

INSTITUTE FOR GOVERNMENT

ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD TO 31 MARCH 2019

Charity number 1123926

Company number 6480524

**INSTITUTE FOR GOVERNMENT
ANNUAL REPORT AND ACCOUNTS**

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**INSTITUTE FOR GOVERNMENT
LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE PERIOD TO 31 MARCH 2019**

Board of Governors

Governor

Lord Sainsbury of Turville	Chair
Baroness Valerie Amos	
Rt Hon Liam Byrne MP	
Sir Andrew Cahn	
Sir Ian Cheshire	Chair, Finance & Audit Committee
Miranda Curtis	
Dame Sandra Dawson	Resigned 26 June 2018
Rt Hon George Freeman MP	
Sir Richard Lambert	
Baroness Susan Kramer	Appointed 11 December 2018
Sir Philip Rutnam	
Lord Sharkey	Resigned 26 June 2018
Lord Simon of Highbury	
Sir Paul Tucker	Appointed 14 March 2019

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

Executive Directors

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

Bankers

CAF Bank Ltd
25 King's Hill Avenue
King's Hill, West Malling
Kent, ME19 4JQ

Registered Auditor

Crowe U.K. LLP
St Brides House
10 Salisbury Square
London EC4Y 8EH

Principal & Registered Office

2 Carlton Gardens
London
SW1Y 5AA

Website

www.instituteforgovernment.org.uk

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

**INSTITUTE FOR GOVERNMENT
FOREWORD BY LORD SAINSBURY
FOR THE PERIOD TO 31 MARCH 2019**

Foreword

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

This year government in the UK has continued to be absorbed by the complex challenges created by the decision to leave the EU. Brexit has created tensions between government and parliament and put pressure on relationships between the central and devolved governments. At the same time, many important areas of policy and delivery have suffered from lack of attention, the result of demands on the civil service and on ministers.

In this context the Institute for Government's work has been more important than ever. The Institute has worked with civil servants and politicians of all parties to increase the effectiveness of government. It provides clear, impartial advice on the most important problems and opportunities, on improving skills and on techniques of making policy and implementing it.

The high quality, objectivity and timeliness of the Institute's programme of work has shaped public debate and enhanced its reputation internationally as well as in the UK.

Alongside its high-profile Brexit programme, the Institute has produced other landmark reports that have generated debate and prompted change in government. These include work on the spending review and on the excessive rate of staff turnover in the civil service. The Institute has continued to support the civil service 'functional agenda' – the development of specialised skills such as finance and digital. Meanwhile it has helped ministers and parliamentarians to do their jobs better through its programme of tailored professional development.

In her third full year as Director of the Institute, Bronwen Maddox has continued to strengthen the Institute's voice and profile, and deepen its discussions with ministers, the civil service, parliamentarians, with the wider community of business, civil society and academia, and with the counterparts of all of these in other countries.

I would like to thank Bronwen and her excellent team for another highly successful year. The knowledge and thoughtful advice of the Board, and their help in guarding the independence and objectivity of the Institute in a time of high political passions, has also been invaluable.

David Sainsbury

**INSTITUTE FOR GOVERNMENT
INTRODUCTION BY BRONWEN MADDOX
FOR THE PERIOD TO 31 MARCH 2019**

By Bronwen Maddox, Executive Director of the Institute for Government

The consequences of the Brexit referendum continue to dominate the UK's politics and government, as well as its business and commercial life. It is hard to find a part of those that it does not now touch. Yet that is far from the only challenge facing the UK government.

The Institute's work programme has continued to address the factors that shape that task, the reasons why government finds itself frustrated in reaching its goals and the ideas and techniques that can ensure success. We aim to advise, support and comment on people in government, whether politicians or officials, to help government achieve its goals and meet its promises to citizens.

Inevitably, much of our effort this year has been devoted to Brexit; our reports have examined the negotiations, the relations between government and parliament, and preparations for the UK's departure. Our reports and the expertise of our staff have been used by the UK government, Parliament, the European Union, and in wider public debate. Our work on 20 years of devolution looks at one of the biggest reforms the UK has brought to its own government – a record of success, we argue, but which now is under strain from Brexit.

We have also focussed on public spending, public finances and the role of the Treasury with a report on how to run the next spending review. Our *Performance Tracker* (which looks at the funding and performance of public services) continues to attract much attention. We also added a new annual data focused publication – *Parliamentary Monitor* (on parliament's impact on government) - to a stable that also includes *Whitehall Monitor* (on the size, shape and cost of central government), and a new report on the cost, size and legislative record of devolved governments.

