CIPFA

Annual report and accounts 2021

A review of the year

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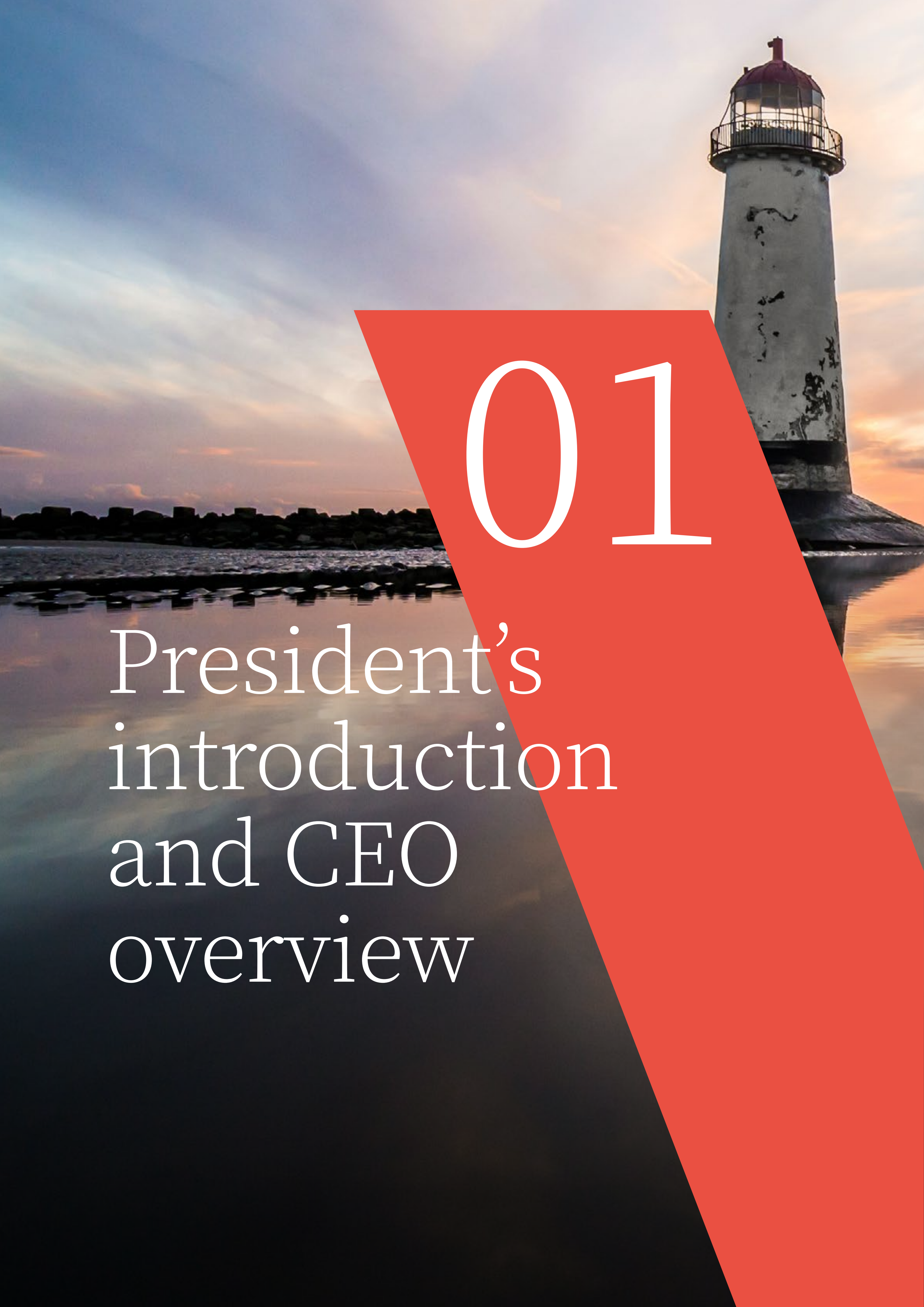
Contents



01 President's introduction and CEO overview

2021 was, in many ways, a transition year. It was a year when 'living with covid' became the new norm for people across the country.

While the pandemic continued, life as we once knew it began to make a hesitant return. Lockdowns were lifted and gatherings green-lighted, but life didn't completely go back to how it was in 2019. The NHS remained under huge pressure, working from home continued to fundamentally change how organisations operate and the wide economic effects of the disruption still lingered.

Despite ongoing challenges, 2021 was a busy year for CIPFA, with some huge milestones. As climate change dominates government priorities around the world, we released our major report *Evolving climate accountability: sustainability reporting in the public sector*. The public sector has a huge role to play in tackling the climate crisis, and this report found that the public sector still has room for improvement when it comes to reporting on its environmental impact.

In light of this research, we have decided to reframe our own annual report to incorporate sustainability reporting. Our activities and performance are now structured around two of the UN's Sustainable Development Goals, and we aim to continue incorporating a sustainability dimension into all that we do.

In 2021 CIPFA was awarded a 'Good provider' rating by Ofsted, after our first ever inspection. This was a remarkable achievement and is a testament to the skill, expertise and passion of our staff who deliver our student program. We also launched our refreshed flagship qualification, the Professional Accountancy Qualification, which will modernise the curriculum and will prepare future finance leaders for a successful career in the public sector.

Towards the end of the year, we announced the potential of closer working with the Institute of Chartered Accountants of England and Wales (ICAEW). This will make CIPFA's leading voice in public financial management even stronger by combining the resources of both institutes to reach new audiences and help deliver even better public services.

Although uncertainty is not kind to any business, the public sector has a unique responsibility to continue to deliver, come what may. It is not there to make profit, but to support and improve the lives of citizens both in the UK and internationally. As we look ahead, the future may seem unclear and challenging, but I am certain that organisations across the public sector will continue to deliver essential services, and CIPFA will be there to support them.

Mike Driver CB
President

(In 2021) we launched our refreshed flagship qualification, the Professional Accountancy Qualification, which will modernise the curriculum and will prepare future finance leaders for a successful career in the public sector.

”

Mike Driver CB
President

Rob Whiteman CBE
CEO

I wrote in last year's annual report that the COVID-19 pandemic was a transformative event for CIPFA. But rather than let it slow us down, we emerged stronger, fitter and with a five-year plan to grow our membership, tap into new markets and invest in current systems and products.

We are still in a time of global uncertainty, and saw successive pandemic waves throughout 2021 even as the vaccination programme made incredible strides to boost immunity against COVID-19. As we have emerged from this shadow, the focus has shifted onto economic concerns, with soaring inflation and a cost of living crisis causing a great deal of worry for governments and citizens alike. The war in Ukraine has also been a significant and terrible event in recent months, and we hope for a resolution soon.

