco

Similarly, HMRC has been working closely with the CIPD for many years now, professionalising its HR function to help it meet future strategic challenges. Eighty-two per cent of its HR practitioners already have some form of CIPD accreditation, and the department is basing future capability plans on our new Profession Map.

Many organisations have indicated that they are keen to work with us towards this statement of commitment to professionalism in HR and, in the next financial year, we expect several more employers across public and private sectors to become PDPs.

Supporting evidence-based practice
To gain and retain People Development Partner status, employers must also demonstrate a commitment to giving back to the profession, by contributing to the CIPD's research and policy work, volunteering, or sharing their insights and expertise at conferences.

We're starting to see our evidence-based approach really come to life. We've become more open and externally focused on good practice – and who better for that than the CIPD?'
Brenda O'Connor, HR Director, HMRC

Our PDPs also support our research projects by providing examples of good practice and advising of the challenges they face with their people strategies. This enables us to better describe, and affect, the world of work.

Visit cipd.co.uk/learn/employers

Upholding professional conduct

All CIPD members sign up to our Code of Professional Conduct (cipd.co.uk/ourcode). A range of awareness-raising events throughout the year contributed to a 17% year-on-year increase in page views for the Code of Conduct and a significant increase in complaints about alleged breaches of the Code.

Most complaints related to individual employment- or recruitment-based disputes, where the individuals had not already sought legal counsel or advice from a dispute resolution service, such as Acas. Such disputes do not fall under the jurisdiction of the Code, or the CIPD's remit, and some complainants withdrew allegations, having resolved the issue through alternative mechanisms.

Code of Conduct concerns raised in 2019–20	
Number of concerns raised about CIPD members	167 (+117%)
% of total members against whom concerns have been raised	0.1%
Number of complaints formally investigated	10
Number of hearings undertaken	1

Investigations and hearings

Since 2012, when we relaunched our Code, we've formally investigated 58 complaints, 10 of which took place in the last year. A total of 24 progressed to a hearing, and 16 were upheld. Mishandling of data continues to be one of the most common causes for concern.

Figure 1: Code of Conduct investigations, 2019–20

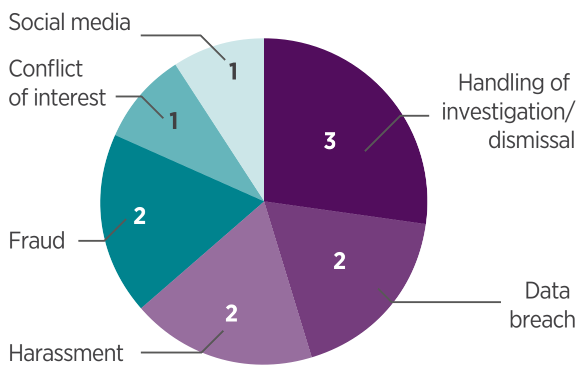
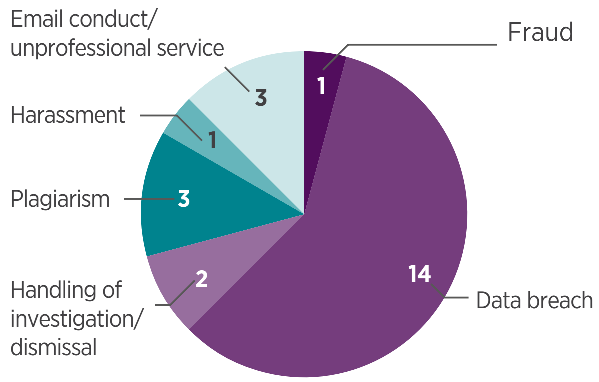


Figure 2: Code of Conduct hearings, 2012–20



Supporting ethical practice

In January 2020, we launched a free online course, exclusively for members, mapped to the ethical practice standards of the new Profession Map. By year-end, more than 2,000 people had already started the course.

In addition, our *Ethics at Work Guide for Employers,* launched in November 2019, has been viewed by more than 13,000 people. A series of three supporting webinars each attracted more than 100 live attendees, and more than 400 people have watched the recordings to date. Our 'Workplace Dilemmas in Confidence' online forum also continues to be a valued source of support for ethical practice, with nearly 200 new discussions facilitated this year.

Back

Building professional capital

Making the case for better work – and raising the profile of the people profession as its champions

To drive change in the world of work, we need to give the people profession a voice, provide key decision-makers with vital evidence, and use that evidence to shape practice.

Our research informs our practical advice and guidance. It reinforces our authority and lends weight to our conversations with policy-makers on critical issues such as fair pay, wellbeing, skills, flexible working and inclusive workplaces.

We've seen a steady increase in visitors to our websites in recent years – testimony to the value and relevance of the content we offer. And this year, our coronavirus advice and guidance contributed to a 78.5% increase in visitors. We also added lots of new content to the 'news and views' area of our website, including a central repository of our viewpoints on the key issues impacting work, and CIPD Lab – a space dedicated to innovation, evidence and debate on topics such as artificial intelligence and business culture.

Visit cipd.co.uk/news-views

Research in action

This year we teamed up with internationally recognised experts from seven universities across the UK to create the PrOPEL hub. Funded by the ESRC, the web hub will translate cutting-edge evidence into practical tips and tools to help businesses of all sizes and sectors explore new ways of working.

To find out more visit propelhub.org

Reach and influence: our year in numbers

3.2k
media appearances, including 520+ national media hits

250.4k
subscribers to our weekly ***CIPD Update*** newsletter

202.3k
LinkedIn followers **(up 26%)**

8.93
million Twitter impressions **(up 20%)**

11
government consultations and parliamentary enquiries responded to

116.9k
subscribers to our bi-monthly policy newsletter *CIPD Voice*

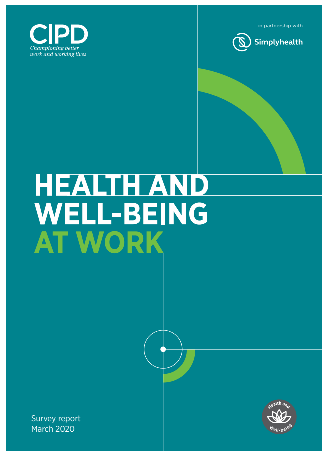
9.1 million
unique visitors to our websites **(up 78.5%)**

6.9 million
unique page views on our knowledge hub **(up 54%)**

3.5k
social action volunteers putting research into action across the UK

Our top five publications of the year*

1
Health and Wellbeing at Work (annual survey): **46,879** unique page views throughout the year.



2
Labour Market Outlook (quarterly survey): **36,716** unique page views throughout the year.

3
The Good Work Index (annual survey): **31,979** unique page views throughout the year.

4
Building Inclusive Workplaces (report and practical resources): **29,819** unique page views from September 2019 to year-end.

5
Managing and Preventing Conflict at Work (report and guidance): **26,732** unique page views from January 2020 to year-end.

Excludes factsheets and Coronavirus hub content.

To read all this content, and more, visit cipd.co.uk/knowledge

Driving the Good Work agenda forward

Despite a year of major upheaval in the UK's political arena, we've worked hard to keep the Good Work agenda moving forward, underpinned by evidence from our Good Work Index – our annual benchmark of working lives in the UK.

'The pandemic is an opportunity to re-imagine what good work means to all of us and our Good Work Index provides a wealth of evidence to inform that debate.'

Jonny Gifford, Senior Research Adviser, 4 June 2020

We played a significant role in developing Good Work/Fair Work Charters in London, Manchester, Liverpool and Wales this year. In Scotland, we launched Working Lives Scotland – our first report dedicated to job quality in Scotland. The report examined the five dimensions of 'Fair Work' conceptualised by Scotland's Fair Work Convention, with whom we've been collaborating. In Wales, we shared our body of knowledge on job quality with the Fair Work Commission and proposed that the Good Work Index should inform measurements of fair work across Wales.

Building inclusive and fair workplaces

Outside of our coronavirus guidance and regular benchmarking surveys, our most popular work this year was our research on diversity and inclusion (D&I). We published two research reports and a range of tools and resources to help employers create a positive environment where everyone, regardless of their background or identity, can thrive and fulfil their full potential at work.

Our *Building Inclusive Workplaces* report headlined a multifaceted communications campaign throughout National Inclusion Week in September 2019. We shared blogs, videos, and practical resources, including an interactive 'health checker' for organisations to benchmark how inclusive they are, generating a total of 29,819 unique page views. We also contributed to the UK Government's open consultation on family-friendly working practices and spoke at a government event on the future of equality, diversity and inclusion in the workplace.

'Colleagues are stronger together. Having a safe space to share ideas on diversity and inclusion can result in great things.'

Nichole McGill-Higgins, Co-Chair of the CIPD's Race Employee Resource Group, 22 September 2019

Other work on the D&I agenda this year included:

- In October 2019, our *Diversity Management That Works* report detailed six key recommendations for building effective D&I strategies and attracted 11,595 unique page views.
- We hosted a roundtable with senior HR leaders in Scotland and the Government Equalities Office. It allowed policy-makers to hear directly from the people profession about the challenges, barriers and opportunities employers of different sectors and sizes face when it comes to improving inclusion for LGBT+ people.
- In the Middle East, we ran a campaign on gender diversity within the people profession, featuring stories of female HR and L&D professionals and male champions of change. The content was very well received and attracted strong levels of engagement. We also focused on mental health and wellbeing as a way to create more inclusive workplaces in the Middle East – we hosted roundtables and webinars on the topic and secured several radio interviews on Dubai Eye's business breakfast show.
- In Ireland, we engaged with the Irish Department of Justice and Equality on planned gender pay gap reporting legislation and on the need for regulatory change to support flexible and remote working.

Improving ethnic diversity and tackling racism

'Racism has no place in our society. Businesses must be part of the change we all need to stamp out prejudice and build diverse and supportive cultures for all.'

Peter Cheese, CIPD Chief Executive, 29 May 2020

Stamping out racism in all forms, whether covert or overt, should be at the heart of responsible business. Businesses everywhere need to provide opportunity for all. They need to understand and deal with disparities, unfairness, or prejudice in the workplace and be more transparent on these issues. In particular, ethnicity pay reporting is an important step in signalling commitment and catalysing behaviour change in our workplaces.

We called for this in our *Manifesto for Work* before the UK's last election in December 2019, having worked very closely with the Department for Business, Energy and Industrial Strategy on its consultation on the issue during 2018–19. While it was not mentioned in the Queen's Speech in December 2019, the tragic events in the US in May 2020 have accelerated awareness, and the renewed prominence of the Black Lives Matter movement must act as a catalyst for all businesses as well as spurring the Government into action.

We have raised our commitment to addressing the issues of race in the workplace and the resources on our new anti-racism hub will help employers take much-needed action in addressing any form of racism at an organisational level.

Visit cipd.co.uk/EndRacismAtWork

Social impact and innovation

A team of 3,528 CIPD 'social impact and innovation' volunteers across the UK plays a vital role in building our evidence base, turning our research into action and delivering public benefit.

Our longest-standing programme, Steps Ahead Mentoring, is now in its eighth year, and continues to play an important role in improving diversity and inclusion in the workplace, by supporting those who traditionally struggle to access work. And through the Enterprise Adviser programme, now in its fifth year, our members have helped more than 1,400 secondary schools and further education colleges to improve the careers support they offer their pupils.

'It's been encouraging to see what others have been doing and get some inspiration on what we can do better.'
Daniella, Associate Returner Champion at KCOM

This year saw the launch of two mentoring programmes: one for aspiring HR directors, and the other to support parents with the return to work after parental leave or a career break.

Our 'Parent Returner' programme, funded by the Government Equalities Office, gave 83 parents one-to-one support from our members and trained 24 'Returner Champions' to help them make their workplaces more inclusive of parent returners. We asked each of them to make at least two changes to make their organisational policies or culture more family-friendly, and they all rose to the challenge. The champions reported that as well as helping to close the gender pay gap by supporting women to continue and progress their careers, the programme has helped the employers tap into a wider talent pool.

As of 30 June 2020, our social impact volunteers included:

- 2,589 Steps Ahead mentors, helping jobseekers improve their employability skills
- 838 Enterprise Advisers working with the Careers and Enterprise Company to improve careers education in schools across England
- 24 Returner Champions helping employers to make their workplaces more inclusive of parents returning to work after parental leave
- 11 Skill Up mentors providing HR advice to small charities in London
- 19 Aspiring HRD mentors, helping people professionals progress their careers
- 61 members offering free HR advice to small businesses and charities in response to COVID-19.

Visit cipd.co.uk/volunteering

Operational excellence

Developing a sustainable, future-fit organisation that's able to meet the needs of our customers, our business and our people

Investing in our future: building a future-fit organisation with greater reach and impact

Growth and sustainability are crucial to fulfilling our purpose of championing better work and working lives. We continue to invest in several key areas to support our ambitious growth targets, improve the customer experience and achieve operational efficiencies.

Key investments in 2019–20:

- free learning content for members, to support the new Profession Map (see page 27)
- a new qualifications framework aligned to our new Profession Map
- new research programme on the future of the people profession

Key investments in 2020–21:

- new digital capabilities and learning and content platforms
- further enhancements to our member propositions
- operational changes to improve customer experience

A new qualifications framework

Since launching the new Profession Map in 2018, we've been collaborating with our learning centres, academics, employers and people professionals to develop a qualifications framework to support the knowledge and behaviours set out in the Map.