Our ground-breaking analysis of the damaging levels of staff turnover within Whitehall departments has been widely discussed. The programme of professional development for ministers has continued with both private discussion sessions and public advice.

We are keen to explore how our work crosses international borders. We have discussed our programme with many international delegations. In January we held a highly successful event at the UK embassy in Washington DC. Our 10th anniversary conference in June brought together speakers from many continents. We are grateful to Tharman Shanmugaratnam, Senior Minister of Singapore, for an exhilarating keynote speech.

Bronwen Maddox

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2019

The Governors are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2019 which are prepared to meet the requirements for a directors' report and accounts for Companies House.

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

Our purposes and activities

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

The purposes of the Institute for Government are:

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

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

In shaping our annual objectives and business plans the Institute has considered the Charity Commission's guidance on public benefit, including the guidance 'Public benefit: running a charity (PB2)'. The Institute continues to publish its reports, comment pieces, analysis and event videos and infographics on our website. This high-quality content is independent of government, political parties, individual clients or companies. It is made available widely and free of charge to individuals, organisations, practitioners and others with an active interest in the government of the UK. We have a social media presence on Twitter, Facebook, Instagram and LinkedIn which is free and accessible to the public.

INSTITUTE FOR GOVERNMENT GOVERNORS' ANNUAL REPORT FOR THE PERIOD TO 31 MARCH 2019

Together, our research and the events we hold to discuss our findings, provide a robust evidence base on the governance of the UK. This helps equip the public, parliament and government itself with knowledge and information on the issues affecting the governing of the UK and the training of its current and future ministers.

Our staff are frequently invited to discuss the findings of our research on UK and international radio and television and in print media. In this way our research helps inform the public debate, media outlets and individual citizens.

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

Principal activities and achievements

Once again we have had an exceptionally busy year at a fascinating time for government in the United Kingdom. Brexit has occupied a significant proportion of government bandwidth although well-established challenges such as how to improve public services at a time of tight national finances have persisted.

Our work during 2018-19 has focused on helping government be more effective in the following areas:

- **Brexit** – We have analysed the government's efforts to negotiate, legislate for and implement new policies in response to the UK's decision to leave the EU.
- **Ministers** – We have continued to develop *Ministers Reflect* – our archive of interviews with ministers who have left government - as well as to support current ministers to increase their effectiveness.
- **Civil service** – The Institute has undertaken ground-breaking analysis of the implications of turnover in the civil service as well as continuing actively to support the development of the functional agenda.
- **Parliament** – As well as analysing Parliament's key role in the Brexit process we launched a new annual document, *Parliamentary Monitor*, looking at how well Parliament runs and carries out its role.
- **Public services** – We have continued to develop our unique *Performance Tracker* report, expanding it to cover new sectors of public services, and dealing more explicitly with the impact of rising demand for services, and analysis of whether they have become more efficient.
- **Public finances** – Having strengthened our economic expertise through the recruitment of a Chief Economist we have examined the economic impact of Brexit and how to improve the Spending Review process.
- **Devolution** – We marked the twentieth anniversary of devolution to Scotland, Wales and Northern Ireland with the publication of a set of interviews with devolved ministers. A data-based look at devolved government and a book of essays on devolution will follow in 2019/20.

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- **Outsourcing and procurement** – We began a significant programme of work on government's relationship with the private sector with an analysis of the extent of government procurement.
- **Public inquiries and accountability** – We published a new study of key accountability issues in government and how they should be addressed.
- We also continue to deliver **Professional development for government**, providing high-level advice, seminars and research to support ministers, advisers, senior officials and select committees.

Future plans

We will continue these core programmes in the coming year. We are continuing to develop our work on government's relationship with the private sector. We will launch a new programme of work on the implications of digital technology for the civil service and for policy-making. We will build on our work on tax policy-making with new research looking at the barriers to significant tax reform in the UK. On Brexit a new stream of work will look at how the UK should shape its relationship with the EU after it leaves.

How our activities deliver public benefit

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

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

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

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

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

Financial Review

The Institute's consolidated income amounted to £4,745,511 (2018: £4,537,043) whilst consolidated expenditure amounted to £4,866,245 (2018: £4,675,157) as shown in the Statement of Financial Activities. The consolidated surplus before transfers on the general fund for the period was £192,910. After transfers to designated funds, the consolidated deficit on all funds was £120,634.