Within this challenging context, 2021 was a good year for CIPFA. It was the first year of our five-year plan and we made good progress toward our goals. It was also an excellent year for us financially and we delivered a £3.5m trading surplus, our best-ever performance. This sets us up to strengthen our balance sheet and continue with our planned programme of investment.

As the pandemic continued throughout 2021, we continued to pursue a hybrid working approach, formalising this with our employees through changes to employment contracts and continuing with exclusively digital delivery of our training and events. While there was a return to some face-to-face events, teaching and office working in the autumn, we adjusted according to fluctuations in the pattern of the pandemic and were always mindful of government guidance.

In terms of our transformation programme, work got underway to replace our online exam system and virtual learning environment. Due for roll out in 2022, these will greatly enhance the experience we offer our students and will complement our refreshed and updated Professional Accountancy Qualification syllabus, which we launched in December.

We also made great progress in transforming and digitising our continuing professional development training materials and introduced a programme of bitesize learning for members, which is proving extremely successful.

Of particular significance for our education and training provision was the approval we received from regulators. Following application, we were recognised by Ofqual as an end-point assessment of Level 7 apprenticeships. Being both an apprentice training provider and an EPAO makes us an unusual organisation and we needed to demonstrate our separation of responsibilities to the regulator satisfactorily. It was testament to the hard work of the Qualifications and Membership team that we were granted recognition without conditions.

Later in the year our apprenticeship provision was subject to an Ofsted inspection and we were delighted to be rated 'Good', a very significant achievement given this was our first full inspection. Inspectors noted our effective relationships with employers, our sector-focused approach and "very strong commitment towards responsible stewardship of public money".

We also aimed to deliver a step change in our thought leadership and started a new programme of internationally focused research. The first output from this was our analysis of public sector sustainability reporting, which we published at our annual conference in July. The research attracted, and continues to attract, significant interest and we were pleased to be invited to present it in more detail at a session of the Commons Environmental Audit Committee in October.

There were significant and important updates to our Prudential Code and Treasury Management Code for local government, which we published towards the end of the year following two consultations with the sector. We also actively participated in conversations emanating from the Redmond Review of local audit, continued to direct members, other finance practitioners and leaders to helpful resources via our weekly CFO bulletins and maintained a rich programme of content via our podcasts and webinars. Our annual conference took place online for the second year running but we enjoyed a return to a face-to-face celebration in late September with the annual Public Finance Awards.

Our advisory practice was involved in a significant piece of work for MHCLG, now DLUHC, carrying out independent financial reviews at eight councils and supporting them to improve. We continued to work with the police sector, refreshing and extending our Achieving Finance Excellence in Policing programme. Our practitioner-focused Networks continued to be active and successful, and our international advisory activity went from strength to strength. We made significant progress with two major international projects: the APEX project, a large training programme for the UN agency the International Fund for Agricultural Development, and the IFR4NPO project, which is developing common global financial reporting standards for non-profits.

In the light of the growing need for higher levels of assurance in public sector accounting, CIPFA Council established the Practice Oversight Panel to consider possible developing areas of concern in current practice, raising awareness of potential risks to both the Institute and the sector. The panel will also provide governance oversight of our professional regulation function, and began its work by undertaking an independent review of CIPFA's Disciplinary Scheme. The review's recommendations are now being implemented.

Internally, we invested in employee wellbeing, training staff across our departments as mental health first aiders, while all staff participated in a diversity and inclusion training programme. As part of ongoing internal systems improvements, a new intranet was built to host corporate resources and keep employees informed of changes at CIPFA.

In 2021 CIPFA and ICAEW announced that we were in discussions about forming a closer working relationship. Talks are continuing over the shape and form that such a closer relationship might take. It is hoped that we will be able to announce the results of those discussions during 2022.

Finally, readers will note a change to this report. We want to change the way we give the whole picture of CIPFA's operations and bring our corporate reporting more in line with international best practice, taking an approach that better supports sustainability. Our value is not just in our financial activities but in our impact on our members, stakeholders, customers and the world around us. So this annual report sees us shift our narrative into a new structure aligned to two of the UN's Sustainable Development Goals: Quality Education, and Peace, Justice and Strong Institutions. These objectives are at the heart of CIPFA's mission.

Delivering our mission and the successes outlined in this report would not be possible without the hard work of our employees and I once again commend their efforts to members.

Rob Whiteman, CBE
CEO

> 2021 was the first year of our five-year plan and we made good progress toward our goals. It was also an excellent year for us financially.

Rob Whiteman CBE
CEO

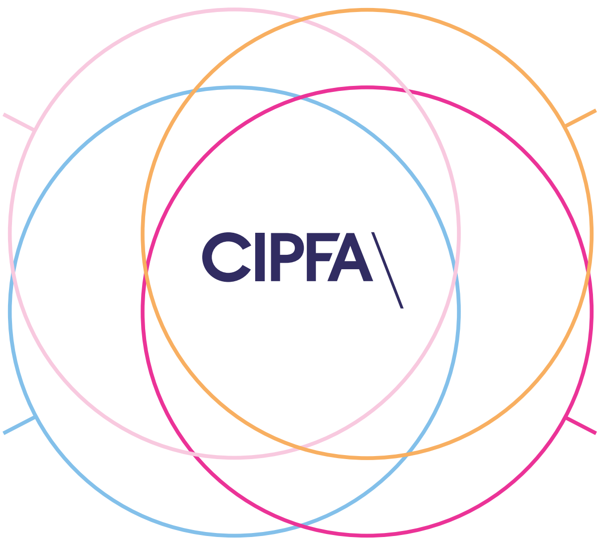
02

About CIPFA

CIPFA, the **Chartered Institute of Public Finance and Accountancy**, is the professional body for finance experts in the public sector.

Our members work across all public services. They manage the largest budgets under the greatest scrutiny – that's why the CPFA designation is widely recognised as the benchmark qualification for public service finance.

Founded in Manchester in 1885 as the Corporate Treasurers and Accountants Institute, CIPFA has helped shape public financial management in the UK, and increasingly globally.



CIPFA is the world's only professional accountancy body to specialise in public services. Our suite of training and qualifications is sought after and highly respected around the world.

We champion high performance with information and guidance, courses and conferences, property and asset management solutions, advisory and recruitment services for a range of public sector clients.

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Our purpose and strategy

Making it count

CIPFA is committed to changing lives for the better.