We've streamlined our portfolio from 17 to 5 qualifications and ensured each syllabus distils the best knowledge, experience and expertise, and is relevant and impactful in the world of work. Under the new framework, qualification outcomes clearly align with CIPD membership levels, with a new Foundation-level qualification and membership grade. We've also reduced the assessment burden and shifted the focus to real-life scenarios that assess students' impact in the world of work, to reinforce the credibility of CIPD qualifications with employers and students.

We engaged with 752 participants from our learning centres through a series of webinars, to help prepare them to deliver the new qualifications from January 2021, and the resources on our online hub for centres have been downloaded 2,141 times. We're also reviewing the way we work with our centres to make sure we collaborate effectively to achieve the best outcomes and impact for them, for us, and for our students.

New digital capabilities and learning platforms

Over the next couple of years, we're investing significantly in leading-edge digital platforms to future-proof the organisation and support our members and customers. During 2019–20, we carried out an extensive scoping and research programme to understand need, opportunities and options for these new capabilities, and will start implementing new platforms in 2020–21. By transforming our learning, content, and community support capabilities, these investments will support member retention and growth, as well as enable us to expand our corporate offerings and extend our reach to non-members on a subscription model. The new platforms will also make our operations more efficient and scalable, as well as mitigate the risk of declining demand for (and practical feasibility of) our face-to-face offerings.

> 'The hackathon was a unique opportunity to spend time with people who care deeply about the people profession, our shared future and the vital contribution we all have to make.'
> **Michael Jenkins,** CEO, Expert Humans

Work is already under way to begin rolling out a new digital learning platform from early 2021. It will give members and customers a rich and seamless experience to learn, self-assess, enhance their skills and get external recognition for their continuing professional development through digital badging. For corporate clients, it will enable us to provide first-class learning and assessment programmes for people teams to assess their strengths and build their capabilities. Operationally, the platform will help us adapt to changing customer demands and requirements by providing a seamless portal for on-demand learning to suit customer needs. It will also enable us to scale up our work by reducing the manual effort associated with face-to-face training and assessments.

Shaping the profession: now and for the future

As the professional body for the people profession, we must lead the way in understanding and shaping its future.

Over the years we've continued to engage and research on the future of the profession, and this year we launched a landmark piece of research to look at the long-term trends and drivers of change that will shape the profession in the next five to ten years: *The People Profession 2030.* By collaborating with people professionals around the world from all areas, levels, and industries, we're creating future scenarios that feed directly into our vision for the profession.

Through this and other work, we'll provide clear, evidence-based thought leadership on the future of the profession and equip people professionals to thrive in and shape the changing world of work.

As part of this work, in May 2020, we launched the findings of our *People Profession 2020* survey. In August, we followed that up with a virtual hackathon, bringing together hundreds of people professionals from all over the world to co-create a collective vision of the future.

Find out more at peopleprofession.cipd.org

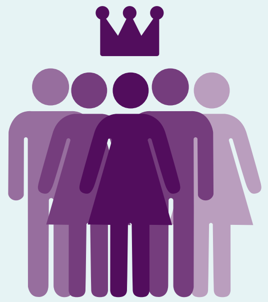
TRUSTEES' REPORT | Delivering our strategy

Improving the customer experience and membership offering

We continue to invest in our operations and infrastructure to improve customer experience. For example, we've begun an extensive review of our website, including the processes and transactions that customers carry out on it, to make sure it's fit for purpose. We've also invested in data quality and system stability.

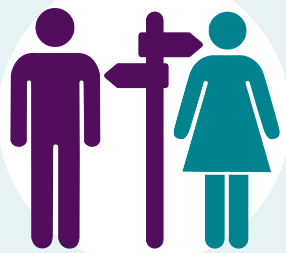
The main pillars of our strategy to improve our offering and grow membership are:

Ensure members' professionalism is recognised in their organisations, with their clients and in the jobs market.



Enable members to connect with others in our community to learn, support each other, and share knowledge and good practice.

Provide world-class content and advice to help members develop their skills and make a real impact at work.



Help members progress their careers and pursue their professional goals.

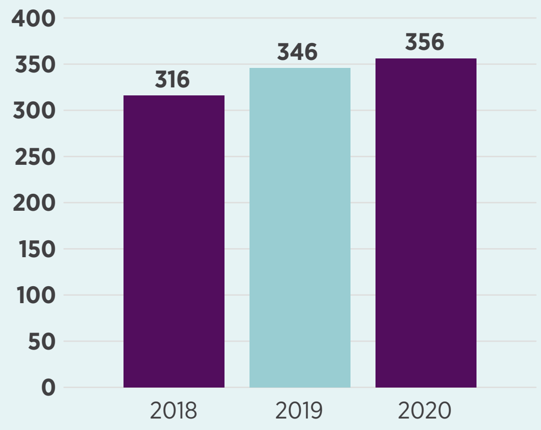
Be easy to do business with and make it simple for people to get what they need from us.

How we work: our people, our infrastructure and our approach to environmental sustainability

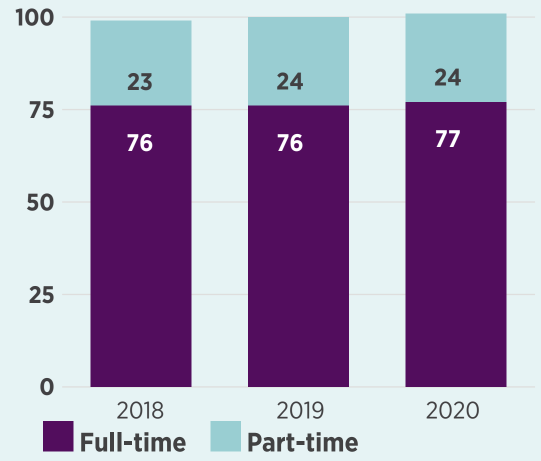
Two key things are crucial to our success: our people and our digital infrastructure. We continue to invest in both these areas to support our ambitious growth plans, while taking steps to minimise our impact on the environment.

Our workforce

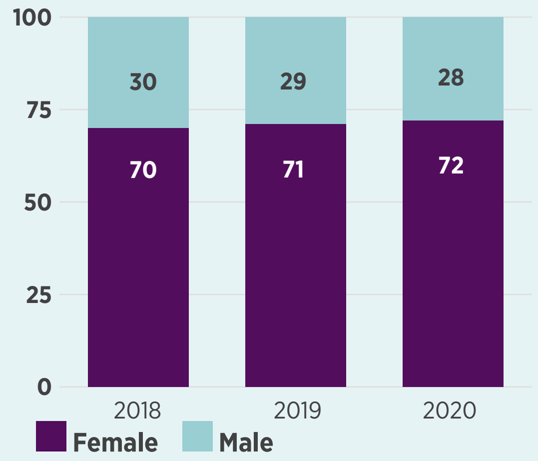
Number of employees



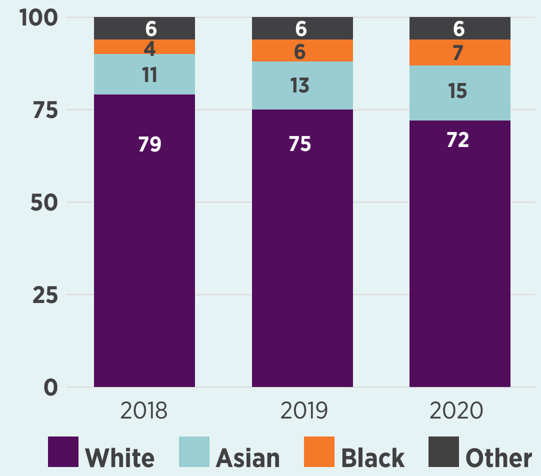
Full-time and part-time (%)



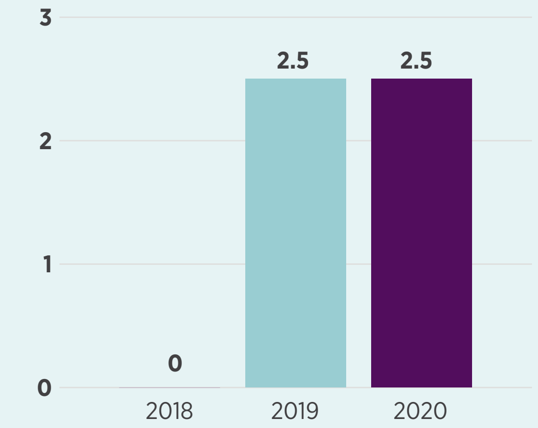
Gender breakdown (%)



Ethnicity breakdown (%)



Employees who report a disability (%)



Our people strategy

Our people strategy is made up of three core elements to support our organisational vision: culture, capability and performance. We monitor people risks and opportunities across these three areas, looking at people development, leadership, cultural change, managing performance, core values, and the role of our working environments and infrastructures in enabling effective ways of working. See page 62 for details of our principal risks.

Our people numbers have remained relatively steady over the last year, with 356 people working for the CIPD across the UK, Ireland, Asia and the Middle East (a full-time equivalent of 330, up by seven from last year). In addition to our core staff, more than 5,000 volunteers and 300 paid associates supported our work throughout the year.

We created new roles in our Learning and Digital and Technology teams to bring in additional expertise to support our business strategy. But we scaled back our recruitment activity at the end of March as the UK entered lockdown and we faced an uncertain economic environment.

Our branch network

A network of 800 branch committee members across the UK, plus 113 regional volunteers in Ireland, volunteer their time to support our work at a local level. A further 900 members volunteer as peer-to-peer mentors, facilitated by our branch networks, and 3,528 volunteer in our social impact and innovation programmes (see page 39).

Across 52 branches in the UK and six regions in Ireland, our volunteers are an important channel for member engagement. They delivered more than 1,000 free events for members this year, attracting more than 65,000 bookings.

Because of the pandemic, nearly 400 of these events were virtual. Many of our volunteers were ready to deliver them in a new format within hours of our decision to cancel face-to-face events. Our volunteers are HR, L&D and OD professionals who faced some of the most testing times of their careers. Nevertheless, we saw their commitment to helping others shine through regardless of the challenges they faced in their own professional and personal lives.

Our partners

We also rely on partners across many different parts of our business, as well as partnering with many other organisations in impacting policy, research, and practice in line with our overall purpose.

In delivering our core services, our partners include 280 learning centres (colleges, universities and other learning providers, with a total of 480 delivery sites around the world), who play a critical role in delivering our range of qualifications to thousands of students each year. It also includes partners like Haymarket Media Group and Kogan Page, who work with us to deliver critical services such as our publications and commercial events, and organisations who help us run our business efficiently.

In extending our voice and reach, we work with many different organisations, groups and communities:

- We chair and sponsor Engage for Success, a voluntary movement in the UK promoting employee engagement, first established ten years ago following the MacLeod Report published by the then Department of Business.
- We co-chair the Flexible Working Task Force together with the UK's Department for Business, Energy and Industrial Strategy, bringing together a wide group of organisations to understand and promote flexible working policies and practices.

- In January 2020 we took on the secretariat for the umbrella body for HR associations across Europe, the European Association of People Management (EAPM), until January 2023. And we work with many different HR networks and communities across different sectors and geographies.
- We led the creation of the Essential Skills Taskforce in 2019, a group of not-for-profit organisations committed to developing and supporting a common skills framework for essential and transferable skills, which we launched this year.
- We participated in many forums, such as the Thriving at Work Leadership Council on mental health, the National Forum for Wellbeing, the Business in the Community Talent and Skills leadership group, and the Financial Reporting Council stakeholder group.

Employee engagement: understanding our people

'Voice has been a fantastic way to get feedback from our people on the things that mean the most to them. We've used it to create a roadmap and action plan to improve in specific areas and we've seen great results from the changes we've made.'

Lisa McLellan,
Head of Customer Services

We introduced a new fortnightly survey tool this year, to gather detailed employee feedback on 14 drivers of engagement. Leaders throughout the business get access to scores and comments in real time, enabling them to take timely and effective action to address what matters to our people. Engagement levels went from strength to strength throughout the year, particularly since mid-March when COVID-19 struck the UK. Increased communication and dialogue throughout the business, coupled with heightened levels of collaboration, led to an increase in overall engagement and alignment with our values.

We've seen a steady rise in alignment with all five of our organisational values (customer first, collaborative, expert, innovative and impactful). Our people feel most aligned with 'collaborative' and 'impactful'. 'Innovative' is the value people report the least alignment with, but is also the value for which we've seen the most significant improvements.

Developing our people with challenging and meaningful work

We continue to focus on six core areas of learning: leadership, future core capability, personal development, wellbeing, compliance, and professional development.

To support learning and personal growth across all these areas, we take a blended approach to learning. In addition to continual on-the-job learning, our people had access to 95 different learning opportunities throughout 2019–20. These included coaching, internally and externally run classroom-based learning, short courses from the CIPD's external training portfolio, professional qualifications and just-in-time learning through our new online learning platform.

Our people also benefit from the learning available at our Annual Conference and Exhibition (70 attended in November 2019) and Festival of Work (140 took part in June 2020). And to keep our people at the forefront of our work for members, we also run various Discovery Hours, where we share our latest research in the field of HR, OD and learning.

Key L&D statistics

29 people completed our leadership development programme.

We ran 44 classroom-based learning events, attended by 239 people.

We supported 16 individuals to gain a professional qualification.

13 people attended short courses delivered by CIPD associates.

Eight people took part in coaching programmes.

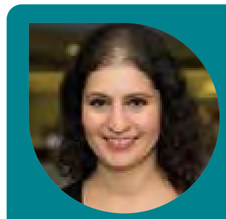
Eight virtual Lunch and Learn events in the final quarter of the year were each accessed by an average of 72 people.

£4k per month contributed to the apprenticeship levy.

297 people logged into our digital learning platform and watched an average of 15 videos each.