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The charity's trading subsidiary, IFG Enterprises Limited, produced slightly less revenue this year. This income from room and building hire is somewhat unpredictable. The premises are also being used more often for events in support of our own project work, so there is less availability. Income for the year was £83,662 (2018: £92,216). A Board Resolution of 11th December 2018 mandated the automatic transfer of the IFG Enterprises surplus to the Institute going forward. Profits to be gift aided to the Institute are therefore £21,275 from 2018 and £22,438 from 2019 (2018: £0).

Principal funding sources

The Institute's core funder is the Gatsby Charitable Foundation. In addition to this core funding, the Institute funds its project work and events by generating income from a range of trusts and foundations and academic and corporate funders.

Each year the Governors review and approve the objectives, plans and budget for the Institute. A funding request is then submitted to the Gatsby Trustees asking for their support to deliver the plans. This review process is designed to ensure that the Institute continues to focus on areas of most impact and makes a real difference as a result of its activities. Income from the Gatsby Trust in 2018-19 was £4,063,436 (2018: £3,836,702).

Due to new rules and unpredictability around research council grants the Institute has moved away from such grants as a source of funding and is more focussed on corporate support. It was a positive year for resource generation with the target of £391,000 (excluding the final tranches of research council projects) exceeded and a significant pipeline of opportunities in place for 2019-20.

Reserves policy

Total unrestricted funds decreased to £1,504,856 at 31 March 2019 (2018: £1,625,490), reflecting the ongoing depreciation of leasehold improvements of £279,000 (2018: £293,771).

The Governors have reviewed their reserves policy and the financial risks faced by the organisation. The Governors' policy is that the level of reserves, defined as free and undesignated reserves measured by the amount of retained general funds should be at least £250,000 for operational activities. Current general fund reserves levels are above this target at £409,770.

There are no restricted reserves (2018: £nil). Fixed assets represent £85,086 of the unrestricted funds total of £1,504,856. Designated funds have been set aside for future capital and maintenance of 2 Carlton Gardens. These funds amount to £400,000 and provide financial security against significant one-off costs associated with 2 Carlton Gardens in the final year of the current lease. In addition, the property relocation fund of £610,000 has been established with a view to covering the potential costs of re-equipping new premises should the Institute have to move at the end of the lease in April 2020.

Investment policy

The investment of funds surplus to day to day requirements has been discussed at the Finance & Audit Committee. These funds will be placed on deposit with large reputable banks with as long a maturity as is consistent with managing cash flow requirements. Opening accounts is time-consuming and efforts have been focussed in 2018-19 on streamlining the Institute's current account arrangements. There will be more focus on the investment of funds in 2019-20.

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Going Concern

The Institute reported a cash inflow of £97,666 for the year and £173,499 on a group basis. The Governors are of the view that, despite the uncertainties around the renewal of the current lease for Carlton Gardens which expires in 2020, the security of the medium-term commitment of the Gatsby Charitable Foundation and the strong cash flow and healthy third-party funding levels provide assurance that the charity remains a going concern.

Structure, Governance and Management

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

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

Governors

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

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

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

The Articles of Association provide for the appointment and retirement of the Governors on three-year terms. During the year Baroness Amos retired by rotation and was re-appointed for a further term. There is a minimum of three governors and there is no upper limit, though normally the Board will be limited to a maximum of fifteen.

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

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

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

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The Institute has utilised the governance code for charities to assess compliance with the principles of the code and identify any measures required to improve its governance standards and overall effectiveness as an organisation. This review was presented to the Finance and Audit Committee in March and required action points were highlighted to the Board.

Risk Management

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

The Institute maintains a risk register in which current risks are reviewed in the context of the internal and external environment, along with their probability and impact. The focus in this risk register is on the most material risks facing the Institute; risks which if realised could have serious consequences for all or some of our stakeholders and threaten the future viability of IfG. The most significant risks facing the Institute and the ones that inform our reserves policy are the reliance on Gatsby funding and the potential liabilities relating to 2 Carlton Gardens. Assurances of continuing support have been sought by the Board from the Gatsby Foundation and a commitment covering the period up to and including 2021-2 has been received. The potential liabilities relating to 2 Carlton Gardens have been mitigated by setting aside adequate reserves in the Capital and Maintenance Fund.