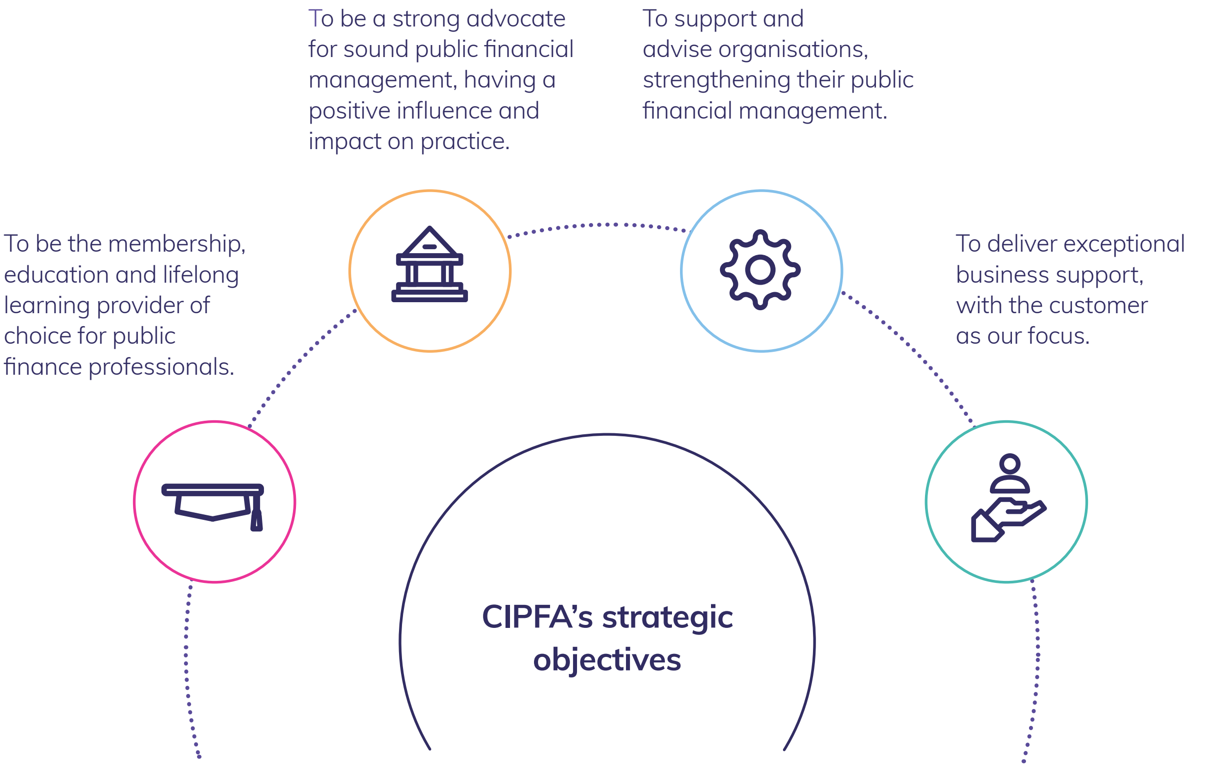
As a global leader in public financial management and governance, our aim is to make a difference to the world we live in. Our work enables people to prosper, protects the vulnerable and helps sustain the environment for future generations.

As a professional institute, we support our members and students to act with integrity and deliver excellence in public financial management throughout their careers.

By setting standards and advising public bodies and governments, we help ensure the money and resources used on behalf of citizens are raised and spent fairly, transparently, efficiently and are free from fraud and corruption.

Our thought leadership puts us at the heart of the policy debate, while our education and training offerings and range of advisory services support our members, students and other public finance professionals, helping them add value to their teams and the organisations for which they work.

CIPFA is a global body, operating at local, national and international level. Wherever we find ourselves and whoever we are supporting, our goal is to always make it count.



CIPFA's values

CIPFA provides unique specialist **expertise**

CIPFA is **responsive** and customer oriented

CIPFA is people-focused, supportive and **collaborative**

CIPFA is committed to **innovation** and digital delivery

CIPFA is **trusted** as independent and ethically driven

04

Performance and achievements

Sustainability reporting for 2021

The practice of sustainability reporting, which draws together not only environmental but also social and economic measures, is now becoming more widespread. This is an incredibly positive trend. Knowing and understanding the impact of our actions is essential if we are to mitigate climate change effectively and support more sustainable societies. Public interest in climate change is growing and sustainability reporting enables organisations to demonstrate how they are addressing the most pressing challenge of our generation. It also holds them accountable for their environmental performance.

Following **CIPFA research into sustainability reporting** in the public sector, and given the importance of protecting the environment and holding ourselves accountable, we have chosen to reframe our 2021 annual report to focus on sustainability. We are working towards a more integrated report that also tracks CIPFA's activities against relevant targets and in line with best practice disclosure standards.

We have chosen to use the UN Sustainable Development Goals (SDGs) as a framework for the report. These internationally recognised targets for sustainable growth align with CIPFA's Charter and charitable objectives in two key areas: SDG 4: Quality Education, and SDG 16: Peace, Justice and Strong Institutions.

Looking at these two goals provides a starting point for CIPFA to think further about what we do through a sustainable development lens, and to build in systems for evaluation as we look towards the future. We believe that this approach also demonstrates our commitment to discharging our charitable objectives to support public benefit, something we have woven through the narrative of the report.

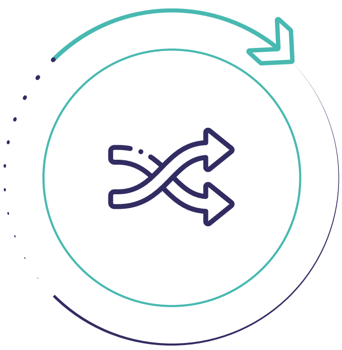
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

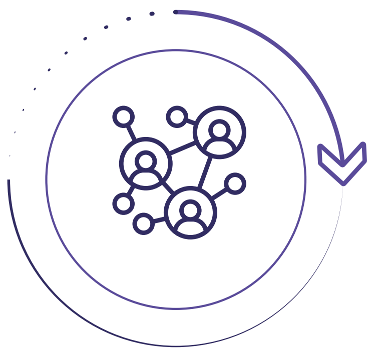
CIPFA's charitable objectives

Advancing public finance and promoting best practice

Regulating and supporting members



Advancing and promoting co-operation between accountancy bodies in any way



Educating and training student members.

The decision to use these two SDGs, while linked to our charitable objectives, is nevertheless a subjective one and represents a new way of presenting the annual report. Other SDGs that could be considered include SDG 5 Gender Equality, SDG 8 Decent Work and Economic Growth, SDG 10 Reduced Inequalities and SDG 13 Climate Action.

As such, we are keen to receive any feedback on this framing of CIPFA's activities, both in this report and in practice. This will then feed into our strategic planning helping us incorporate sustainable development considerations into our decision making.

4 QUALITY EDUCATION

SDG 4: Quality education

CIPFA provides world-class education and training for our student members, and supports lifelong learning for all CIPFA members as they progress in their careers. The topic of sustainability is embedded in our new qualification, outlined below, to give our students the best preparation for the future.