Performance and development
Employees tell us they value opportunities to develop through challenging and meaningful work. To support this, we launched a new approach to performance and development focused on creating a culture of high-quality conversations about wellbeing, development, performance and feedback.

Through a series of workshops and flexible learning resources, we've skilled up managers and their teams to have conversations that enable personal and career growth. Consequently, the majority of our people feel supported by their managers and that the CIPD is committed to them.



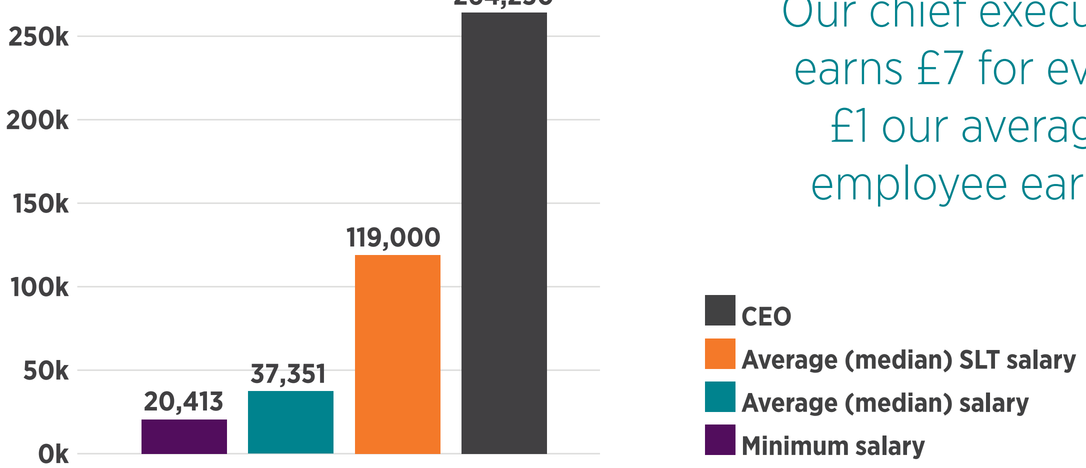
'I love working here because wellbeing and personal development are top priorities. My manager always encourages me to learn and grow and supports me to be my best at work.'

Fatima Sardarizadeh,
Learning Delivery Co-ordinator

Fair and competitive pay

We continually look to improve our structures and processes around pay and reward. We pay above the voluntary 'Real' Living Wage and benchmark all salaries externally to ensure our compensation is fair, competitive and reflects our charitable status. Our pay ratios fairly reflect the demands and high-profile nature of our senior leadership team (SLT) roles and our chief executive's ambitious agenda.

Key pay statistics (£)



Our chief executive earns £7 for every £1 our average employee earns.

- Ratio between our chief executive and our lowest earner: 13:1
- Ratio between our chief executive and the average (median) employee: 7:1
- Ratio between our median SLT salary and median employee: 3:1

Chief executive remuneration
The remuneration policy for the chief executive consisted of:
- Base salary – this was set when the chief executive was first appointed in July 2012 and formally reviewed for the first time in March 2017. The chief executive declined all proposed increases in base salary since his appointment until July 2018, when he accepted an increase of 2.3%. There have been no subsequent salary changes.
- Pension – the chief executive did not participate in the CIPD pension scheme during 2019–20.

- Benefits – the chief executive received a car allowance, life assurance cover and cover for private medical insurance benefits during 2019–20.

The CIPD does not operate a bonus scheme, or any form of variable pay, for the chief executive.

Our gender and ethnicity pay gaps
Gender pay gap data collected on 5 April 2020 revealed a median pay gap of 15.16% (up from 6.8%) and a mean gender pay gap of 16.46% (down from 17.7%) within our UK workforce. The same data revealed a 20% median ethnicity pay gap (up from 19.8% in 2019) and a 19.9% mean ethnicity pay gap (down from 25.2%).

72% of our workforce is female. For every £1 a man earns, a woman earns 85p.

72% of our workforce is white. For every £1 a white person earns, a person from a minority ethnic group earns 80p.

We introduced a commission scheme for our sales team in 2019, to help us attract and retain key talent to support our ambitious B2B growth targets. This team is predominantly male, meaning our median and mean gender bonus gaps rose to 24.61% and 52.97% respectively. The median and mean ethnicity bonus gaps for the same period were 14.79% and 5.53% respectively.

While our ethnicity pay gap has barely changed since 2019, and our mean gender pay gap has decreased slightly, we've seen a sharp increase in our median gender pay gap in the last year. As an organisation with 70% women and 30% men, relatively small people changes that alter the profile of the distribution of men across the organisation can significantly affect our gender pay gap. Consequently, we're not yet seeing the closure of our pay gaps that we are striving to achieve. But, we believe that, over time, our commitment to fostering inclusion, fairness and flexibility will be reflected in our gender and ethnicity pay figures. Ultimately, we want to achieve near-zero pay gaps, so we need to think carefully about our long-term approach to achieving balance in the profile of our workforce and ensuring that everyone perceives the CIPD as a place that welcomes their talent and appreciates their diversity.

We have publicly committed to:

- establishing a full picture on ethnicity within the CIPD, including pay differentials
- reviewing our recruitment practices to ensure we continually improve
- addressing progression, retention and succession planning
- working closely with suppliers and partners to ensure these practices are evident in those we work with as they are an extension of our workforce.

For more in-depth analysis of our pay gaps, and our action plan for 2020–21, see cipd.co.uk/paygapreporting

Enabling great work: our workplace and digital infrastructure

As champions of better work and working lives, we aim to walk the talk. People who work for the CIPD should experience first-hand what 'good work' looks like, including the workplace experience.

Improving our digital capabilities
This year we brought together our Digital and Information Technology functions to help us focus better on member and customer needs. We created a Digital and Technology Director role to lead this area, initially focusing on our investments in new digital learning and member platforms (see page 41).

To ensure the best customer experience when using our digital platforms, we've reviewed the way we manage, store and structure our data, as well as the content management system that underpins our web presence and membership portals.

Throughout 2019, we significantly enhanced our workplace technologies to provide secure, collaborative, flexible, and easy-to-use solutions to all CIPD staff and partners. We've also improved our cybersecurity measures and continue to monitor and raise standards on an ongoing basis.

Sustainability: reducing our environmental footprint

This year saw a renewed focus on our impact on the environment. We've made our head office greener, our events more environmentally responsible and established a sustainability working group to help drive behaviour change in our workforce. This employee-led group raised awareness of how to live a more sustainable lifestyle at work and at home, through internal events and communications activities.

A greener head office
Our head office is already rated as excellent in terms of environmental and sustainable construction and operation (according to the Building Research Establishment Environmental Assessment Method). And this year, we found ways to further minimise our environmental impact. We went completely plastic-free in our canteen, subsidised the use of reusable cups in our café and introduced a new paper cup recycling scheme throughout the building.

Our energy consumption is down, year-on-year. The closure of our office from March 2020 may have skewed the picture, but month-on-month comparisons before the closure showed that we had been making some small wins. More significant reductions in energy consumption would require investment in new lighting, air conditioning and boilers.

Key statistics

- 25.1 tonnes of waste converted to provide power and heat to homes and businesses across London (down 53% year-on-year)
- 3.7 tonnes of confidential paper waste shredded and recycled (down 42% year-on-year)
- 20,500 paper cups recycled from 1 July to 31 December 2019 (no previous data available)
- Electricity consumption: 821,789 kWh (down 28% year-on-year)
- Gas consumption: 696,333 kWh (down 3% year-on-year)

Environmentally responsible events
We've also reduced the environmental impact of our events. At the 2019 CIPD Annual Conference and Exhibition, our stand was completely paperless, and we kept our branded merchandise plastic-free where possible, including bags made from 100% recycled material, bamboo cups and pens.

Next steps
We know there's much more we can do. We'll continue to review our approach to sustainability in these and other areas of our work as part of an overall environmental, social and governance (ESG) strategy. And we'll develop meaningful metrics to track our performance year-on-year. We'll focus on areas such as our procurement and strategic partnerships criteria, as well as how we can keep our head office running sustainably while the majority of our people are working remotely due to COVID-19. Remote working this year has taught us that we can significantly reduce printing and travel, and we're committed to continuing these sustainable practices.

To further improve our sustainability, we'll work with the Carbon Trust to assess our carbon footprint across the organisation as a whole and identify areas for improvement. We'll also continue our membership of Love Wimbledon, a community-owned 'Business Improvement District', to identify ways to reduce our environmental impact. For example, we already make use of the district's electrical and electronic equipment recycling service under the Waste Electrical and Electronic Equipment (WEEE) Directive.

Financial review

A strong financial performance allows us to continue investing in our membership, improve our digital capabilities and increase our impact and voice.

Key financial highlights

Key financial highlights

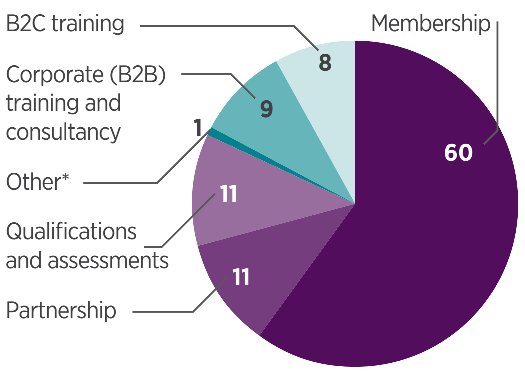
- 2% increase in total revenue, to £40.7 million
- 5.6% increase in membership revenue, to £24.4 million
- 9% increase in revenues from international operations
- £1.9 million invested in strategic development projects through our designated funds
- healthy operating surplus of £2.3 million

Income

Our total income reached £40.7 million in 2019–20, an increase of 2% year-on-year. Despite all revenue-generating activities facing a challenging environment due to COVID-19, several areas managed year-on-year growth, and all performed solidly.

The largest proportion of revenue comes from membership subscriptions. Over the year, our membership grew by 2% to 157,430, which predominantly came from new student growth and increasing associate numbers. This contributed to a 5.6% growth in revenue.

Our revenue sources (%)



*Other income includes grants and revenue generated by branches and in our UK nations and regions

Our commitment to international growth through our international trading subsidiaries was demonstrated by strong performances.

CIPD Middle East revenue grew by 36% to £1.7 million, mainly due to developing our relationships with the Ministry of Human Resources and Social Development in Saudi Arabia. COVID-19 severely impacted our operations in Asia, but we were still able to generate £0.3 million in revenue by expanding our training and consultancy businesses with large home-grown conglomerates, mainly in Singapore and Malaysia.

In Ireland, the cancellation of our Annual Conference impacted revenues, but significant work to provide resources, advice and support during the COVID-19 crisis to business, government and the HR profession helped to drive a record membership.

Our UK-based trading subsidiary, CIPD Enterprises, also enjoyed a solid performance. Business-to-business performed well, with revenue of just under £2 million due to increasing numbers of organisations we are working with and proactively providing virtual classroom courses during COVID-19. CIPD Training was on track to beat prior year performance before lockdown and still managed revenue of £2.6 million, despite no face-to-face training courses in the last three months of the year.

Our digital training partnership grew 84%, benefiting from customers moving from face-to-face to remote training.

And our other strategic partnerships enjoyed solid performances in the difficult environment:

- Our commercial events managed by Haymarket generated 50% less revenue this year, compared with last year, due to the cancellation of numerous face-to-face events during the lockdown, but outperformed our revised forecast after COVID-19 due to the success of our virtual Festival of Work.
- Both our HR online knowledge resource managed by Croner and our official publishing partnership with Kogan Page earned similar revenue to the prior year.

Expenditure

In 2016, as we developed our longer-term strategy, we planned for significant levels of investments to improve our digital capabilities, membership services and support, and the growth of our B2B and international business.

In 2020 we invested £1.9 million (compared with £1.3 million in 2019) in projects to improve our digital infrastructure, restructure our qualifications and increase our content.

Costs for the year were slightly below budget due to less business activity due to lockdown.

We monitored financial results throughout the year, reporting monthly to the senior leadership team and quarterly to the board.

Investments

We have a strong reserves position that is allowing us to plan for the future and invest for long-term growth, increasing our membership support and development and our reach and impact across the profession. We work with expert advisers to manage our reserves through an investment portfolio that we review regularly to balance risk and ethical investment approaches. The market value of investment assets, other than cash held, at the year-end was £21.7 million (compared with £21.3 million at 30 June 2019). This equates to a loss of £0.1 million after taking into account net additions of £0.3 million. Market rises at the start of the year were followed by large falls at the start of the COVID-19 outbreak, with global markets partially recovering at the end of the year.

Since the inception of the current strategy in 2006, the portfolio has returned +4.9% on an annualised basis, slightly below the benchmark return.

Our portfolio is well diversified across asset classes, and this continues to provide a buffer against the market volatility of recent years. We regularly review our mix of investments in light of our long-term financial plans and balance the objective of maximising return on investment against the risk and liquidity of the investments.

During the year we revised our investment policy to strengthen our assessment of environmental, social and governance (ESG) factors before investing in a fund, and to enhance our monitoring of each fund manager's policies and procedures.

Pensions

The CIPD offers all employees in the UK the opportunity to enrol in a group personal pension plan, which is a defined contribution scheme. A similar scheme operates for our employees in Ireland. We also operate a defined benefit pension scheme, which closed to new and existing members in 2012. A professional actuary carried out a triennial valuation of the defined benefit scheme at 1 October 2017. This showed a deficit of £9.7 million and that the scheme's assets were sufficient to cover 82% of the accrued benefits. The funding deficit does not represent a current cash commitment; rather, it reflects the long-term funding required as pensions are paid out to members of the scheme, many of whom have not yet retired. In accordance with the triennial valuation, we are funding the deficit over a recovery period to 2027. More details are given in note 12 to the accounts.