During the year there was increased attention to cyber-security, ensuring that the Institute's systems were fit for purpose and secure. Cyber Essentials accreditation was achieved and ongoing testing and training were put in place to ensure staff maintain a necessary level of vigilance.

Trading subsidiary

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

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

Pay policy for senior staff

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

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

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Auditor

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor. A resolution proposing the appointment of Crowe U.K. LLP as auditors of the Charity for the year to 31 March 2020 will be put to the Annual General Meeting.

Statement of Governors' responsibilities

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

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

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

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

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

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our Governors' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the Governors, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees



Lord Sainsbury of Turville (Chair)

19 September 2019

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

Opinion

We have audited the financial statements of Institute for Government for the year ended 31 March 2019 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- the parent company has not kept adequate accounting records; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees Annual Report.

Responsibilities of trustees

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

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Redwood

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date 14 OCTOBER 2019

Crowe U.K. LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2019

		Unrestricted		Restricted	2019	2018
	Notes	General Fund	Designated Funds	Funds	Total Funds	Total Funds
		£	£	£	£	£
Income from:						
Charitable activities	4	4,509,076	-	71,911	4,580,987	4,383,160
Other trading activities	5	83,663	-	-	83,663	92,216
Investments		-	-	-	-	-
Other	6	80,861	-	-	80,861	61,667
Total		4,673,600	-	71,911	4,745,511	4,537,043
Expenditure on:						
Raising funds		61,224	-	-	61,224	72,457
Charitable activities	7	4,419,466	313,544	71,911	4,804,921	4,602,700
Total		4,480,690	313,544	71,911	4,866,145	4,675,157
Net income/(expenditure)		192,910	(313,544)	-	(120,634)	(138,114)
Transfers between funds	16	(632,725)	632,725	-	-	-
Net Movement in funds		(439,815)	319,181	-	(120,634)	(138,114)
Reconciliation of funds:						
Total funds brought forward		844,671	780,819	-	1,625,490	1,763,604
Total funds carried forward		404,856	1,100,000	-	1,504,856	1,625,490

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

The amount of £313,544 allocated to designated funds (2018: £352,439) represents the depreciation charge, primarily on leasehold improvements (see also Note 12 on page 26).

**INSTITUTE FOR GOVERNMENT
CHARITY AND GROUP BALANCE SHEETS
AS AT 31 MARCH 2019**

	Notes	Group 2019	2018	Charity 2019	2018
		£	£	£	£
Fixed Assets					
Tangible fixed assets	12	85,086	380,819	85,086	380,819
Investments	13	-	-	100	100
		85,086	380,819	85,186	380,919
Current Assets					
Debtors	14	237,316	238,919	326,687	231,182
Cash at bank		2,320,918	2,147,419	2,231,447	2,133,781
		2,558,234	2,386,338	2,558,134	2,364,963
Current Liabilities					
Creditors: amounts falling due within one year	15	1,138,464	1,141,667	1,138,464	1,141,667
Net Current Assets		1,419,770	1,244,671	1,419,670	1,223,296
Total assets less current liabilities		1,504,856	1,625,490	1,504,856	1,604,215
Total Net Assets		1,504,856	1,625,490	1,504,856	1,604,215
The funds of the charity:	17				
Unrestricted Funds					
General Fund		404,856	844,671	404,856	823,396
Designated Funds		1,100,000	780,819	1,100,000	780,819
		1,504,856	1,625,490	1,504,856	1,604,215

Company number 6480524

The loss for the financial year dealt with in the financial statements of the parent company was £99,359. (2018: £159,389).

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



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

Approved and authorised for issue by the Governors on 19 September 2019

**INSTITUTE FOR GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
YEAR ENDING 31 MARCH 2019**

	Group 2019 £	2018 £
Cash flows from operating activities:		
Net cash provided by operating activities	190,449	129,827
Cash flows from investing activities:		
Interest income	861	-
Purchase of tangible fixed assets	(17,811)	(32,115)
Net Cash used in investing activities	(16,950)	(32,115)
Change in cash and cash equivalents in the reporting period	173,499	97,712
Cash and cash equivalents at the beginning of the reporting period	2,147,419	2,049,707
Total cash and cash equivalents at the end of the reporting period	2,320,918	2,147,419