CETC

CIPFA Education and Training Centre teaches the next generation of public sector finance professionals and leaders best practice in key areas, including commercial skills, governance and audit, leadership and management, technical accounting and financial reporting. 2021 was a busy year with most training/ tuition continuing to take place online due to the ongoing COVID-19 pandemic but there was some return to face-to-face teaching in response to client and student demand.

CETC saw growth in apprentice numbers across Levels 3, 4 and 7 and the launch of a new Level 4 Counter Fraud Investigator Apprenticeship, with two new cohorts starting in 2021. At year-end there were 572 apprentices on the programme.

236 new apprentices were enrolled:

Level	No. of apprentices
Level 7 Accountancy/ Taxation Professional	183
Level 4 Professional Accounting Taxation Technician	10
Level 3 Assistant Accountant	24
Counter Fraud Investigator	19

Ofsted inspection November 2021

November 2021 saw the first full inspection by Ofsted of CETC's apprenticeship provision. Following a robust and intensive inspection process, during which inspectors spoke to a large number of students, employers and staff, the grading of CETC's overall effectiveness was confirmed as GOOD. This was an outstanding outcome that reflects years of hard work and huge commitment to all our students.

The report confirmed:

Leaders and board members have a very strong commitment towards responsible stewardship of public money. They ensure that this principle lies at the heart of their apprenticeships. Leaders and managers work highly effectively with employers. They design the curriculum for each apprentice to reflect precisely the needs of the sectors in which they work. As a result, apprentices gain detailed knowledge of public sector accounting and finance.

Earlier in the year we secured recognition from Ofqual as an end-point assessor and both these judgements confirm regulators' confidence in CIPFA's provision and helps secure the continued funding for apprenticeship training.

Training

Take-up of continuing professional development (CPD) training has remained high, particularly in relation to open courses and e-learning. There has been strong demand for accredited programmes such as Better Business Cases™ and CIPFA's Diplomas in Contract Management, Finance Business Partnering and Corporate Governance. Increasing numbers of delegates are achieving the Diploma in School Operational and Financial Leadership, offered in collaboration with the Institute of School Business Leadership.

Ongoing travel restrictions curtailed the delivery of some planned international programmes but there have also been some notable successes with programmes delivered to international clients. The Fraud Investigator Training programme was delivered on behalf of the German Agency for International Cooperation (GIZ) to delegates from three government ministries in Uganda and was extremely well received.

Demand for accredited counter fraud training grew, with increased numbers achieving the Accredited Counter Fraud Technician (ACFTech) or Accredited Counter Fraud Specialist (ACFS) qualification via CIPFA.

E-learning

E-learning in development and/or launched in 2021 includes: Introduction to Local Government Finance, Introduction to Treasury Management, Introduction to Sustainability in Procurement, Diploma in IPSAS, and an International Anti-Corruption Qualification. Through partnerships, we now offer accredited e-learning on Change Management and AgilePM.

As part of CIPFA's commitment to supporting our members, students and the wider public finance profession on ethics, a short accessible e-learning module specifically focused on ethics was made available free of charge to all members and students. This module offers a practical insight into how ethics can impact public finance professionals and includes essential reference materials, giving participants the confidence to behave ethically and in alignment with the CIPFA Statement of Professional Practice on Ethics.

Membership CPD

The AccountingCPD platform was introduced in the middle of 2021 to help our members actively engage in their continuing professional development (CPD). Every member registered with our CPD Bites service receives a weekly email containing a 15-minute CPD session, as well as access to the back catalogue of CPD Bites content and a 10% discount on their range of online training courses. This allows our members to build their technical skills, keep up to date on legislative and regulatory changes, and develop management and leadership skills. The uptake on this service was 1,648 registrations with 6,789 bites logged as at October 2021, and the feedback we have received has been excellent.

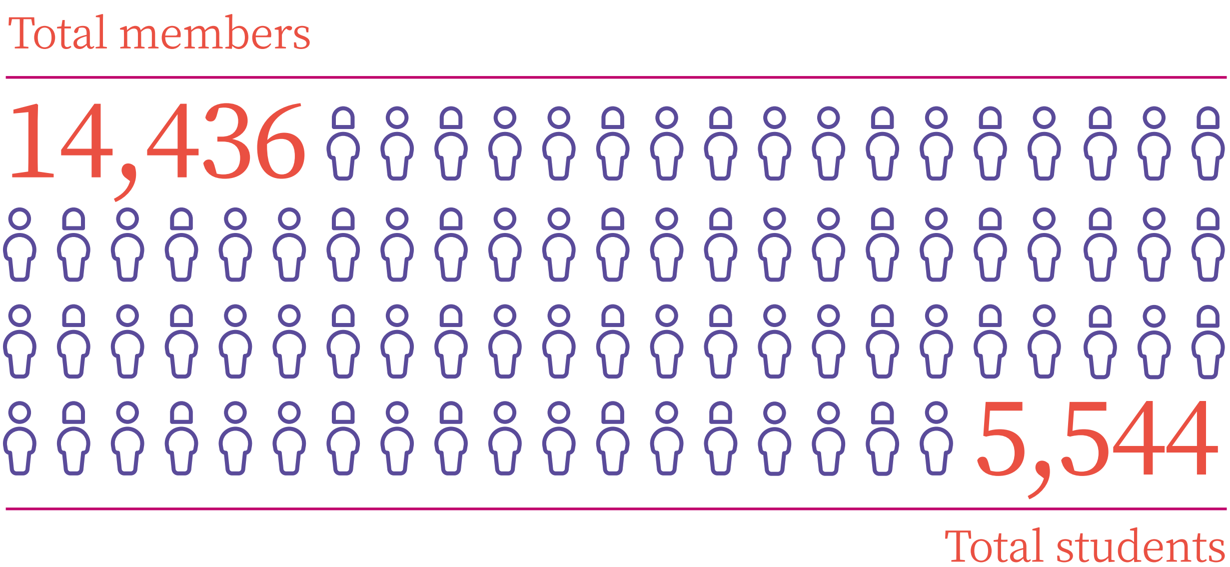
Association Excellence Awards

We were very pleased that CIPFA was recognised with a bronze award at the annual Association Excellence Awards on 7 October 2021 for our work supporting members during COVID-19.

PF Live 2021

Our annual conference, PF Live, took place in July as planned, but for the second year running was a digital event. The extension to the government's roadmap out of the COVID-19 pandemic meant face-to-face events on the scale of the conference could not take place, so the decision was taken during the planning phase to pivot to digital delivery.

The online conference attracted 872 delegates, with 639 attending live across the two days. Speakers included Lord Deben, chair of the Climate Change Committee, Torsten Bell, chief executive of the Resolution Foundation, Ben Page of Ipsos MORI and George Parker of the FT. Delegate feedback was broadly positive with delegates praising the content as informative and professional.