The actuary carries out a separate annual valuation in line with Financial Reporting Standard (FRS) 102. This is conducted using different assumptions, and so results in a different funding deficit. The FRS 102 valuation at 30 June 2020 showed a deficit of £17.1 million and a funding level of 75%, compared with a deficit of £11.8 million and a funding level of 80% as at 30 June 2019. The main reasons for the worsening in the balance sheet position are a significant fall in long dated corporate bond yields and an update in the calculation used which allows for improvement in future life expectancies – both of which increased the scheme's liabilities.

The CIPD contributed £0.8 million to the scheme's deficit during the year.

Reserves

The CIPD's key measure of sustainability is current and future liquidity cover for the organisation, taking into account the potential effects of an economic downturn.

Consequently, trustees deem that the CIPD should, at all times, maintain free financial reserves sufficient to fund a fall in income of between 15% and 20%. Based on the year to 30 June 2020, this would equate to between £6.1 million and £8.1 million. This would enable us to reduce expenditure in a managed fashion, should the need arise.

Free financial reserves are those parts of the CIPD's funds that are available to spend on any of the charity's purposes. They exclude the pension deficit as that represents a long-term funding requirement rather than a current cash commitment. They also exclude restricted and designated funds, details of which can be found in note 11 of the financial statements.

At 30 June 2020, our free financial reserves were £8.8 million.

The trustees review the reserves policy annually, taking account of current commitments to fund the pension scheme of £0.7 million each year until 2027. We also have a policy of keeping £1 million in cash and readily available funds at any given time, which was met during the year, ending with a group cash balance of £5.7 million at the year-end.

Going concern

We have set out above a review of the CIPD's financial performance during the year and its reserves position at the end of the year. Our planning process, including financial projections, has taken into consideration the current economic climate – in the UK, Ireland, the Middle East and Asia – as well as the market environment in which we operate and its potential impact on our various sources of income and planned expenditure. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future.

We believe that there are no material uncertainties that call into doubt the CIPD's ability to continue in operation. Accordingly, the accounts have been prepared on the basis that the CIPD is a going concern.

Back

55

Governance and risk management

We use the Large Charity Governance Code to guide our governance practices and board effectiveness, as well as learning from practice in other sectors.

Our structure and governance

The Chartered Institute of Personnel and Development is incorporated under Royal Charter and is a registered charity in England, Wales, Scotland and Ireland. Our charitable purpose as prescribed by our Charter and Byelaws is to promote the art and science of the management and development of people for the public benefit.

Charities have a legal obligation to report on how they have carried out their purpose for the public benefit. In 2019–20 we have done this in several ways, including:

- providing relevant and timely information for members, other people professionals and organisations, and continuing to influence public policy – for example, around protecting jobs and wellbeing during COVID-19 and building inclusive workplaces
- facilitating a range of social impact volunteering programmes, using our members' expertise to help improve working lives in a variety of ways.

The Charter and Byelaws give the board of trustees the authority to exercise all the powers of the organisation. Board members are directors and charity trustees, with the associated legal responsibilities.

Board of trustees

The composition of the board, as set out in the Charter and Byelaws, allows for up to 12 members, including the Chair, President, Honorary Treasurer, Vice President Membership and Education and the Chief Executive, who are all ex officio members. Council elects the five remaining trustees.

In 2020, Council elected two new trustees to the board, following a review of its succession plan and a skills gap analysis in 2019. Our aim when filling board appointments is to strengthen the overall capability of the board and continue to improve its diversity. We used LinkedIn for these appointments, which helped us reach a wider and more diverse talent pool. Figure 3 sets out the current members of the board.

Figure 3: Our board


Louise Fisher,
Chair of the Board [n,p]


Shakil Butt,
Honorary Treasurer [a,p]


Peter Cheese,
Chief Executive [n]


Professor Sir Cary Cooper CBE, President


Andrea Cooper
(from June 2020)


Nelarine Cornelius,
Vice President,
Membership
and Professional
Development

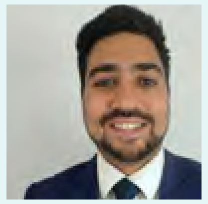

Jonathan Ferrar [a]


Yetunde Hofmann [p]


Caroline Nugent [a]


Anne Sharp CBE [a]


Sharon Whitehead [n]


Nicholas Williams
(from June 2020)

Key:
[a] member of Audit and Risk Committee
[n] member of Nominations Committee
[p] member of People, Culture and Remuneration Committee

Trustees' responsibilities
The trustees are responsible for setting the strategic framework within which the organisation works, approving the overall budget and major capital projects, and overseeing the management of its affairs, including ensuring that the CIPD fulfils its charitable objects. Trustees delegate day-to-day management to the chief executive (the only executive member of the board) and the senior leadership team.

Each year, the trustees must prepare a report (the Trustees' Report) and financial statements in accordance with applicable law and regulations. Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the group's net income and expenditure for that period. In preparing these financial statements, the trustees must:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011 and the provisions of the Institute's Charter. They are also responsible for safeguarding the assets of the group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are also responsible for the maintenance and integrity of the corporate and financial information included on the Institute's website.

Board activity
The board meets quarterly to review delivery against the agreed strategy, operational performance and risks to the delivery of the objectives. In April and May 2020, the board held two additional extraordinary meetings in response to the COVID-19 pandemic. These meetings allowed the trustees to discuss the challenges faced by the profession and organisation as a result of the pandemic and consider the consequent risks and mitigations. From 2021, the board is exploring increasing the number of formal meetings, plus a strategic planning session with the senior leadership team. Table 1 shows trustees' attendance at board meetings during the year.

Table 1: Board and committee attendance

Name	Board meetings attended	Sub-committee meetings attended
Louise Fisher	7/7	8/9
Shakil Butt	7/7	6/6
Peter Cheese	7/7	11/12
Cary Cooper	7/7	n/a
Nelarine Cornelius	5/7	n/a
Jonathan Ferrar	6/7	2/3
Yetunde Hofmann	5/7	3/3
Caroline Nugent	7/7	3/3
Anne Sharp	6/7	3/3
Sharon Whitehead	7/7	2/2

At the beginning of 2020 the board commissioned a comprehensive external evaluation to gain independent insight of its effectiveness, performance, compliance with relevant codes and areas where it might further develop. The final report rated the board as 'strong' overall, commending the CIPD's commitment to and standards of corporate governance. It cited the leadership of the chair, organisational strategy, and gender and ethnic diversity of the board as key strengths. It identified two main areas for development: an improved model for engagement between the board and senior leadership team, and a more developed performance culture.

Some of the recommendations related to areas that the board had already self-identified and begun to address – for example, the need to strengthen the board by including high-calibre board members from non-HR backgrounds. The two recent board appointments have gone some way to addressing this. The board has agreed an action plan and will conduct an internal review of progress in 2021.

During the year, the board approved several new and revised policies to strengthen its governance. These included terms of reference; matters reserved to the board and the corresponding delegation of authorities; a code of conduct; and conflict of interest policy. We developed an enhanced induction programme this year, which we are trialling with the recently elected board members.

TRUSTEES' REPORT | Governance and risk management

The board has three standing committees and a working party (Investment Working Party), to which it delegates certain functions while retaining overall accountability.

Audit and Risk Committee

The Audit and Risk Committee is chaired by the honorary treasurer and provides the board with objective oversight of its financial and non-financial risk and control systems. In 2019, the committee increased the number of meetings from two to four, to ensure a more even distribution of its workload. Throughout the year, the committee continued to develop the CIPD's risk and control framework to ensure it remained fit for purpose and to have oversight of how the CIPD manages its strategic and operational risks.

In March 2020 the committee reviewed the CIPD's significant supplier relationships, focusing on the length of contract, total spend and value for money. The committee has agreed to receive a supplier report from the procurement team annually in future.

In November 2019, the committee recommended to the board that we seek to engage an internal audit firm to support us in the management of our risks and provide independent assurance on our control framework. Following an open tender process, we appointed Sayer Vincent as internal auditors in June 2020, and we've begun developing an internal audit plan for the year, for approval by the Audit and Risk Committee.

Nominations Committee

The Nominations Committee is chaired by the chair of the board and is responsible for board succession planning. In December 2019, the committee recommended to the board that we recruit to the two vacant board posts and that, in addition to someone with digital experience, for the first time we seek to recruit a student CIPD member to bring that voice to the table. The committee members were involved in the recruitment process and formed panels for the interviews of both positions.

This year the committee began planning for the succession of three further trustees in April 2021 (including the chair) and for the appointment of a new president in December 2021.

The committee also oversees the process for the appointment of Companions and the board approved 13 members as Companions in 2019. We announced these at the Annual General Meeting in December. For 2020, the board has delegated full responsibility for the appointment of new Companions to the Nominations Committee.

People, Culture and Remuneration Committee

The committee is chaired by an independent board member and is the only sub-committee that has a CIPD employee as a formal member. In 2019–20 the People, Culture and Remuneration Committee (PCRC) continued to oversee the CIPD's culture and capability. It approved a set of new family leave policies, which gave staff extended paternity leave benefits.

Investment Working Party (IWP)

The IWP monitors the performance of the investment portfolio, meeting quarterly to consider the advice of the CIPD's investment adviser, Cambridge Associates, and agreeing investment decisions within the range of asset allocation targets agreed by the board. Its membership includes two board members and two senior staff (currently the CEO and head of finance).

Senior leadership team

The senior leadership team is led by the CEO. It is responsible for the development of strategy in conjunction with the board, implementation of the strategy and day-to-day operational management of the CIPD.

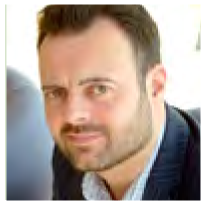
Figure 4: Our senior leadership team

Peter Cheese
Chief Executive

Angela Attah
Director of Legal and Governance
(from 2 September 2019)

Ken Cooke
Director of Marketing, Communications and Digital
(to 31 December 2019)

David Cox
Director of Digital and Technology
(from 4 May 2020)



David D'Souza
Director of Membership

Jenny Gowans
Director of Research, Policy and Content

Tony Osude
Director of Commercial and Marketing
(from 1 September 2020)

Brad Taylor
Director of People, Organisation Development and Workplace

Gill White
Director of Business and Market Development
(to 31 December 2019)

Victoria Winkler
Director of Professional Development

Subsidiaries and related parties

The CIPD has three active subsidiaries: CIPD Enterprises Ltd, its wholly-owned trading subsidiary, which is registered in England and Wales; CIPD Asia Ltd, which is a not-for-profit wholly-owned subsidiary, limited by guarantee and registered in Singapore; and CIPD Middle East FZ LLZ, which is wholly owned by CIPD Enterprises Ltd and registered in Dubai in the United Arab Emirates. See note 2(b) of the financial statements for more detail.

The Charities SORP (FRS 102) requires disclosure of transactions between related parties, details of which are given in note 15 to the financial statements.

In 2020 the CIPD board agreed to set up CIPD Ireland as a separate legal entity. Work to progress this is under way, with the new entity scheduled to be incorporated by 1 January 2021. CIPD Ireland will also need to register with the Irish Charities Commission.

Auditors

We reappointed Haysmacintyre LLP as our external auditors following a vote at the December 2019 annual general meeting.

Professional advisers

Auditors Haysmacintyre LLP 10 Queen St Pl London EC4R 1AG	**Bankers** Lloyds Bank plc 3 St George's Road London SW19 4DR
Legal advisers Withers LLP 16 Old Bailey London EC4M 7EG	**Investment advisers** Cambridge Associates Ltd 80 Victoria Street, Cardinal Place London SW1E 5JL

Risk management

The COVID-19 pandemic has demonstrated the importance of effective risk management to the sustainability of our organisation; it tested our resilience and the strength of our overall risk management framework. The board has assessed the impact of COVID-19 alongside other key risks that have the potential to hinder the achievement of our strategic objectives. It will continue to monitor our ongoing response to the medium- and longer-term impacts of the pandemic as they become clearer.

How we manage risk

The board of trustees has overall responsibility for overseeing the effective management of risk throughout the organisation, delegating more in-depth reviews to the Audit and Risk Committee.

The board delegates day-to-day responsibility for risk management to members of the senior leadership team, who are also responsible for overseeing operational risks in their areas and identifying any links with our corporate risks. In addition to a quarterly in-depth review, the board also has oversight of our corporate risks via a monthly snapshot report.

Risk evaluation and response
We evaluate each risk based on its potential impact on our objectives and the likelihood of its occurrence, given any current controls. We apply this approach consistently throughout the organisation, and used the same scoring criteria during the year. If the level of risk is considered unacceptable, we take further action to mitigate the risk to an acceptable level within specific timelines.

In September 2019, the board amended the thresholds for measuring levels of risk impact and aligned the way we calculate and assess the risk score, based on risk management guidance from the Charity Commission. Different thresholds for measuring impact will be applied to the scoring of corporate and operational risks going forward.

Table 2 sets out a summary of some of the principal risks we faced at our year-end, along with actions to mitigate those risks.