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

	Group 2019 £	2018 £
Net expenditure for the reporting period	(120,634)	(138,114)
Adjustments for:		
Depreciation charge	313,544	352,439
Interest income	(861)	-
Decrease in debtors	1,603	4,857
Decrease in creditors	(3,203)	(89,355)
Net cash provided by operating activities	190,449	129,827

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019**

1. ACCOUNTING POLICIES

a) Basis of preparation

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

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

b) Preparation of the accounts on a going concern basis

The Governors having assessed the charity's financial position, its plans for the foreseeable future, the risks to which it is exposed and forecast projections are satisfied that it remains appropriate to prepare the financial statements on the going concern basis. Further details on the Institute's going concern assessment are provided in the Governors' Annual Report on page 6.

c) Critical accounting judgements and estimate uncertainty

In the application of the charity's accounting policies, which are described in this note, Governors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods. Other than the contingent liability disclosed in Note 18 relating to a potential cost on reinstating the current premises on the lease termination, the Governors are of the view that there are no assumptions concerning the future or estimations of uncertainty affecting assets and liabilities at the balance sheet date which are likely to result in a material adjustment to their carrying amounts in the next financial year.

d) Group financial statements

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

e) Income

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

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

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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019**

f) Fund accounting

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

g) Expenditure and irrecoverable VAT

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

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

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

h) Allocation of support costs

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

i) Tangible fixed assets

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

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

j) Financial instruments

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

k) Debtors

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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019**

l) Cash at bank and in hand

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

m) Creditors and provisions

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

n) Pensions

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

2. LEGAL STATUS OF THE INSTITUTE

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

3. FINANCIAL PERFORMANCE OF THE CHARITY

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

	2019	2018
	£	£
Income	4,718,241	4,515,768
Gift aid from subsidiary company	43,713	-
	<u>4,761,954</u>	<u>4,515,768</u>
Expenditure on raising funds and charitable activities	4,861,313	4,675,157
Net Income	<u>(99,359)</u>	<u>(159,389)</u>
Total funds brought forward	1,604,215	1,763,604
Total funds carried forward	<u>1,504,856</u>	<u>1,604,215</u>
Represented by:		
Designated unrestricted income funds	404,856	780,819
General unrestricted income funds	1,100,000	823,396
	<u>1,504,856</u>	<u>1,604,215</u>

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019**

4. INCOME FROM CHARITABLE ACTIVITIES

	2019	2018
	£	£
Grant from Gatsby Charitable Foundation	4,063,436	3,836,702
Income from staff secondments	30,425	40,851
Project support	214,979	289,874
Events support	204,449	124,205
Other income from charitable activities	67,698	91,528
	<u>4,580,987</u>	<u>4,383,160</u>

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

5. INCOME EARNED FROM OTHER ACTIVITIES

The wholly owned trading subsidiary IFG Enterprises Limited is incorporated in the United Kingdom (company number 07240242) and pays all of its profits to the charity under the gift aid scheme. IFG Enterprises Limited continues to manage the commercial activities of the Institute for Government, principally room hire and other event management. Financial statements for the company's financial year to 31 March 2019 have been prepared. A summary of the trading results is shown below.

The summary financial performance of the subsidiary alone is:

	2019	2018
	£	£
Turnover	83,662	92,216
Cost of sales and administrative costs	(61,224)	(70,941)
Net profit	<u>22,438</u>	<u>21,275</u>
Retained earnings brought forward	21,275	-
Amount gift aided to the charity	43,713	-
Retained earnings carried forward	<u>-</u>	<u>21,275</u>

Included in the results above is a management fee payable to the parent company of £56,392 (2018: £67,055) relating to the cost of sales of events held by IFG Enterprises Limited.

The total income of £83,662 (2018: £92,216) is shown as Income from Other Trading Activities and is unrestricted general fund income.

As at 31 March 2019, IFG Enterprises Limited had total assets of £105,063 and total liabilities of £104,963.

