

16 July 2024

Dear Member,

[N.B. Member details omitted for privacy purposes]

Please find below the Institute's responses to the questions you submitted via email.

In the interests of transparency, we will publish the questions and responses on [CIPFA's website](#).

What are the principal reasons for CIPFA Group Income falling from £28.843m in 2022 to £28. 181m in 2023 a reduction of £302k or 1%?
This has been explained in section 7 of the Annual Report and accounts
Why have CIPFA Group expenses increased from £27.341m in 2022 to £28.111m in 2023 an increase of £770k or 2.8%?
The increase in costs is attributable to a number of areas. The impairments shown in the accounts for CIPFA Connect and the LMS totalling £157k. Other increases in cost over the year prior include the use of associates back filing vacancies (the challenging recruitment market is mentioned in section 7 of the Annual Report) and investment in new systems.
Why has CIPFA Group contribution drastically fallen from £1.142m in 2022 to just £70k in 2023 and this reduction of circa 94% reflects the fact that CIPFA is barely breaking even?
These figures reflect the reduction in income together with the impairments and investment in new systems.
How do these disappointing financial results compare to the relevant CIPFA business plan figures for 2022 and 2023?
Prior year Business plans have been published on the CIPFA website.
How much did the failed CIPFA Connect Scheme cost CIPFA, who was responsible for its failure and was this failure reported to the Charity Commission as a "Major Incident"?
The impairment has been reported in the accounts under note 8 with a cost of £90k. Additional costs of £229k were expensed through the SoFA in 2023. All projects are actively managed through the Charity governance process. The CIPFA Connect project was closed at the end of 2023. While CIPFA Connect has been formally closed as a project, work continues to deliver a modernised and streamlined subscription offer for customers of CIPFA's publications, networks, and TIS online services.
Please provide details of any other CIPFA scheme failures in 2023 and any costs CIPFA has incurred as a result of those failures?
No scheme failures were reported in 2023.

Can CIPFA provide its business plan figures for its Group income, expenditure and contribution for the financial years 2024,2025 and 2026?

The 2024-26 business plan was published on the CIPFA website 14/12/2023. The financial information supporting this plan is shown in the table below

CIPFA 2024–26 Business Plan Summary

	2024			2025			2026		
	Income £'000	Expenditure £'000	Net £'000	Income £'000	Expenditure £'000	Net £'000	Income £'000	Expenditure £'000	Net £'000
CIPFA business as usual total	30,928	(26,743)	4,185	31,258	(26,874)	4,385	32,359	(27,475)	4,884
Contingency	0	(1,488)	(1,488)	0	(2,137)	(2,137)	0	(2,514)	(2,514)
Investments	0	(1,203)	(1,203)	0	(858)	(858)	0	(848)	(848)
CIPFA Contribution total	30,928	(29,435)	1,494	31,258	(29,869)	1,389	32,359	(30,836)	1,523

In 2023 the total CIPFA cash flow was negative to the tune of £2.494m after asset purchases, interest payments and pension and lease liability payments.

This resulted in its Bank balance falling from £6.356m in 2022 to £3.862m in 2023.

Given that CIPFA repaid £3.915m in pension and lease liabilities alone in 2023 what will the predicted cash flow and bank balance positions for CIPFA be in 2024,2025 and 2026? This is in the light of CIPFA having future long term liabilities of some £8.234m.

Forward looking cashflows have projected positive balances of cash at the end of 2024 and 2025.

Given these significant future cash demands on liability repayments how will CIPFA phase its future payments to mitigate pressures on its cash position?

This is discussed in section 7 of the Annual Report under Financial review and related policies and under going concern.

Given that CIPFA group revenue has fallen and costs have increased how will CIPFA ensure it generates enough cash to sustain its financial stability for future years?

This is discussed in section 7 of the Annual Report under Financial review and related policies and under going concern.