Table 2: Principal risks

Risk and impact	Description and mitigation
Building professional capital	
Inappropriate response to political, economic, social-cultural and environmental situations, or from our association with countries, companies or individuals who may have poor working practices. **Impact:** Reputational damage and long-term decline in membership.	We monitor use of our brand across partners, clients and other relationships, and control the use of our brand and identity through contract arrangements. We have policies to clarify the nature of our association with other organisations, with provision for break clauses. Our Code of Professional Conduct sets out the standards and behaviours expected of members and helps us manage member misconduct.
Failure to deliver our purpose due to inadequate response to COVID-19 and other current events (for example BLM), missing the opportunity to give clear messaging on ways of working, the criticality of the people profession in these decisions and demonstrating our relevance and brand. **Impact:** Damage to the profession, long-term decline in membership and an inability to fulfil our charitable purpose.	We are bolstering our online training and virtual classroom events and have promoted our coronavirus hub and advice, which offers support to the HR community and employers more widely. We are engaging with and supporting areas where the profession is not well supported. On inclusion and anti-racism, we have published stronger guidance and become more vocal and public on what needs to change, but further work is still required to develop content, policy and teaching around diversity.
Building professionalism	
Challenge to the perceived relevance of membership to employers and to the relevance of the whole HR profession. **Impact:** Short-term and long-term decline in membership.	We regularly receive direct feedback from senior people professionals and have increased our contact with other membership bodies to stay attuned to broader market change. We continually review our relevance and have published our viewpoints related to what is happening in the market and world of work today on our website. We continue to react to market opportunities and ensure our evidence, research and key message positions are up to date and well understood internally and externally.
Delay in delivery to market of products associated with the new Profession Map due to links with wider digital transformation and investment. Risk of new Qualifications Framework being delayed or not fit for purpose. **Impact:** Adverse reaction from students and study centres and loss of credibility as a professional body.	We've aligned all membership assessments to the new Profession Map and initial feedback has been very positive. Qualification launch is set for March 2021. We've tested the new qualifications with learning centres and employers. We shared the draft pre-regulation syllabus and plans for supporting centres through the transition period, through a series of workshops in March and June 2020. We have established a brand perception, reach and engagement index, enabling us to monitor member and customer views on an ongoing basis.
Operational excellence	
Information security threats and vulnerabilities, including malicious attacks; user errors or failures; system errors or failures; mismanagement of systems and information; non-compliance with data protection regulations, either by design or unidentified points of failure. Technology and compliance risks increased with remote working arrangements due to the pandemic. **Impact:** Greater exposure to potential data breaches, contract breaches and fines for non-compliance coupled with legal and regulatory damage and client and partner loss.	We have strengthened our legal and governance oversight of cybersecurity and have investigated interdependencies between internal and external systems to capture specific risk areas. We've implemented cybersecurity insurance and achieved Cyber Essentials Plus accreditation mid-May 2020, evaluating our controls against ISO 27001. Our data cleansing and data retention projects are under way, and new major incident and change management processes are now operational. We continue to provide GDPR and technology training to all staff and to make them aware of potential cyber scams and data privacy pitfalls, particularly during the pandemic. We reviewed all relevant contracts and insurance policies in light of COVID-19 and revised where appropriate.
We fail to implement the digital benefits to our members in time or fail to communicate the digital benefits clearly. **Impact:** Lost opportunity and erosion of our perceived relevance in the increasingly digital marketplace, leading to a drop in membership and reach.	We have significantly strengthened our programme management office and it continues to drive implementation with the support of digital programme management and product managers. We are consolidating, phasing and seeking to simplify the business requirements and are phasing roll-out and agile working to embed learnings as we go. We will drive continued delivery of digital benefits for our customers, ensuring we maintain momentum as we roll out the digital agenda and update stakeholders and colleagues on the evidence-based benefits to our customers.

People-related risks: 1 Failure to have the right people, skills, diversity, culture and capabilities in place. 2 Risks around practical difficulties with remote working, erosion of staff morale and increase in staff physical/mental illness from COVID-19. 3 Potential for the virus to spread among members of staff as our offices begin to re-open. **Impact:** Capacity and continuity issues lead to an inability to drive change and deliver our strategy.	1 We have identified gaps in skills, capability and development requirements and launched a performance management programme to increase accountability and address mediocre performance. We closely monitor our diversity and inclusion data and any associated corrective actions. 2 During lockdown, we launched a new intranet site and have made greater use of technology to increase engagement levels and enable greater virtual social cohesion. Open line manager conversations, regular staff briefings and opinion surveys have provided support and helped reduce anxiety and stress during the pandemic. 3 Re-opening of our offices has been gradual and careful, with social distancing measures in place.
Financial risks as income is adversely affected by economic downturn and virtual delivery of events is potentially less profitable. **Impact:** Need to cut back on strategic investments resulting in longer-term strategic and financial risks.	We continue to monitor the speed and extent of the economic recovery and have scenario plans and contingency plans in place, dependent on financial outcomes. Until there is more certainty, we will budget for three months at a time. There are also sufficient reserves to protect the business in the medium term.
Delivery risks due to the constraints of COVID-19 and where we are heavily reliant on partners who may be impacted (due to loss of work or increased workload) by COVID-19. **Impact:** Lost opportunity to deliver key events and outputs for our members.	We have adapted key events and put platforms in place to allow virtual delivery of events. We are closely monitoring how our partners are affected by the pandemic and the plans they have in place to ensure continuity of supply.
International risks	
Inappropriate response to political and diplomatic shifts or incidents in higher-risk countries in Asia and the Middle East, given our associations there. **Impact:** Reputational damage from working internationally.	The senior leadership team and strategy insights team are continuing to monitor activities in higher-risk areas. We keep in close contact with our international offices to understand local insights and monitor existing and future potential relationships. We monitor FCO guidance and have good connections with the British Embassy in Saudi Arabia.

By order of the board

Angela Attah LLB FCG
Institute Secretary

5 November 2020

Back

65
Independent Auditor's Report

Independent Auditor's Report

Independent auditor's report to the trustees of the Chartered Institute of Personnel and Development

Opinion

We have audited the financial statements of the Chartered Institute of Personnel and Development for the year ended 30 June 2020, which comprise Consolidated Statement of Financial Activities, Group and Charity Balance Sheets, Consolidated Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 30 June 2020 and of the group's net movement in funds 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 Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement (set out on page 57), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity'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 group or the parent charity 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.

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.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, including the chair, president and chief executive statement. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us, or
- sufficient and proper accounting records have not been kept, or

- the parent charity financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's 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 charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP

Statutory Auditors
10 Queen Street Place, London, EC4R 1AG

6 November 2020

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Back

69
Financial Statements

Financial Statements

Consolidated statement of financial activities for the year ended 30 June 2020

	Note	General fund	Designated fund	Restricted fund	Total 2020	Total 2019
		£'000	£'000	£'000	£'000	£'000
Income from:						
Charitable activities						
To advance the management and development of people through:						
Membership and education	2(d)	**29,440**	–	–	**29,440**	27,211
Research		**25**	–	**288**	**313**	510
Branches		**227**	–	–	**227**	326
Other trading activities						
Commercial income	2(b)	**10,510**	–	–	**10,510**	11,672
Investments	2(c)	**169**	–	–	**169**	147
Total income		**40,371**	–	**288**	**40,659**	39,866
Expenditure on:						
Raising funds	2(a)					
Commercial expenditure		**(9,632)**	–	–	**(9,632)**	(10,700)
Investment management costs		**(50)**	–	–	**(50)**	(49)
Charitable activities	2(a)					
Membership and education		**(21,948)**	**(1,284)**	–	**(23,232)**	(20,987)
Research		**(4,547)**	**(525)**	**(549)**	**(5,621)**	(5,705)
Branches		**(1,987)**	**(94)**	–	**(2,081)**	(2,078)
Total expenditure		**(38,164)**	**(1,903)**	**(549)**	**(40,616)**	(39,519)
Net gains/(losses) on investments	7	**131**	–	–	**131**	917
Net income/(expenditure)		**2,338**	**(1,903)**	**(261)**	**174**	1,264
Transfers between funds	11	**(10,000)**	**10,000**	–	–	–
Net incoming/(outgoing) resources before other recognised gains and losses		**(7,662)**	**8,097**	**(261)**	**174**	1,264
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension scheme	12	**(5,790)**	–	–	**(5,790)**	(1,200)
Gains/(losses) on revaluation of overseas subsidiaries		**36**	–	–	**36**	52
Net movement in funds		**(13,416)**	**8,097**	**(261)**	**(5,580)**	116
Reconciliation of funds						
Net fund balances brought forward		**16,095**	**6,170**	**431**	**22,696**	22,580
Net fund balances carried forward		**2,679**	**14,267**	**170**	**17,116**	22,696

The statement of financial activities includes all recognised gains and losses for the year.
The notes on pages 73-93 form part of these financial statements.

Consolidated group and charity balance sheets at 30 June 2020

	Note	Group 2020	2019	Institute 2020	2019
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	5	**7,853**	8,359	**7,763**	8,265
Intangible assets	6	**64**	546	**64**	546
Investments	7	**25,713**	25,535	**27,321**	26,316
		33,630	34,440	**35,148**	35,127
Current assets					
Debtors	8	**6,201**	5,939	**6,656**	8,108
Cash at bank and in hand	9	**5,712**	6,014	**3,735**	4,311
		11,913	11,953	**10,391**	12,419
Creditors					
Amounts falling due within one year	10	**(11,273)**	(10,904)	**(9,285)**	(9,069)
Net current assets/(liabilities)		**640**	1,049	**1,106**	3,350
Net assets excluding pension liability		**34,270**	35,489	**36,254**	38,477
Provisions	13	**(90)**	(956)	**(90)**	(956)
Defined benefit pension scheme liability	12	**(17,064)**	(11,837)	**(17,064)**	(11,837)
Net assets including pension liability		**17,116**	22,696	**19,100**	25,684
Funds					
General fund	11	**19,743**	27,932	**21,727**	30,920
Pension liability		**(17,064)**	(11,837)	**(17,064)**	(11,837)
Net general funds		**2,679**	16,095	**4,663**	19,083
Designated funds	11	**14,267**	6,170	**14,267**	6,170
Net unrestricted funds		**16,946**	22,265	**18,930**	25,253
Restricted funds	11	**170**	431	**170**	431
Total funds		**17,116**	22,696	**19,100**	25,684

The financial statements were approved and authorised for issue by the Trustees on 6 November 2020 and were signed on their behalf by:

Louise Fisher
Chair of the Board

Shakil Butt
Honorary Treasurer

The notes on pages 73-93 form part of these financial statements.

Consolidated cashflow statement for the year ended 30 June 2020

	Note	2020 £'000	2019 £'000
Net cash flows from operating activities		**(281)**	(1,580)
Cash flows from investing activities			
Income from investments	2(c)	**119**	84
Interest received	2(c)	**50**	63
Proceeds from the sale of tangible fixed assets	5	–	–
Purchase of tangible fixed assets	5	**(143)**	(358)
Development of intangible fixed assets	6	–	(56)
Proceeds from sale of investments	7	**4,137**	4,096
Purchase of investments	7	**(4,457)**	(1,371)
Increase in cash deposits (investment asset)	7	**273**	(773)
Net cash provided by/(used in) investing activities		**(21)**	1,685
Change in cash and cash equivalents in the year		**(302)**	105
Cash and cash equivalents at the beginning of the year		**6,014**	5,909
Cash and cash equivalents at the end of the year	9	**5,712**	6,014

Notes to the cashflow statement

(a) Reconciliation of net income to net cashflow from operating activities

Net Income		**174**	1,264
Depreciation charge – tangible assets	5	**631**	573
(Gains)/losses on investments	7	**(131)**	(917)
(Gains)/losses on disposal of tangible fixed assets	7	**32**	18
(Gains)/losses on disposal of intangible fixed assets	7	**17**	–
Dividend, interest and rents from investments	2(c)	**(169)**	(147)
Depreciation charge – intangible assets	6	**465**	744
Foreign exchange reserves movement		**22**	52
Payment to pension scheme per funding plan	12	**(838)**	(2,688)
Non-actuarial increase in pension liability	12	**275**	437
Decrease/(increase) in stocks		–	17
Decrease/(increase) in debtors	8	**(262)**	(1,521)
Increase/(decrease) in creditors	10	**369**	(261)
Increase/(decrease) in provisions	13	**(866)**	849
Net cash flows from operating activities		**(281)**	(1,580)

(b) Analysis of cash and cash equivalents

Cash in hand	9	**5,712**	6,014
Total cash and cash equivalents		**5,712**	6,014

Notes to the financial statements for the year ended 30 June 2020

1 Principal accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention modified by the revaluation of investments and in accordance with the Financial Reporting Standard applicable to the UK and the Republic of Ireland (FRS102) and the 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 FRS102 – effective 1 January 2019 – and the requirements of the Charities Act 2011. The functional currency of the CIPD is considered to be GBP because that is the currency of primary economic environment in which the group operates.

There are no material uncertainties that call into doubt the CIPD's ability to continue in operation. Accordingly, the financial statements have been prepared on a going concern basis as discussed within the Trustees' Report.

(b) Consolidation

The group financial statements include the results of the CIPD, its branches and its subsidiaries, which are consolidated on a line-by-line basis. Please refer to note 2(b) to the accounts for the results for the trading subsidiaries. Note 11 sets out the movements in the Institute's funds including incoming and outgoing resources.

CIPD Enterprises Ltd has entered into a profit-share arrangement with Avado to offer digital qualifications to the market. As guided by the Charity SORP (FRS 102), the arrangement has been reported as a jointly controlled operation which requires the consolidated accounts of both parties to recognise assets that each party controls and liabilities incurred, with expenses incurred and share of income.

The results of overseas subsidiaries and branches have been translated into sterling using exchange rates prevailing at the balance sheet date. Exchange differences arising from retranslating the opening net investment in overseas subsidiaries at the closing exchange rates are recorded as movements in the general fund.