6. OTHER INCOME

Other Income includes £80,000 (2018: £61,667) which represents recharges for the use of facilities at 2 Carlton Gardens including utilities and other service costs incurred by the Institute in respect of the whole building and is unrestricted general fund income.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019**

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

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

	2019	2018
	£	£
Staff salaries and other staff related costs	2,744,266	2,586,746
Premises and other building related costs	731,141	618,925
Events and Staff Catering	338,633	310,597
Transcription and other research costs	11,522	60,832
Office supplies	13,203	12,579
IT costs	107,426	103,512
Depreciation	313,544	352,439
Finance costs including bank charges	3,615	4,864
Website and media costs	136,638	170,576
Irrecoverable VAT	26,178	44,205
Governance costs	29,822	28,511
Support costs	348,933	308,914
Total	4,804,921	4,602,700

8. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

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

	General support	Governance	Total	2018	Basis of calculation
	£	£	£	£	
Staff costs	241,937	-	241,937	216,075	Support function staff time spent on support function activities
Building costs	106,996	-	106,996	92,839	Support function staff as proportion of FTE staff
Audit and accountancy fees:					
Audit	-	14,400	14,400	14,250	Governance
Tax advisory	-	3,529	3,529	262	Governance
Legal and professional fees	-	11,893	11,893	13,999	Governance
Total	348,933	29,822	378,755	337,425	

The total paid to the charity's auditors was £17,400, of which £14,400 is included in this note and £3,000 in raising funds.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019**

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

The aggregate payroll costs were as follows:

	2019	2018
	£	£
Salaries and wages	2,345,025	2,302,085
Social security costs	260,668	235,106
Pension costs	210,889	202,739
Other costs	7,306	6,640
	<u>2,823,888</u>	<u>2,746,570</u>

During the year there were no redundancy or termination payments (2018: £80,000).

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

	2019	2018
£60,000 - £69,999	7	4
£70,000 - £79,999	1	1
£80,000 - £89,999	-	-
£90,000 - £99,999	2	2
£110,000 - £119,999	-	1
£120,000 - £129,999	1	-
£140,000 - £149,999	-	2
£190,000 - £199,999	-	1
£240,000 - £249,999	1	-

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

The charity trustees were not paid or received any other benefits from employment with the charity or its subsidiary in the year (2018: £nil) neither were they reimbursed for expenses during the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

During 2018-19, the key management personnel of the parent charity comprised the trustees, the Director, Deputy Director, Director of Finance & Resources and Programme Directors of the Institute for Government. The total employee benefits of the key management personnel of the charity were £1,152,232 (2018: £1,122,354).

The key management personnel of the group comprise the same as those of the Charity.

10. STAFF NUMBERS

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

	2019	2018
	No.	No.
Research, Learning and Development	32	33
Office, management and services	<u>15</u>	<u>13</u>
	<u>47</u>	<u>46</u>

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019**

11. CORPORATION TAXATION

The Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

12. TANGIBLE FIXED ASSETS

Cost	Group and Charity			£ Total
	£ Leasehold Improvements	£ Office Equipment	£ Furniture & Fittings	
Balance brought forward 1 April 2018	2,857,211	880,500	405,131	4,142,842
Additions	-	16,921	890	17,811
Disposals	-	(126,381)	(1,144)	(127,525)
Balance carried forward at 31 March 2019	2,857,211	771,040	404,877	4,033,128
Depreciation				
Balance brought forward at 1 April 2018	2,544,740	856,336	360,947	3,762,023
Charge for the period	279,000	15,116	19,428	313,544
Disposals	-	(126,381)	(1,144)	(127,525)
Balance carried forward 31 March 2019	2,823,740	745,071	379,231	3,948,042
Net book value at 31 March 2019	33,471	25,969	25,646	85,086
Net book value at 1 April 2018	312,471	24,164	44,184	380,819

13. INVESTMENTS

	Charity	
	2019	2018
	£	£
Investment in subsidiaries	100	100

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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019**

14. DEBTORS

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	140,976	144,933	125,403	129,348
Other debtors	43,306	16,917	43,286	16,858
Amounts owed by group	-	-	104,963	10,639
Prepayments and accrued income	53,034	77,069	53,035	74,337
	<u>237,316</u>	<u>238,919</u>	<u>326,687</u>	<u>231,182</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	635,652	120,435	635,652	120,435
Accruals and deferred income	426,189	912,155	426,189	912,155
Other taxation and social security	75,443	67,685	75,443	67,685
Other creditors	1,179	41,392	1,179	41,392
	<u>1,138,463</u>	<u>1,141,667</u>	<u>1,138,463</u>	<u>1,141,667</u>

Deferred income at 31 March 2019 is £111,286 (2018: £188,468).

In 2019 income was deferred on a few events series where the schedule of events overlaps 2018-19 and 2019-20. In the previous year there was one significant project running for 18 months and into 2018-19. All 2017-18 income was released during 2018-19.