The Professional Accountancy Qualification (PAQ) and CIPFA Futures

In looking to the future following the challenge of the COVID-19 pandemic, CIPFA wanted to ensure that our qualification offers the necessary skills and support needed to operate in a changed world. Following a review of our PQ and consultations with students, members, employers, partners and other stakeholders, we launched our new PAQ in December 2021.

The PAQ has an updated syllabus and a refined structure; the units have a greater emphasis on sustainability, ethics and data. There is also a renewed focus on developing transferable skills for our students. However, we are changing not just the qualification itself, but the experience of learning with CIPFA for all our students. This has meant introducing a new e-assessment platform and a new virtual learning environment for all of our students, which will be rolled out in 2022. The new digital learning platform will introduce greater flexibility for studying, while the e-assessment platform will support the development of technical competencies, enhanced by new exam questions to test the soft skills acquired by our students.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SDG 16: Peace, justice and strong institutions

CIPFA works to strengthen institutions in the UK and around the world through our role as a standard-setter. Through a wide range of consultancy, research and training projects, we are a respected partner and a voice that speaks to and for the public sector.

Sustainability reporting

In June 2021 we published **Evolving Climate Accountability: A Global Review of Public Sector Environmental Reporting.** The report is intended to provide a baseline from which the evolution of public sector sustainability reporting can be measured.

Evolving Climate Accountability is part of CIPFA's commitment to further developing the public financial management profession in our ever-changing modern context. CIPFA recognises that the public sector represents the largest economic sector of most nations, and that the planet does not discriminate when it comes to who is responsible for emitting carbon and other greenhouse gases.

Sustainability reporting in the public sector is in its infancy, and there is an evolutionary journey to be embarked upon – sooner rather than later. The report provides insights into sustainability reporting practices in the public sector across the globe.

The report was published in our new refreshed brand, and publication included using a new digital storytelling tool for the first time to give a **synopsis of the research**. The campaign around the report generated press coverage in new publications and established relationships with new stakeholders across continents and disciplines; CIPFA representatives presented the report's findings in front of parliamentarians and laid the foundation for future policy and technical work in a new field.

IFAD – APEX project

The **APEX project** is a large training programme for the International Fund for Agricultural Development (IFAD), a UN Agency, that launched in 2021, following development of the course and e-learning in 2020. The training aims to strengthen financial management practices in agricultural development projects funded by IFAD. CIPFA has developed the e-learning and delivers the trainer-led workshops in English, French, Spanish and Arabic. Seven cohorts were started in 2021 and three have completed.

Prudential and Treasury Management Codes

In late 2021 we published updated versions of the **Prudential Code for Capital Finance in Local Authorities** (Prudential Code) and **Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes** (the Treasury

Management Code) following a consultation period. These two statutory and professional codes are important regulatory elements of the capital finance framework within which local authorities operate.

The updated Prudential Code includes several substantive changes. The provisions in the Prudential Code, which present the approach to borrowing in advance of need in order to profit from additional sums borrowed, have been strengthened. The relevant parts of the code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. Proportionality has been included as an objective in the Prudential Code, and new provisions have been added so that an authority incorporates an assessment of risk to levels of resources used for capital purposes.

The changes to the Treasury Management Code included investment management practices and other recommendations relating to non-treasury investments, and an update to how environmental, social and governance (ESG) risks are considered.

The Redmond Review and the Local Audit Framework

Following the Redmond Review, *the Oversight of Local Audit and Transparency of Local Authority Financial Reporting* in September 2020, CIPFA has maintained a small co-ordinating team that leads on our responses to government proposals.

CIPFA has been a key player in the sector's response to the review's recommendations in addressing the significant and increasing issues in local audit timeliness. We are a member of the influential (interim) Liaison Committee, the key forum for ensuring co-ordination across different parties, and play a central role in a number of the groups that have been established by government.

We have led the work on local audit functions and governance, and are updating our guidance on audit committees. The various initiatives have also called on our expertise as a standard setter and in education and training to lead on the development of the proposals for a new training diploma in local government audit and financial reporting for auditors. This would be accompanied by a new technical advisory service to provide support to firms, and in particular new entrants.

CIPFA Solutions

CIPFA Solutions advisory practice combines financial management, property and fraud consultancy and has continued to grow both its client base and revenue during 2021. Revenues have grown from £2.226m in 2020 to £2.841m in 2021, an increase of 27%.

An analysis of clients and revenues shows that the team delivered 145 projects in 2021, compared to 96 in 2020, and worked with 67 different clients. 27% of our clients collectively delivered in excess of £1.89m of income, with eight of these delivering in excess of £100,000. This indicates that the plan to achieve higher-value contracts and repeat business is being delivered.

Practice Oversight Panel

A new Practice Oversight Panel was established in late 2021 to consider possibly developing areas of concern in current practice, raising awareness of potential risks to both the Institute and the sector. It will identify and advise on any prevailing practice or professional conduct concerns and so support CIPFA's role as a standard-setter. By identifying potential risks at an early stage, CIPFA aims to provide improved support and advice to its members and the wider public sector

The panel, comprising up to eight members with sufficient expertise and experience to advise on decisions about professional conduct and best practice, is chaired by Aileen Murphie, recently retired director at the National Audit Office.

Supporting the public sector's COVID-19 response

The world public bodies operate in changed in March 2020 with the outbreak of the COVID-19 pandemic. Public bodies continue to find a way to deliver their

International Financial Reporting for Non-Profit Organisations (IFR4NPO)

The International Financial Reporting for Non-Profit Organisations (**IFR4NPO**) project is a ground-breaking initiative to develop the first international financial reporting guidance for non-profit organisations (NPOs). This project is being delivered jointly by CIPFA and Humentum and is funded primarily through philanthropic donations; an additional £1.2m was raised in 2021.

In January 2021 the project launched a consultation paper to engage with non-profit organisations globally. The consultation paper was accompanied by a **launch video** and additional content developed by CIPFA.

To support the consultation there were:

- Twelve regional roundtable events in four languages, attended by 598 people.
- Five topic-based webinars attended by 1,153 people from 96 countries.

The consultation paper received 205 responses from 33 countries around the world.

The project anticipates issuing three exposure drafts of the guidance, starting with tranche 1, which will set out the context, pervasive principles and key statements. The guidance, to be called INPAG, will be issued in 2025.

There were significant efforts during the year to grow awareness and understanding of the project. CIPFA continued to engage with national standard setters from around the world to better inform efforts through the Technical Advisory Group (TAG). Nineteen country-level awareness raising meetings were held in four languages, attended by 2,247 people from 79 countries.

The project is supported by individuals who kindly gave their time, and we would like to extend our thanks to all those who have volunteered their time or participated in the project consultation and events. Further details can be found in the **2020/21 project report**.

core services and ensure good financial management continues, while adapting and responding to the impacts of lockdown and processing additional government grants and reliefs.