(c) Income

All income, including investment income, is accrued and included in the Statement of Financial Activities when the group is entitled to the income, receipt is probable and the amount can be quantified reliably. Income received relating to future accounting periods is deferred and recognised as a creditor within the balance sheet. Income from subscriptions, which is our largest individual source of income, is recognised referring to the period over which the subscription relates.

Volunteers continue to be an integral part of the CIPD, working with us across the organisation in every area of our work. Their wide spectrum of skills, experience and expertise strengthens our organisation by enabling us to better support our members and engage the wider HR community in what we do. On a wider community level, many CIPD members volunteer their experience in our community investment programmes. Our branch volunteers use their skills to promote the CIPD and give back to the profession, with a number of members acting as mentors in our Steps Ahead Mentoring programme and others engaged with our Enterprise Adviser programme run by the Careers and Enterprise Company.

In accordance with the SORP, no monetary value has been attributed to the work of volunteers, though their involvement is considered vital to the activities of the charity.

(d) Expenditure

Membership and education include the costs of administering and providing direct services to members, developing professional standards, providing educational services to members and supporting educational centres which offer the Institute's qualifications. Commercial activities are disclosed as charitable where they are deemed to give rise to direct membership benefit.
Research includes the cost of commissioning and undertaking research and the dissemination of research and practical information to members and the public.
Branches include the central and local costs of the Institute's branch network, which offers CPD and networking events for members nationwide.
Commercial activities, through our strategic partnerships, comprise a courses and conferences programme, a publishing facility for books and training materials, and an HR consultancy business for organisations. It also manages the relationship with the publisher of the CIPD's journal, *People Management*.
Investment management costs include fees paid to the Institute's investment advisers and fund managers.
Support costs such as general management, governance, human resources, finance, information systems, strategy, performance and premises costs are allocated across the various categories of our expenditure. The basis of allocation has been explained in note 2(a) to the accounts.

(e) Operating leases

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

(f) Fixed assets, depreciation and amortisation

Tangible assets
Tangible assets are stated at cost net of depreciation and any provisions for impairment.

Depreciation is provided on a straight-line basis on the cost of fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land or assets under construction. The depreciation period for other assets is shown below.

Office equipment	3–4 years
Freehold buildings (from date of first use)	25 years
Leasehold buildings (from date of first use)	Over life of lease

Assets with a cost below £2,500 are not capitalised.

Intangible assets
Intangible assets are stated at cost net of depreciation and any provisions for impairment.

Depreciation is provided on a straight-line basis on the cost of fixed assets to write them down to their estimated residual values over their expected useful lives.

Website development costs	3 years
Developed IT hardware/software	5 years

Website planning costs are charged to the Statement of Financial Activities as incurred. Other website costs are capitalised as a fixed asset only where they lead to the creation of an enduring asset delivering tangible future benefits whose value is at least as great as the amount capitalised. An impairment review is undertaken of the net asset value of the website at each balance sheet date. Expenditure to maintain or operate the developed website is charged to the Statement of Financial Activities.

Costs incurred in the development of new web-based commercial products are depreciated on a standard cost of goods sold basis over the shorter of three years or the estimated useful economic life of the products concerned.

Developed IT hardware/software relates to our membership and finance systems.

(g) Investments

Investments are stated in the balance sheet at market value. Realised and unrealised gains and losses in the year based on market value are recognised in the Statement of Financial Activities. Investment properties are shown at trustees' estimate of their open market valuation using a nationally available house price index calculator. Bank interest is accounted for on a receivable basis; other investment income is accounted for when received.

Investments in subsidiary undertakings are included at cost or fair value at acquisition, subject to any impairment.

Liquid resources are funds held at bank which require more than 24 hours' notice to access.

(h) Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. With the exception of fixed asset investments, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of impairment losses. Prepayments are valued at the amount prepaid, net of any trade discounts due. Creditors and provisions are recognised where the group 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(i) Pension schemes

The CIPD Group Personal Pension Plan and the CIPD Money Purchase Pension Plan are UK-based defined contribution schemes. The Institute also makes contributions to defined contribution schemes for its staff in Ireland. The charges to the Statement of Financial Activities for defined contribution schemes are the amounts payable in respect of the accounting year.

The CIPD Staff Retirement Scheme is a defined benefit scheme. It is accounted for in accordance with FRS 102. The notional net interest charge on the FRS 102 deficit, the expected return on assets and the current service cost have been allocated across the resources expended categories based on pensionable payroll. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high-quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Appropriate adjustments are made for actuarial gains or losses which are recognised in other recognised gains and losses in the Statement of Financial Activities.

(j) Taxation

The CIPD is a registered charity and its income is applied solely for charitable purposes. As a result, it is entitled to rely upon the taxation exemption granted by the Corporation Tax Act 2010. Where possible, the profits of the CIPD's trading subsidiaries are donated to the CIPD under Gift Aid.

(k) Fund accounting

The Institute has various types of funds for which it is responsible and which require separate disclosure. These are as follows:

General fund
This contains funds that are spent at the discretion of the trustees in furtherance of the objects of the charity, and includes reserves in line with our policy to maintain sufficient realisable reserves to cover the estimated cash impact of a pessimistic financial scenario.

Designated funds
The Institute may at its discretion set aside funds for specific purposes that would otherwise form part of the general reserves of the organisation. The Institute sets aside funds, supported by cash and investments, in respect of a variety of activities that are explained in more detail below. As such, they are not available for other purposes. Designated funds are listed out in note 11 to the accounts.

Restricted funds
The Institute may, from time to time, receive funds from external sources for specific purposes. These funds are not available for other purposes and are segregated in our accounts. Restricted funds are listed out in note 11 to the accounts.

(l) Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies described above, the trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates, judgements and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance. The following area is considered to involve the critical judgements and sources of estimation uncertainty when applying the group's accounting policies.

Pension liability
Estimates of the net pension liability depend on a number of complex judgements relating to the discount rate used, changes in retirement ages and mortality rates. The group engages a firm of actuaries to provide expert advice about the assumptions made and the effect on the pension liability of changes in these assumptions.

(m) Public benefit

The Institute's charitable objects include the promotion of the art and science of the management and development of people for the public benefit. Details on how the Institute delivers public benefit are included in the Trustees' Report.

2a Expenditure

	Direct costs £'000	**Support costs £'000**	**Total 2020 £'000**	Direct costs £'000	Support costs £'000	Total 2019 £'000
Raising funds						
Commercial activities	**6,076**	**3,556**	**9,632**	7,136	3,564	10,700
Investment management	**50**	**–**	**50**	49	–	49
Charitable activities						
Membership and education	**17,508**	**5,724**	**23,232**	15,155	5,832	20,987
Research	**4,468**	**1,153**	**5,621**	4,318	1,387	5,705
Branches	**1,625**	**456**	**2,081**	1,567	511	2,078
Total	**29,727**	**10,889**	**40,616**	28,225	11,294	39,519

Allocation of support costs

	General management £'000	**IT £'000**	**Finance £'000**	**HR £'000**	**Premises £'000**	**Governance £'000**	**Total 2020 £'000**
Raising funds							
Commercial activities	**159**	**1,605**	**397**	**646**	**730**	**20**	**3,556**
Charitable activities							
Membership and education	**1,095**	**2,283**	**565**	**734**	**1,025**	**22**	**5,724**
Research	**230**	**481**	**119**	**133**	**186**	**4**	**1,153**
Branches	**104**	**217**	**54**	**33**	**47**	**1**	**456**
Total 2020	**1,588**	**4,585**	**1,135**	**1,547**	**1,987**	**47**	**10,889**

	General management £'000	IT £'000	Finance £'000	HR £'000	Premises £'000	Governance £'000	Total 2019 £'000
Raising funds							
Commercial activities	216	1,495	394	629	811	19	3,564
Charitable activities							
Membership and education	1,421	2,026	533	714	1,117	21	5,832
Research	375	535	140	130	203	4	1,387
Branches	152	217	58	32	51	1	511
Total 2019	2,164	4,273	1,125	1,505	2,182	45	11,294

Basis of apportionment

General management, IT and finance	Apportioned across commercial activities based on estimate of actual use. Apportioned across charitable activites based on levels of total unrestricted charitable expenditure.
HR, premises and governance	Apportioned across all direct costs, both commercial and charitable, on the basis of total headcount.

Total expenditure includes:	**2020 £'000**	2019 £'000
Auditor's remuneration:		
Audit fees – current year provision	**48**	54
Other services	**12**	5
Operating lease rentals		
Plant and machinery	**20**	18
Other assets, including land and buildings	**387**	381
Depreciation	**1,096**	1,360

2b Subsidiary companies

(i) At the balance sheet date, the CIPD owned the entire ordinary share capital (where applicable) of the following subsidiary undertakings:

	CIPD Enterprises Ltd[4]		CIPD Asia Ltd		CIPD Middle East FZ LLC[1]	
Country of registration	England and Wales		Singapore		Dubai	
Immediate holding co.	CIPD		CIPD		CIPD Enterprises Ltd	
Holding	3,000,000 £1 shares		Limited by guarantee		14,800 AED 1,000 shares	
Activity	Training, events, publishing and the development of people via organisational training and consultancy		Promotion of membership and the management and development of people		Promotion of membership and the management and development of people	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Total assets	7,510	9,363	304	268	1,797	1,444
Total liabilities	4,229	6,082	806	313	728	486
	3,281	**3,281**	**(500)**	**(45)**	**1,069**	**958**
Represented by:						
Share capital	3,000	3,000	–	–	3,270	3,175
Reserves	281	281	(500)	(45)	(2,201)	(2,217)
Results for the year:						
Income[3]	8,551	10,071	659	1,038	1,691	1,257
Expenditure	7,693	8,755	1,114	1,173	1,592	1,124
Net profit/(loss)	**858**	**1,316**	**(455)**	**(135)**	**99**	**133**
Gift Aided to the CIPD	(858)	(1,316)	–	–	–	–
Retained in subsidiary	–	–	**(455)**	**(135)**	**99**	**133**

1 CIPD Middle East FZ LLC was incorporated on 13 August 2015 as a Free Zone Limited Liability company and operates in the UAE under a licence issued by the Government of Dubai, Dubai Creative Cluster Authority. The entity is licensed to provide services mainly related to HR consultancy.

2 Commercial income and expenditure in the Consolidated Statement of Financial Activities is derived from our UK trading arm, CIPD Enterprises Ltd, with the following adjustments: commercial income also includes inward sponsorship of CIPD events, which is recorded in the accounts of the Institute. Commercial expenditure includes a higher apportionment of support costs than included in CIPD Enterprises' standalone accounts.

3 CIPD Asia Ltd's income includes £360,000 (2019: £653,000) funding from the CIPD provided in the form of a grant.

4 The opening reserves for CIPD Enterprises Ltd have been increased by £281,000 for a prior year adjustment relating to deferred income.

(ii) During the year, there were a number of transactions between group companies, relating to either (a) expenditure paid by the CIPD or CIPD Enterprises Ltd on behalf of another group company and recharged to them, or (b) internal operational costs incurred by the CIPD or CIPD Enterprises Ltd and apportioned to other group companies as appropriate. These transactions were as follows:

Total resources expended include:	**Transactions during the year**	**Balance outstanding at year end**
	£'000	**£'000**
Amounts due to the CIPD:		
from CIPD Middle East FZ LLC	86	958
from CIPD Asia Ltd	358	698
from CIPD Enterprises Ltd	(1,563)	2,256

2c Investment income

	2020 £'000	2019 £'000
Bank interest	**50**	63
Income from investment property	**13**	17
Income from other investments	**106**	67
	169	147

2d Grants

Membership and education income includes a £25,000 government grant relating to the Coronavirus Job Retention Scheme.

3 Staffing (excluding trustees)

	2020 £'000	2019 £'000
Salaries	**14,680**	12,891
Social security costs	**1,331**	1,277
Pension costs	**1,176**	1,078
Benefits in kind	**461**	262
	17,648	15,508

The pension costs shown above include the service cost for the year for the CIPD Staff Retirement Scheme and the actual payments made into defined contribution schemes.

Excluding the chief executive (note 4 below), higher-paid employees were remunerated as follows

	2020 number	2019 number
£60,000–£69,999	**14**	11*
£70,000–£79,999	**13***	10*
£80,000–£89,999	**4**	7
£90,000–£99,999	**4**	2
£100,000–£109,999	**5**	6*
£110,000–£119,999	**1**	1
£120,000–£129,999	**2**	2*
£130,000–£139,999	**1**	1*
£140,000–£149,999	**2***	0
£150,000–£159,999	**1***	1
£160,000–£169,999	**0**	1*
£170,000–£179,999	**0**	1*

* The bandings marked with an asterisk include redundancy payments for certain individuals and hence do not constitute the normal or ongoing compensation

Of the higher-paid employees, ten (2019: ten) were members of the CIPD Staff Retirement Scheme. The Institute contributed £298,000 into the defined contribution schemes for 39 of the higher-paid employees (2019: £281,000 for 33 employees).

In 2020, the key management personnel of the charity comprised the trustees, the Chief Executive, the Director of Membership, the Director of Operations, the Director of Business and Markets Development, the Director of Legal and Governance, the Director of Marketing Communications and Digital, the Director of Professional Development, the Director of Research Policy and Content, and the Director of People.

The total employee benefits of the senior leadership team (excluding the chief executive) were £1,154,000 (2019: £1,078,000).

The average monthly number of employees during the year was 354 (2019: 335), representing a full-time equivalent of 329 (2019: 313).