In 2019 accruals were £314,904 (2018: £723,687). In 2017-18 the annual rent for 2 Carlton Gardens was included in accruals as an invoice from the immediate landlord had not been received. In 2018-19 the invoice had been received by year end but remained unpaid as there were queries to be resolved. The rent was paid in July 2019.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019**

16. ANALYSIS OF CHARITABLE FUNDS

Analysis of movements in unrestricted and restricted funds

	Balance 1 April 2018	Income	Expenditure	Transfers	Balance 31 March 2019
	£	£	£	£	£
Unrestricted Income Funds					
General funds	844,671	4,673,600	(4,480,690)	(632,725)	404,856
Designated Funds					
Fixed asset fund	380,819	-	(313,544)	17,811	85,086
Property relocation fund				614,914	614,914
Capital and maintenance fund	400,000	-	-	-	400,000
Restricted Funds					
Charitable activities with restricted funding- History of Whitehall	-	71,911	(71,911)	-	-
TOTAL FUNDS	1,625,490	4,745,511	(4,866,145)	-	1,504,856

The transfers between funds reflect a transfer of £632,725 to put aside within designated funds a sum estimated to be the cost of office equipment and furniture and fitting to be replaced in the event of an office move and the need to re-equip a new office premises.

Analysis of movements in unrestricted and restricted funds

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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019**

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

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

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

17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds		Restricted funds	Group total
	General	Designated		funds
	£	£	£	£
Fund balances at 31 March 2019				
are represented by:				
Tangible fixed assets	-	85,086	-	85,086
Current assets	1,543,320	1,014,914	-	2,558,234
Current liabilities	(1,138,464)	-	-	(1,138,464)
	404,856	1,100,000	-	1,504,856

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

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019**

18. OPERATING LEASE COMMITMENTS

At 31 March 2019, the charity had the following total operating lease commitments:

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Operating lease commitments due:				
Not later than one year	487,593	475,000	487,593	475,000
Later than one year and not later than five years	10,452	485,000	10,452	485,000

The above commitments include the charge for an operating lease on 2 Carlton Gardens.

Following a rent review the annual commitments from April 2015 were set at £445,000 increasing by £10,000 per annum until the end of the lease term in April 2020. As a result, the charge for 2018-19 was £475,000 and in 2019-20 will be £485,000.

The Charity has set aside £400k as a designated fund for any maintenance and reinstatement costs which will may be needed at the termination of its lease at Carlton Gardens. Currently there has been no indication that any liabilities will arise and so no provision has been included in the financial statements. This therefore represents a contingent liability.

19. RELATED PARTY TRANSACTIONS

The Institute is still seeking assignment of the head lease to 2 Carlton Gardens from the Government Property Agency or to draw up a new lease directly with the Crown Estate which would allow us to sub-let unused parts of the building. Whilst the Institute waits for this to be concluded, Full Fact have been allowed to use the third floor of the building, paying a contribution to costs in 2018-19 of £60,000. Lord Sharkey is a trustee of Full Fact but was not involved in these arrangements. There have been no other related party transactions during the reporting period that require disclosure.

The charity does undertake transactions with its wholly owned subsidiary IFG Enterprises Limited in the normal course of business. This includes recharges to IFG Enterprises Limited of £56,392 (2018: £67,055) for the costs incurred by the Institute in supporting the external hire business of IFG Enterprises Ltd. The remaining profits from its business are gift aided by IFG Enterprises Limited to the Institute.

**INSTITUTE FOR GOVERNMENT
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019**

20. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted			2018
		General Fund	Designated Funds	Restricted Funds	Total Funds
		£	£	£	£
Income and endowments from:					
Charitable activities	4	3,902,402	-	480,758	4,383,160
Other trading activities	5	92,216	-	-	92,216
Investments		-	-	-	-
Other	6	61,667	-	-	61,667
Total		4,056,285	-	480,758	4,537,043
Expenditure on:					
Raising funds		72,457	-	-	72,457
Charitable activities	7	3,769,503	352,439	480,758	4,602,700
Total		3,841,960	352,439	480,758	4,675,157
Net income/(expenditure)		214,325	(352,439)	-	(138,114)
Transfers between funds	16	(32,115)	32,115	-	-
Net Movement in funds		182,210	(320,324)	-	(138,114)
Reconciliation of funds:					
Total funds brought forward		662,461	1,101,143	-	1,763,604
Total funds carried forward		844,671	780,819	-	1,625,490