CIPFA's work in 2021 was integral to these efforts. Expert CIPFA staff continued to work closely with DLUHC to provide advice on business rates collection fund and accounting, all of which enabled the department to shape its planned funding package to local government.

Building public sector capacity

CIPFA's team of Network advisors delivered over 100 events through webinar delivery. Through these events, our advisors supported public sector organisations to build capacity, supporting customers in finance, governance, procurement, revenues, police and fire, social care, insurance, and treasury management to over 4,000 practitioners across the events.

Achieving Finance Excellence in Policing (AFEP)

With over 85% of police forces signed up to the AFEP II programme, we continue to be at the forefront of police finance. Working closely with National Police Chiefs' Council (NPCC), Association of Police and Crime Commissioners (APCC) and Police and Crime Commissioners Treasurers' Society (PACCTS), CIPFA progressed into AFEP II in 2021 to deliver the best possible financial management within the police sector.

The AFEP programme provides the platform for forces and PCCs to compare and learn from others while CIPFA continually develops and shapes its offer to specifically support the police sector. This helps us to maintain the collective vision of AFEP: "for police, by police."

Achievements include:

- Three additional forces have signed up to join the AFEP II programme for the 2022/23 subscription year, in addition to the 39 forces who are already participating.
- Publication of the financial resilience self-assessment and medium-term financial planning toolkit. This report expands on the findings of the national report into the financial management capability reviews in 2020, which highlighted the need for more focus on financial resilience and medium-term financial planning in the sector.
- The Future Leaders development programme is underway for those that completed the AFEP I Future Leaders Academy. It is designed to support aspiring leaders for their next stage of professional development.
- Five new police data dashboards were developed, covering roads, fleet, criminal justice, firearms and economic crime.

We look forward to developing the next iteration of the programme, both individually and collectively, to best support forces and PCCs in meeting the vision of achieving financial excellence in policing.

Institute of Certified Public Accountants Rwanda (ICPAR)

In November, we commenced our new two-year project that will support the development of ICPAR's public sector accounting. We are working with internal staff and external associates to develop an entry-level technician qualification to be delivered through e-learning and examined online, aimed at Rwandan public sector finance staff. This is the first step in a longer-term relationship with ICPAR to support the improvement of public financial management in Rwanda.

Development of professional accounting skills in Albania

In October, members of the International team attended the first face-to-face training event organised under this World Bank-funded project. The project involves assisting the Albanian Ministry of Finance and Economy in developing and delivering a comprehensive capacity development programme to improve technical accounting capability and capacity across all tiers of government. The project commenced in January 2021 but due to COVID-19, all training sessions were initially held online.

Events

A total of 817 events were delivered in 2021, across conferences, webinars, workshops and training sessions. 13,490 delegates attended, with an average of 91% rating CIPFA events as either "Good" or "Excellent".

CIPFA Property

Fifty-one Property Network events were delivered during 2021, attracting 1,532 delegates from a range of public and private sector organisations. The two qualification programmes, the Diploma in Public Sector Asset Management and the Certificate in Valuation, had 632 participants. CIPFA Property also completed 203 property condition surveys and 48 fire risk assessments for various local authorities, other public sector and third sector organisations and educational establishments.

MHCLG-commissioned reviews

In reviewing 2021 performance it is important to recognise the impact of CIPFA's advisory reputation to deliver high-quality independent reviews. A particular highlight was the commission by the then Ministry of Housing, Communities and Local Government (MHCLG, now DLUHC) to undertake eight financial reviews as part of capitalisation requests.

MHCLG formally appointed CIPFA to undertake a series of local government independent assurance reviews.

These began in July and concluded in August, and were conducted at Redcar and Cleveland, Peterborough, Luton, Slough, Wirral, Bexley, Copeland and Eastbourne.

The reviews provided a detailed assessment of each council's financial position and management, making recommendations where necessary of how each council can take action to improve. The positive response from the department to the work undertaken has led to further requests for support by them and indeed growth in revenue from the market in general. Each of the reports has also generated significant publicity and is a clear demonstration of the public benefit of CIPFA's consultancy work.

In October 2021, Property worked with the International team to deliver a pilot project of the Diploma in Public Sector Asset Management with AFROSAI-E, the English-speaking subgroup of the African branch of the International Organization of Supreme Audit Institutions (AFROSAI).

PF Awards 2021

There was a return to a major face-to-face event with the PF Awards ceremony and gala dinner at The Brewery in London on 28 September 2021. A total of 377 guests attended the evening, which was hosted by Aasmah Miah of Times Radio. A short keynote address was given by Comptroller and Auditor General Gareth Davies.

Awards were given across 16 categories with the Grand Prix Award going to winners of the outstanding procurement initiative award, the Procurement Department at Wrightington, Wigan and Leigh Teaching Hospitals NHS Foundation Trust.

Public Finance magazine

We were delighted that *Public Finance* magazine was named best magazine in its category at two separate award ceremonies in October – the memcom awards and the Association Excellence Awards. It was deserved recognition for the hard work and creativity from colleagues at CIPFA and Redactive that goes into the magazine and the wider PF portfolio.

05

Staff and environment

Facilities/environment

The impact of the pandemic continues to skew the health, safety and environmental data and targets, and therefore detailed figures are not available. Wherever possible CIPFA continues to recycle paper, and all other appropriate materials such as food waste and unwanted furniture, in order to reduce our use of resources and lessen the impact on the environment.

The continuing COVID-19 pandemic meant that for most of the year the Birmingham and Edinburgh locations remained mothballed and there was only limited use of the Chester and London offices, each being supported by a small group of volunteer staff.

In the weeks leading up to Christmas, the CIPFA Birmingham office at 154 Great Charles Street was closed. The Apprenticeships team have now taken up residence in a managed office suite at Victoria Square, conveniently located close to Birmingham New Street station and the city's main shopping and cultural district.

ISO accreditation

CIPFA's ISO level certified management systems covering Quality and Health, Safety & the Environment remain in place and received their annual external audit with no non-conformances.

The Health, Safety and Environmental Management System (HS&EMS) outlines how we aspire to continually review our services in line with client needs, relevant environmental legislation and best practice, thereby maximising the efficiency of our resources. Our vision is to be widely known and respected for delivering safe, reliable services that cause minimal environmental impact. Our current system is certified under the ISO 45001:2018 Standard.

The HS&EMS also assists CIPFA in ensuring we operate in a professional manner to meet our clients' requirements while taking due care and attention to provide a safe, healthy and secure working environment in which handling of personal information and general data is properly conducted.

The ISO 9001 Quality Management System (QMS) outlines CIPFA's approach to implementing clear, efficient and repeatable processes that ensure that we provide a consistent quality service to both internal and external customers. CIPFA is committed to a continuous improvement culture and the QMS is essential in our considerations on how we can do things better, more efficiently and effectively.