The average monthly number of employees working in charitable activities, including support and management and administration, was 261 (2019: 232), and 93 (2019: 103) employees worked in activities for generating funds.

The cost of general agency support and consultants was £1,769,000 (2019: £736,000), mainly in relation to the delivery of strategic projects and IT activities.

Redundancy and termination payments totalled £325,000 (2019: £393,000).

4 Trustees' emoluments

	2020 £'000	2019 £'000
Chief executive (only paid trustee)		
Salary	**264**	264
Pension contributions	–	–
Benefits in kind	**5**	2
Emoluments	**269**	266

Details on how the chief executive's remuneration is determined are given in the Trustees' Report on page 48. The figures above represent the emoluments of the chief executive for that role, not as a trustee.

The other members of the Board of Trustees receive no remuneration for their services or for volunteering their time. During the year, a total of £12,167 (2019: £12,527) was reimbursed to, or paid on behalf of, eight (2019: 12) trustees or paid directly on their behalf.

FINANCIAL STATEMENTS | Notes to the financial statements

5 Tangible fixed assets

Group	**Freehold land** £'000	**Freehold property** £'000	**Leasehold property** £'000	**Office equipment** £'000	**Total** £'000
Cost					
At 1 July 2019	3,884	9,172	591	1,126	14,773
Additions	–	–	77	66	143
Disposals	–	–	(23)	(319)	(342)
Foreign exchange	–	–	11	6	17
At 30 June 2020	**3,884**	**9,172**	**656**	**879**	**14,591**
Depreciation					
At 1 July 2019	–	5,233	317	864	6,414
Charges for the year	–	375	119	137	631
Disposals	–	–	(21)	(289)	(310)
Foreign exchange	–	–	3	–	3
At 30 June 2020	–	**5,608**	**418**	**712**	**6,738**
Net book value					
At 1 July 2019	3,884	3,939	274	262	8,359
At 30 June 2020	**3,884**	**3,564**	**238**	**167**	**7,853**

Institute	**Freehold land** £'000	**Freehold property** £'000	**Leasehold property** £'000	**Office equipment** £'000	**Total** £'000
Cost					
At 1 July 2019	3,884	9,172	461	938	14,455
Additions	–	–	–	12	12
Disposals	–	–	–	(171)	(171)
At 30 June 2020	**3,884**	**9,172**	**461**	**779**	**14,296**
Depreciation					
At 1 July 2019	–	5,233	269	688	6,190
Charges for the year	–	375	24	115	514
Disposals	–	–	–	(171)	(171)
At 30 June 2020	–	**5,608**	**293**	**632**	**6,533**
Net book value					
At 1 July 2019	3,884	3,939	192	250	8,265
At 30 June 2020	**3,884**	**3,564**	**168**	**147**	**7,763**

The freehold land and property relates to the CIPD offices at 151 The Broadway, Wimbledon. The trustees believe that the value of this property is higher than its net book value.

The leasehold property relates to the central London office in Victoria as well as our offices in Ireland, Singapore and Dubai.

There is a charge granted over the freehold property at 151 The Broadway in favour of the CIPD Staff Retirement Scheme.

6 Intangible fixed assets

Group	Assets under construction £'000	IT software £'000	Website development £'000	Total £'000
Cost				
At 1 July 2019	17	2,971	5,353	8,341
Additions	–	–	–	–
Disposals	(17)	–	–	(17)
At 30 June 2020	–	**2,971**	**5,353**	**8,324**
Depreciation				
At 1 July 2019	–	2,695	5,100	7,795
Charges for the year	–	276	189	465
Disposals	–	–	–	–
At 30 June 2020	–	**2,971**	**5,289**	**8,260**
Net book value				
At 1 July 2019	17	276	253	546
At 30 June 2020	–	–	**64**	**64**

Institute	Assets under construction £'000	IT software £'000	Website development £'000	Total £'000
Cost				
At 1 July 2019	17	2,971	5,353	8,341
Additions	–	–	–	–
Disposals	(17)	–	–	(17)
At 30 June 2020	–	**2,971**	**5,353**	**8,324**
Depreciation				
At 1 July 2019	–	2,695	5,100	7,795
Charges for the year	–	276	189	465
Disposals	–	–	–	–
At 30 June 2020	–	**2,971**	**5,289**	**8,260**
Net book value				
At 1 July 2019	17	276	253	546
At 30 June 2020	–	–	**64**	**64**

Intangible assets relate to IT software in respect of our membership and finance systems and costs of developing our website.

7 Investments

	Group 2020 £'000	Group 2019 £'000	Institute 2020 £'000	Institute 2019 £'000
Investments at market value				
Managed funds:				
Unit trusts: direct holdings in listed UK equities and bonds	**4,374**	3,909	**4,374**	3,909
Overseas unit trusts: direct holdings in listed UK equities and bonds	**415**	395	**415**	395
Overseas unit trusts: direct holdings in listed overseas equities and bonds	**15,053**	15,005	**15,053**	15,005
Bank deposits	**3,964**	4,237	**2,572**	2,018
Property unit trust	**1,489**	1,577	**1,489**	1,577
UK investment property	**418**	412	**418**	412
Investments in subsidiaries (Note 2b)	–	–	**3,000**	3,000
Total market value at 30 June	**25,713**	25,535	**27,321**	26,316
Total cost at 30 June	**19,783**	19,790	**22,828**	20,571

The fair values of the UK investment property is determined by adjusting the 2015 market value by the Nationwide House Price Index for the relevant area. The 2015 valuation was carried out by an independent valuer and Fellow of the Royal Institution of Chartered Surveyors.

The board has delegated the management of investments to a working group which meets quarterly with an investment adviser to review performance and makes recommendations to the board as to investment managers, asset allocation and the outcome of performance reviews.

The CIPD follows a strategy which specifies percentage allocations to different asset classes and uses specialist fund managers for each class of asset. The asset allocation is tracked by the investment adviser on behalf of the CIPD, with rebalancing decisions taken quarterly. A reconciliation of the movement in the market value of investments is shown below.

Managed funds	Group 2020 £'000	Group 2019 £'000	Institute 2020 £'000	Institute 2019 £'000
Market value at 1 July 2019	**25,535**	26,570	**26,316**	27,116
Money withdrawn	**(4,137)**	(4,096)	**(4,137)**	(4,096)
Money invested	**4,399**	1,350	**4,399**	1,350
Movement in cash deposits	**(273)**	773	**554**	1,008
Reinvested income (net of fees)	**58**	21	**58**	21
Net gains/(losses)	**131**	917	**131**	917
Market value at 30 June 2020	**25,713**	25,535	**27,321**	**26,316**

8 Debtors

	Group 2020 £'000	Group 2019 £'000	Institute 2020 £'000	Institute 2019 £'000
Trade debtors	**1,369**	2,331	**604**	179
Amounts due from subsidiaries	–	–	**4,070**	5,760
Other debtors	**1,128**	519	**502**	922
Prepayments and accrued income	**3,704**	3,089	**1,480**	1,247
	6,201	5,939	**6,656**	8,108

Included within the Institute's debtors are amounts owed from CIPD Enterprises Ltd of £843,000 (2019: £1,316,000) relating to Gift Aid payable for the period.

9 Cash in bank and in hand

	Group 2020 £'000	Group 2019 £'000	Institute 2020 £'000	Institute 2019 £'000
Bank current accounts and cash in hand	**5,712**	6,014	**3,735**	4,311
	5,712	6,014	**3,735**	4,311

10 Creditors: amounts falling due within one year

	Group 2020 £'000	Group 2019 £'000	Institute 2020 £'000	Institute 2019 £'000
Trade creditors	**1,505**	1,790	**966**	842
Amounts received in advance	**6,526**	6,550	**6,440**	6,497
Taxation and social security costs	**491**	485	**575**	413
Other creditors	**329**	260	**162**	181
Accruals	**1,934**	1,474	**1,142**	1,136
Deferred income	**488**	345	–	–
	11,273	10,904	**9,285**	9,069

Amounts received in advance at 30 June 2020 will all be released in the year to 30 June 2021 and mainly relate to member and organisation subscriptions.

Deferred income represents bookings for future commercial events and payments for consultancy work. The movement on deferred income was as follows:

	Group 2020 £'000	Group 2019 £'000
Deferred income at start of year	**345**	724
Amounts released during the year	**(345)**	(724)
Amounts deferred during the year	**488**	345
Deferred income at end of year	**488**	345

11 Funds

Group	Balance at 1 July 2019 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Gains and (losses) £'000	Balance at 30 June 2020 £'000
General fund	27,932	40,371	(37,889)	(10,838)	167	**19,743**
Pension reserve	(11,837)	–	(275)	838	(5,790)	**(17,064)**
Net general funds	16,095	40,371	(38,164)	(10,000)	(5,623)	**2,679**
Designated funds						
Building fund	250	–	–	–	–	**250**
Information technology fund	–	–	(1,301)	1,301	–	–
Research and development fund	–	–	(316)	316	–	–
Strategic initiatives fund	5,920	–	(286)	8,383	–	**14,017**
Total designated funds	6,170	–	(1,903)	10,000	–	**14,267**
Total unrestricted funds	**22,265**	**40,371**	**(40,067)**	–	**(5,623)**	**16,946**
Restricted funds						
JP Morgan Chase	–	31	(31)	–	–	–
Timewise Mentor	3	–	–	–	–	**3**
Careers & Enterprise Company	127	120	(191)	–	–	**56**
Flexible Support Fund Partnership	16	–	–	–	–	**16**
Innovate UK	285	(17)	(208)	–	–	**60**
Parent Returner Program	–	154	(119)	–	–	**35**
Total restricted funds	431	288	(549)	–	–	**170**
Total funds	**22,696**	**40,659**	**(40,616)**	–	**(5,623)**	**17,116**

Institute	Balance at 1 July 2019 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Gains and (losses) £'000	Balance at 30 June 2020 £'000
General fund	30,920	29,426	(27,912)	(10,838)	131	**21,727**
Pension reserve	(11,837)	-	(275)	838	(5,790)	**(17,064)**
Net general funds	19,083	29,426	(28,187)	(10,000)	(5,659)	**4,663**
Designated funds						
Building fund	250	–	–	–	–	**250**
Information technology fund	–	–	(1,301)	1,301	–	–
Research and development fund	–	–	(316)	316	–	–
Strategic initiatives fund	5,920	–	(286)	8,383	–	**14,017**
Total designated funds	6,170	–	(1,903)	10,000	–	**14,267**
Total unrestricted funds	**25,253**	**29,426**	**(30,090)**	**-**	**(5,659)**	**18,930**
Restricted funds						
JP Morgan Chase	–	31	(31)	–	–	–
Timewise Mentor	3	–	–	–	–	**3**
Careers & Enterprise Company	127	120	(191)	–	–	**56**
Flexible Support Fund Partnership	16	–	–	–	–	**16**
Innovate UK	285	(17)	(208)	–	–	**60**
Parent Returner Program	–	154	(119)	–	–	**35**
Total restricted funds	431	288	(549)	–	–	170
Total funds	**25,684**	**29,714**	**(30,639)**	–	**(5,659)**	**19,100**

Designated fund descriptions:

The building fund provides for maintenance of CIPD properties and for potential property projects. The strategic initiatives fund is to provide for special initiatives identified by the board – which include growing membership, meeting the needs of leading members of the HR profession, growing the CIPD's offering internationally, and engaging more directly with employers.

The outstanding balance on the building fund is expected to be used over the next ten to twenty years, though this is dependent on the nature and timing of any potential property projects. The outstanding balance on the strategic initiatives fund is expected to be used over the next five years.

Restricted fund descriptions:

JP Morgan Chase	To provide free employment and people management advice to small businesses
Timewise Mentor	To promote flexible working hours within the workplace
Careers & Enterprise Company	Funding for the recruitment of suitable people professionals (members and non-members) to volunteer on the Careers and Enterprise Company Enterprise Adviser programme
Flexible Support Fund Partnership	Department for Work and Pensions funding to test extending Steps Ahead to support jobseekers of over 50 years old with short-term one-to-one mentoring with the aim of improving their employability skills to help them find work
Innovate UK	Human resources advice and guidance is given to SMEs in the Midlands
Parent Returner Program	To identify and support a variety of employers of different size and industry to create 50 new private sector opportunities, and reach local residents to support 150 returners to move into or towards work

At 30 June 2020 cumulative unrealised gains on investment assets of £5,923,000 (2019: £5,321,000) were included in the general fund.

During the year £838,000 was tranferred from the general fund to the pension reserve, and £10,000,000 was transferred from the general fund to the strategic initiatives fund.

Expenditure incurred promoting the interests of CIPD members and the wider HR community working in Asia was funded during the year via grants totalling £360,000 (2019: £653,000) from the CIPD to CIPD Asia Ltd. The funding reflects the amount incurred to date in promoting CIPD activities in the region and is in accordance with expenditure authorised by the trustees under the existing grant approval policy.

Analysis of fund balances held on 30 June 2020

	General £'000	Pension £'000	Designated £'000	Restricted £'000	Total £'000
Tangible fixed assets	7,853	–	–	–	**7,853**
Intangible fixed assets	64	–	–	–	**64**
Investments	11,446	–	14,267	–	**25,713**
Current assets	11,743	–	–	170	**11,913**
Current liabilities	(11,273)	–	–	–	**(11,273)**
Long-term liabilities	–	(17,064)	–	–	**(17,064)**
Provisions	(90)	–	–	–	**(90)**
Fund balances on 30 June	**19,743**	**(17,064)**	**14,267**	**170**	**17,116**

12 Pension commitments

The Institute operated two separate occupational pension schemes during the year – the CIPD Group Personal Pension Plan and the CIPD Staff Retirement Scheme.