Governance

- Why does the Governance section of the 2023 CIPFA annual report omit the non CIPFA external roles of the departed Chief Executive and other key CIPFA officers?
- Can CIPFA reveal to its members all the non CIPFA external roles of the departing CIPFA CEO and other key CIPFA officers including the recently departed Chief Operating Officer?
- Does CIPFA regard it as moral, ethical and acceptable that the departing Chief Executive should be allowed to run his own management consultancy whilst still being the CIPFA CEO given the potential conflicts of interest which may ensue?
- How much remuneration did the departing Chief Executive and other key CIPFA officers obtain from their external non CIPFA roles?
- Are other CIPFA employees allowed to run their own businesses whilst being employed by CIPFA?
- How much time did the departing Chief Executive and other key CIPFA officers spend on CIPFA roles in relation to their time spent on external non CIPFA roles?
- Was time spent on external non CIPFA roles their own time, CIPFA time or a combination of all these elements?
- Did CIPFA Council approve this multitude of external non CIPFA roles for the departing Chief Executive and any similar roles for other key CIPFA officers?
- Did the CIPFA President likewise approve the non CIPFA external roles mentioned in B10?
- Can the new Chief Executive of CIPFA confirm he has no equivalent external roles to the departed Chief Executive?

CIPFA has established robust protocols and guidelines to mitigate any potential conflicts that may arise within the CEO role. All external roles held by senior officers, including the departing CEO and Chief Operating Officer, were disclosed and managed in accordance with these procedures.

We are committed to full transparency regarding any potential conflicts of interest that may arise. Our CEO and staff with authority to spend in excess of £5k are required to complete an annual register of interest form, including interests, relationships, or affiliations that could pose a conflict of interest. Any potential and actual conflicts of interest are managed through our standard governance procedures.

All CIPFA employees, including the CEO, are required to declare any employment, whether paid or voluntary, before taking up an additional role (or before joining CIPFA for new employees), and any arrangements are monitored on an ongoing basis as part of our appraisal process. Our policies and procedures are subject to regular review and updates to ensure they remain current and effective in addressing potential conflicts of interest.

CIPFA's policies and procedures are subject to regular review and updates to remain current and effective in addressing potential conflicts of interest.

The departing Chief Executive and other key officers were required to ensure that their primary commitment remained with CIPFA, with any external activities conducted during

personal time or as otherwise approved.

CIPFA remains committed to maintaining our organisation's trust and integrity. Owen Mapley, our new Chief Executive, is committed to leading CIPFA with the highest integrity and transparency. He brings experience and a steadfast dedication to ethical governance and will ensure that all operations align with CIPFA's core values and standards.

- Can CIPFA confirm that one of these external roles mentioned above included Lilliput Advisory Services, the departing CIPFA Chief Executive's own management consultancy firm?
- Why was the Departing Chief Executive allowed to run his own management consultancy firm whilst still being the Chief Executive of CIPFA?
- Why the departed Chief Executive was allowed to run his own management consultancy whilst still being CIPFA CEO?
- How much time did the departed Chief Executive spend on his management consultancy?
- Was this his own time, CIPFA time or some combination of the two?
- Why did CIPFA's financial performance reduce whilst the departed Chief Executive's management consultancy's financial performance increase in these respective time periods?
- How did the departed Chief Executive obtain his clients for his management consultancy?
- Did he take away any CIPFA Management consultancy clients and did his role constitute a conflict of interests with CIPFA?
- Does CIPFA regard it as acceptable, moral and ethical for its Chief Executive to simultaneously run his own management consultancy?

Involvement with Lilliput Advisory Services

CIPFA will not comment on the activities of an external company. However, any external roles the departing Chief Executive held were fully disclosed and managed in line with CIPFA's governance framework.

Yours sincerely,

Patricia Milopoulos

Interim Company Secretary

cc.

Carol Culley, CIPFA President

Owen Mapley, CIPFA CEO