Both systems are overseen by management review teams that are responsible for the overall content, process integrity and day-to-day running of the system. Regular review team meetings are held twice a year.

Our ISO 27001 accreditation – the international standard that sets out best practice for information security – lapsed in 2019. 2021 saw work towards reaccreditation, following significant investment and improvements in our infrastructure, adopting a risk-based approach to information security and actively identifying information security risks and appropriate controls to tackle them. Achieving reaccreditation in 2022 will ensure we are in the best possible preventative position to defend our information and organisation from cyber threats.

CIPFA employees

We recognise the importance of our employees in helping make CIPFA a stand-out organisation in the way we behave and the quality of the work we deliver for the public, members, customers, each other and everyone with a stake in our work. We want our people to share our commitment to CIPFA's values and have fulfilling and challenging careers where they contribute to our success.

Our shared behaviours form part of our online employee performance process and are designed to foster and grow how we work. We have enabled employees to play a key role in the development of CIPFA's vision, strategy and direction. This has included opportunities for communication and feedback at open forum engagement sessions that all staff attend, and through our leadership development programme,

Pay gap reporting

Each year CIPFA publishes a gender pay gap report, identifying differences in both hourly salary and bonus payments between men and women working for the Institute. Due to our size, we are not legally required to publish our gender pay gap. Doing so is in keeping with our commitment to diversity, equality and inclusion, and helps hold us to account.

The 2021 report accounted for 196 employees, of whom 105 were men and 91 were women. We found an improvement on the 2020 position, with a 21% mean gender pay gap, and 8% median, based on hourly salary.

We have a higher proportion of men at the upper quartile of pay, which has an impact on the overall figures. As a relatively small organisation, any changes to headcount will also affect these numbers.

We recognise the need to improve on our current gender pay gap, as well as encouraging more women to apply for senior positions. We are confident that we have a fair and consistent approach to paying individuals, and are committed to being an equal opportunities employer, appointing the best candidate for each role – regardless of their gender or other personal characteristics.

We have voluntarily reported our gender pay gap annually since 2017, an ongoing activity linked to the pay review process. We have also undertaken analysis of our ethnicity pay gap and will publish the results soon.

which is creating a cohesive senior management team for the organisation.

Our employee forum, a representative group of employees from across the organisation, provides a mechanism for employees to meet with senior management, discuss important business issues and provide feedback on matters that concern or interest our people. The forum was re-established in 2021 and new elections were held for representatives from each directorate across the organisation.

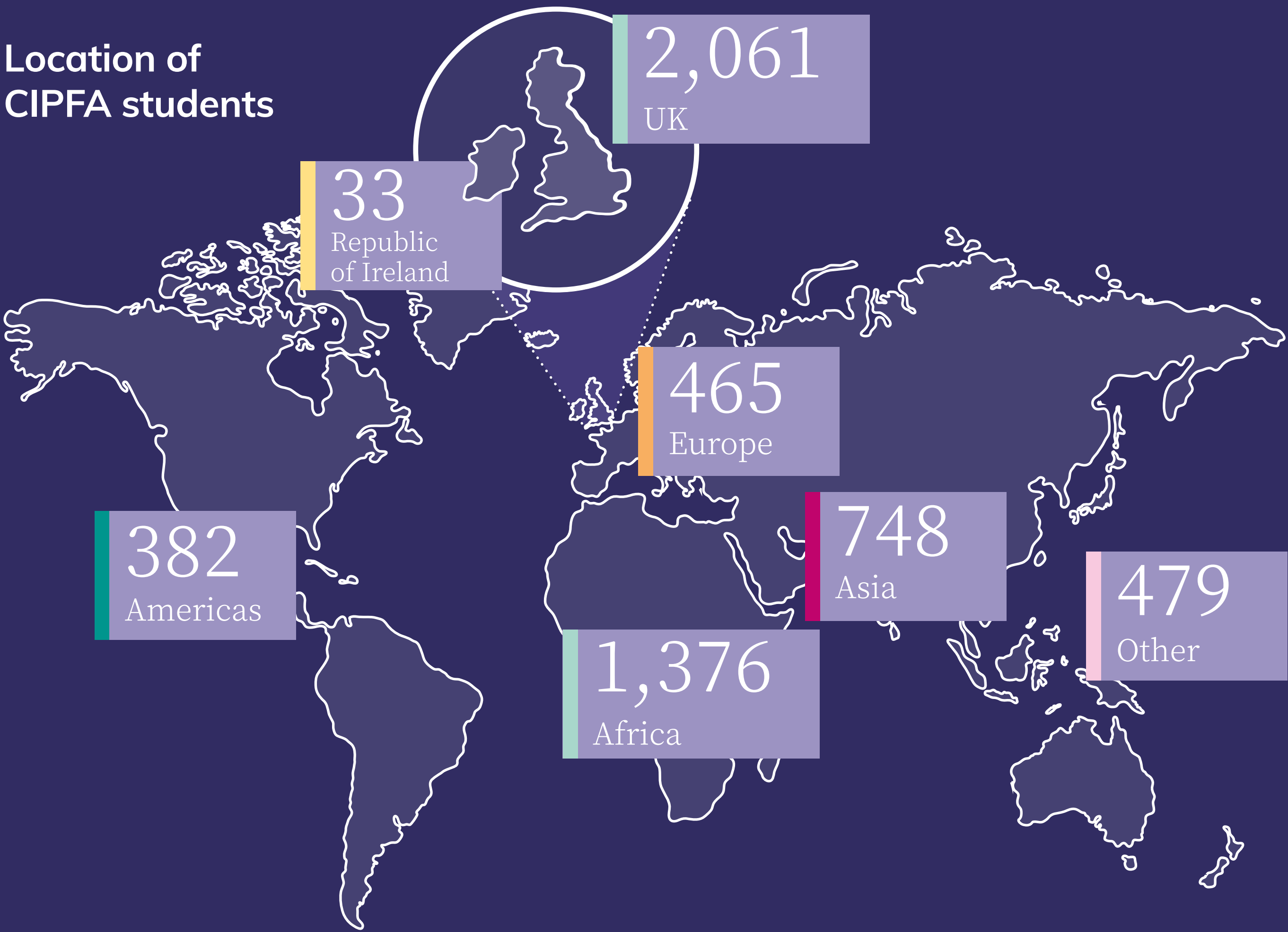
Our Diversity and Inclusion employee representative group provides input and feedback on our plans to implement our diversity and inclusion strategy, which along with employee development and wellbeing forms an important part of our people plans. In 2021 all employees attended workshops to raise awareness of equality, diversity and inclusion matters. Our employees also have access to the Mental Health and Wellbeing hub we provide to members and students, and we have trained a group of employees as mental health first aiders, offering further means of support and information to people when needed.