(a) CIPD Staff Retirement Scheme

The CIPD Staff Retirement Scheme is a defined benefit scheme which was closed to new entrants on 1 January 2010 and closed to accruals of new benefits from 30 September 2012.

The assets of the scheme are held separately from those of the Institute to meet long-term pension liabilities to past and present employees. The trustees of the scheme are required to act in the best interest of the scheme's beneficiaries and are appointed in accordance with the scheme's trust deed. Currently one-third of the trustees are member-nominated. During the year, Barnett Waddingham LLP acted as administrators and actuaries to the scheme. SEI Investments (Europe) Limited acted as investment advisers to the trustees during the year; they are also responsible for the management of the scheme's invested assets.

The most recent full actuarial valuation of the scheme was carried out as at 1 October 2017 and revealed an actuarial deficit of approximately £9.7 million.

In accordance with the schedule of contributions agreed between the trustees and the Institute, the Institute contributed £837,500 to the scheme over the year to 30 June 2020 (2019: £2,687,500) in order to address the past service deficit. Further contributions of £700,000 per annum are due to be paid in quarterly instalments of £175,000 until 30 September 2027.

Additionally, the CIPD has an agreement with the trustees under which the scheme is granted a charge over the freehold property at 151 The Broadway to act as a contingent asset for the scheme.

Benefits accrued after 1 October 2006 were on a career average revalued earnings basis and will have limited price indexation of pensions in payment restricted to 2.5%. Prior to 1 October 2006 benefits were accrued on a final salary basis and active members paid contributions to the scheme. On this date the Institute implemented a salary sacrifice scheme and since then has paid all of the contributions – originally at a rate of 19.1% of pensionable salaries and from 1 October 2009 until 30 September 2012 at a rate of 17.6%. Of this, 6% represented the contributions that active members would have made were the salary sacrifice scheme not in place. Contributions in respect of benefit accrual ceased from 30 September 2012.

	2020 £'000	2019 £'000
The amounts recognised in the balance sheet were:		
Present value of funded liabilities	**67,767**	59,883
Fair value of scheme assets	**(50,703)**	(48,046)
Net pension liability at 30 June	**17,064**	11,837
The amounts disclosed in the balance sheet were:		
Liabilities	**17,064**	11,837
Assets	–	–
Net pension liability at 30 June	**17,064**	11,837
The amounts recognised in the statement of financial activities were:		
Interest on liabilities	**1,420**	1,547
Interest on assets	**(1,145)**	(1,224)
Past service cost	–	114
Total	**275**	437
Changes in the amounts recognised within other recognised gains and losses were:		
Actuarial (gain)/loss	**5,790**	1,200
Changes in the present value of the defined benefit liability were:		
Opening defined benefit liability	**59,883**	56,337
Past service cost	–	114
Interest cost	**1,420**	1,547
Actuarial (gain)/loss due to changes in assumptions	**7,921**	4,061
Actuarial (gain)/loss due to experience	–	(497)
Benefits paid	**(1,457)**	(1,679)
Closing defined benefit liability at 30 June	**67,767**	59,883
Changes in the fair value of the scheme assets were:		
Opening fair value of scheme assets	**48,046**	43,449
Interest on assets	**1,145**	1,224
Actuarial gain/(loss)	**2,131**	2,364
Employer contributions	**838**	2,688
Benefits paid	**(1,457)**	(1,679)
Administration costs	–	–
Closing fair value of scheme assets at 30 June	**50,703**	48,046

All the scheme's assets are invested in funds managed by SEI Investments (Europe) Limited. These are grouped into two pools – the Risk Management Pool and the Return Enhancement Pool. Each fund has a mandate to invest actively in such a way as is expected to outperform relevant benchmark indices.

The fair value of the scheme assets as a percentage of the total scheme assets was:

	30 June 2020	30 June 2019
Equities	**41%**	53%
Bonds	**46%**	35%
Hedge funds	**5%**	0%
Annuities	**0%**	3%
Property	**3%**	3%
Cash	**4%**	5%
	1%	1%

The returns on the scheme's assets over the years to 30 June 2019 and 30 June 2020 were £3,588,000 and £3,276,000 respectively.

The principal actuarial assumptions used by the actuary were:

	at 30 June 2020	**at 30 June 2019**
Rate of increase for pensions in payment	**2.70%**	3.10%
Discount rate for scheme liabilities	**1.60%**	2.40%
Rate of inflation (RPI)	**2.80%**	3.20%
Mortality table	**101% of S2NMA table for males and 95% of S2NFA table for females with CMI_2019 projections**	101% of S2NMA table for males and 95% of S2NFA table for females with CMI_2018 projections
Initial rate addition	**0.00%**	0.00%
Period smoothing parameter	**7.0**	7.0
Long-term rate of mortality improvement	**1.25%**	1.25%
Life expectancy at age 65 (of male aged 65)	**21.7**	21.6
Life expectancy at age 65 (of male aged 45)	**23.1**	23.0
Allowance for cash commutation	**15% of pension taken as tax-free cash**	15% of pension taken as tax-free cash
Allowance for the cost of GMP equalisation	**Increase liabilities by 0.2%**	Increase liabilities by 0.2%

The sensitivities regarding the principal assumptions used to measure the scheme liabilities were:

Assumption	*Change in assumptions*	*Impact on scheme liabilities*
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 11%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 8%
Life expectancy	Increase/decrease by one year	Increase/decrease by 4%

(b) The CIPD Group Personal Pension Plan is a defined contribution scheme which is open to all CIPD employees in the UK. The Institute more than matches the amount of employee salary sacrificed into the scheme up to a total combined contribution of 20% of salary. The scheme qualifies for the NAPF pension quality mark, with the 20% total contribution option qualifying for the PQM Plus standard – the highest available industry award for defined contribution schemes.

The pension cost charge for the year for this scheme was £1,050,000 (2019: £1,047,000).

(c) In addition to the above schemes, Personal Retirement Savings Accounts exist for staff working for the CIPD in Ireland.

The pension cost charge for the year for this scheme was £31,413 (2019: £31,174).

The pension costs charged in the Statement of Financial Activities for the defined contribution schemes represent contributions payable into the schemes in relation to the accounting period.

13 Provisions for liabilities and charges

	Group		**Institute**	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Provisions	**90**	956	**90**	956

The provisions are made in respect of delapidations which represent the estimated costs of payments required to make good leased property under the termination of the lease relating to our property in Victoria, London. The provision amount relating to individual property is released on termination of the lease. In 2019 provision was also made in respect of amounts which HRMC deemed due as VAT on activities which the CIPD regarded as exempt from VAT.

14 Obligations under operating leases

Group	**2020 £'000**	2019 £'000
The future minimum operating lease payments for land and buildings are as follows:		
Within one year	**353**	385
Between two and five years	**81**	366
Over five years	–	–
	434	751
In respect of other operating leases with commitments expiring:		
Within one year	**15**	12
Between two and five years	**2**	15
	17	27

Institute	**2020 £'000**	2019 £'000
The future minimum operating lease payments for land and buildings are as follows:		
Within one year	**201**	228
Between two and five years	**81**	288
Over five years	–	–
	282	516
In respect of other operating leases with commitments expiring:		
Within one year	**14**	11
Between two and five years	–	11
	14	22

15 Related parties

In accordance with our Charter and Bye-Laws, board members are not able to profit from their position on the board.

Bob Morton, a director of CIPD Enterprises Ltd, provides consultancy services to the Group through ODHRM Consultants Ltd. During the year ODHRM Consultants Ltd invoiced the Group £46,237 (2019: £44,094), of which £nil (2019: £nil) was outstanding at the end of the year.

Yetunde Hoffman, a board trustee, is a board trustee of the Institute of Business Ethics. During the year the Insititute of Business Ethics invoiced the CIPD £1,300 (2019: £nil), of which £nil (2019: £nil) was outstanding at the end of year.

16 Indemnity Insurance

Funds are provided to protect the charity from loss arising from the neglects or defaults of its trustees, employees and agents. The cost of indemnity insurance in the year was £14,033 (2019: £14,033).

17 Incorporation

The Institute is incorporated by Royal Charter and therefore has no company registration number.

The Institute is a charity registered in England and Wales, Scotland and Ireland.

Its charity registration numbers are 1079797, SC045154 and 20100827 respectively.

18 Prior year funds

Group	Balance at 1 July 2018 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Gains and (losses) £'000	Balance at 30 June 2019 £'000
General fund	27,910	39,358	(37,617)	(2,688)	969	**27,932**
Pension reserve	(12,888)	–	(437)	2,688	(1,200)	**(11,837)**
Net general funds	15,022	39,358	(38,054)	–	(231)	**16,095**
Designated funds						
Building fund	250	–	–	–	–	**250**
Information technology fund	–	–	(483)	483	–	–
Research and development fund	–	–	(264)	264	–	–
Strategic initiatives fund	7,193	–	(526)	(747)	–	**5,920**
Total designated funds	7,443	–	(1,273)	–	–	**6,170**
Total unrestricted funds	**22,465**	**39,358**	**(39,327)**	–	**(231)**	**22,265**
Restricted funds						
JP Morgan Chase	–	61	(61)	–	–	–
NESTA/Steps Ahead	7	–	(7)	–	–	–
Timewise Mentor	3	–	–	–	–	**3**
Careers & Enterprise Company	78	108	(59)	–	–	**127**
Flexible Support Fund Partnership	27	–	(11)	–	–	**16**
Innovate UK	–	339	(54)	–	–	**285**
Total restricted funds	115	508	(192)	–	–	**431**
Total funds	**22,580**	**39,866**	**(39,519)**	–	**(231)**	**22,696**

Institute	Balance at 1 July 2018 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Gains and (losses) £'000	Balance at 30 June 2019 £'000
General fund	29,625	30,517	(27,451)	(2,688)	917	**30,920**
Pension reserve	(12,888)	–	(437)	2,688	(1,200)	**(11,837)**
Net general funds	16,737	30,517	27,888	–	(283)	**19,083**
Designated funds						
Building fund	250	–	–	–	–	**250**
Information technology fund	–	–	(483)	483	–	–
Research and development fund	–	–	(264)	264	–	–
Strategic initiatives fund	7,193	–	(526)	(747)	–	**5,920**
Total designated funds	7,443	–	(1,273)	–	–	**6,170**
Total unrestricted funds	**24,180**	**30,517**	**(29,161)**	–	**(283)**	**25,253**
Restricted funds						
JP Morgan Chase	–	61	(61)	–	–	–
NESTA/Steps Ahead	7	–	(7)	–	–	–
Timewise Mentor	3	–	–	–	–	**3**
Careers & Enterprise Company	78	108	(59)	–	–	**127**
Flexible Support Fund Partnership	27	–	(11)	–	–	**16**
Innovate UK	–	339	(54)	–	–	**285**
Total restricted funds	115	508	(192)	–	–	**431**
Total funds	**24,295**	**31,025**	**(29,353)**	–	**(283)**	**25,684**

Analysis of group fund balances held on 30 June 2019

	General £'000	Pension £'000	Designated £'000	Restricted £'000	Total £'000
Tangible fixed assets	8,359	–	–	–	**8,359**
Intangible fixed assets	546				**546**
Investments	19,365	–	6,170	–	**25,535**
Current assets	11,522	–	–	431	**11,953**
Current liabilities	(10,904)	–	–	–	**(10,904)**
Long-term liabilities	–	(11,837)	–	–	**(11,837)**
Provisions	(956)	–	–	–	**(956)**
Fund balances on 30 June	**27,932**	**(11,837)**	**6,170**	**431**	**22,696**

19 Consolidated statement of financial activities for the year ended 30 June 2019

	Note	General fund £'000	Designated fund £'000	Restricted fund £'000	Total 2019 £'000	Total 2018 £'000
Income from:						
Charitable activities						
To advance the management and development of people through:						
Membership and education		**27,211**	–	–	**27,211**	26,014
Research		**2**	–	**508**	**510**	150
Branches		**326**	–	–	**326**	570
Other trading activities						
Commercial income		**11,672**	–	–	**11,672**	10,347
Investments		**147**	–	–	**147**	219
Total income		**39,358**	–	**508**	**39,866**	37,300
Expenditure on:						
Raising funds						
Commercial expenditure		**(10,700)**	–	–	**(10,700)**	(9,511)
Investment management costs		**(49)**	–	–	**(49)**	(48)
Charitable activities						
Membership and education		**(20,109)**	**(878)**	–	**(20,987)**	(20,669)
Research		**(5,156)**	**(357)**	**(192)**	**(5,705)**	(3,769)
Branches		**(2,040)**	**(38)**	–	**(2,078)**	(2,182)
Total expenditure		**(38,054)**	**(1,273)**	**(192)**	**(39,519)**	(36,179)
Net gains/(losses) on investments		**917**	–	–	**917**	723
Net income/(expenditure)		**2,221**	**(1,273)**	**316**	**1,264**	1,844
Actuarial gains/(losses) on defined benefit pension scheme		**(1,200)**	–	–	**(1,200)**	2,194
Gains/(losses) on revaluation of overseas subsidiaries		**52**	–	–	**52**	45
Net movement in funds		**1,073**	**(1,273)**	**316**	**116**	4,083
Reconciliation of funds						
Net fund balances brought forward		**15,022**	**7,443**	**115**	**22,580**	18,216
Net fund balances carried forward		**16,095**	**6,170**	**431**	**22,696**	22,299

The statement of financial activities includes all recognised gains and losses for the year.

The CIPD is the professional body for HR and people development. The registered charity champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

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Back