During the last year we engaged with employees about potential changes to the way we work and – based on our experience of remote working during the global pandemic – we have been able to shift to a new hybrid working model. This new, flexible approach to the way we work is an important part of our employment offer and we believe it will help us to attract and retain talented people.

Our employees remain committed and engaged with our mission and have performed admirably during what has been another exceptional year. As we emerge from the pandemic and its consequences we will push on with our ambition to ensure CIPFA remains a great place to work.

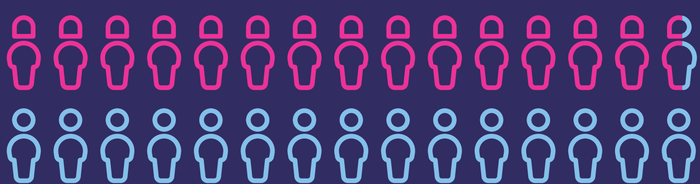
CIPFA's year in numbers

Location of CIPFA students



Student demographic

49%
female
(2,715 students)



51%
male
(2,827 students)

06

How we are governed

Name and nature of the charity

The full name of the charity is the Chartered Institute of Public Finance and Accountancy (CIPFA). It is governed by Royal Charter granted in 1959, most recently amended in 2018, and is registered with the Charity Commission for England and Wales, number 231060.

CIPFA is also registered with the Office of the Scottish Charity Regulator. The registration number is SC037963.

CIPFA is managed and regulated in accordance with its Charter and bye-laws.

Charitable objectives

To **advance the science of public finance** and of **accountancy** and cognate subjects as applied to all or any of the duties imposed upon and functions undertaken by public service bodies, and to promote public education therein.

To **advance** and **promote any scheme or schemes** (howsoever constituted), having as one or more of their objects the review or regulation in the public interest of the **establishment of standards** by, and the training, regulatory and disciplinary activities and procedures of, any one or more accountancy bodies.

To **promote** and to **publish** the results of **studies and research** work therein and in related subjects.

To **advance** and **promote co-operation** between accountancy bodies in any way.

Within the charity is a network of branches and regions. They work alongside CIPFA helping to deliver the charitable objects, principally through the provision of support and information to members and students locally.

Public benefit

CIPFA's work building trust and delivering excellence in public financial management, accountancy and related disciplines aims to ensure public money and services are managed effectively, efficiently and securely for the benefit of all.

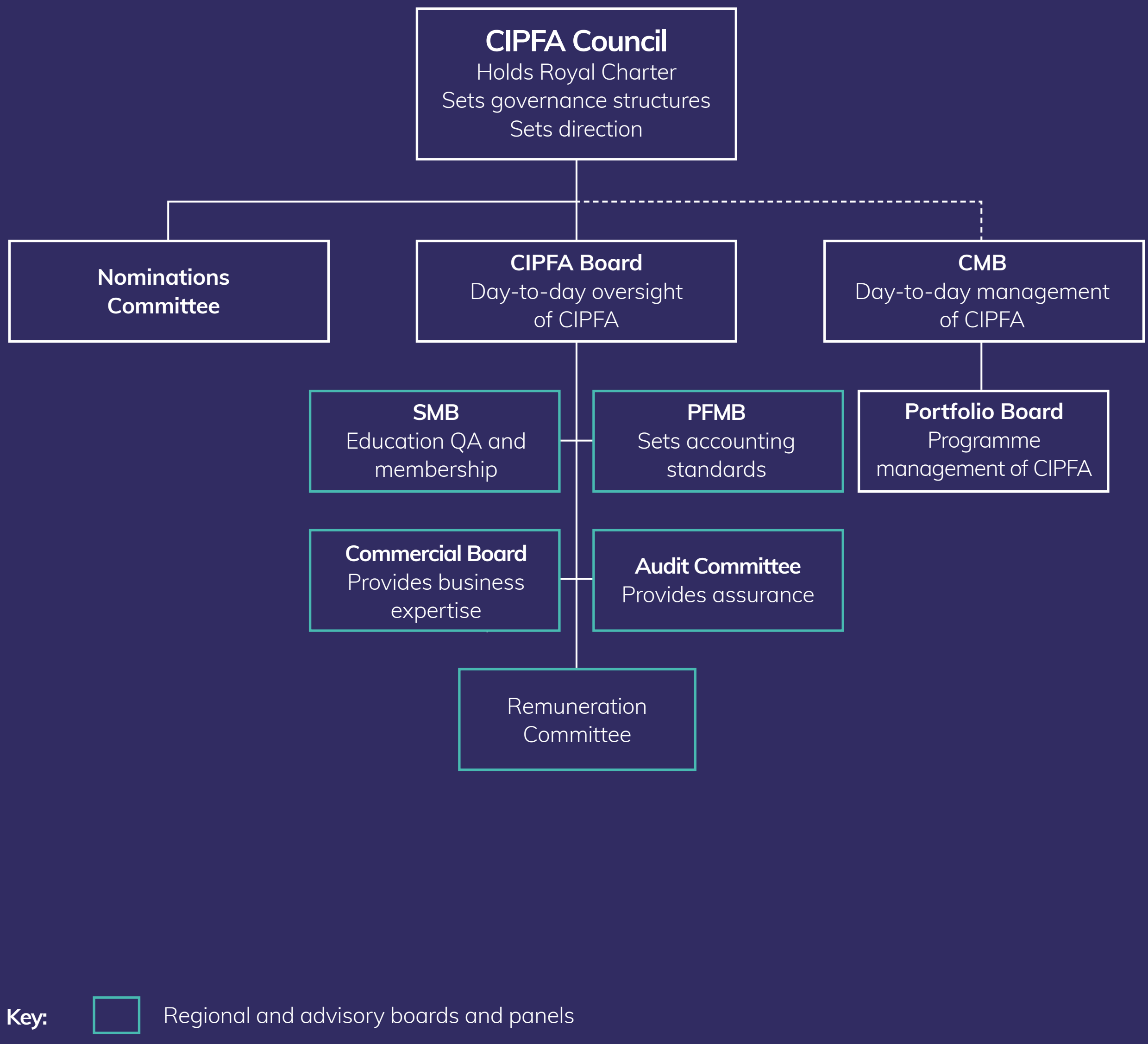
We seek to preserve at all times the professional independence of qualified accountant members of the Institute in whatever capacities they may be serving, promoting excellence in governance and ethical standards.

Through our activities as a standard setter and educator, and our advisory and consultancy services, we support our members, students and finance professionals in a wide range of public sector settings. As such, our work benefits the public through excellence in the management of the public finances.

The Council confirms that it has complied with the duty under the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit.

Membership of CIPFA is open to all who can demonstrate the required academic achievement. Fees are kept to a minimum through subsidy supplied by profits generated through the subsidiary company.

The governance structure



Subsidiaries

CIPFA has a wholly owned subsidiary company: CIPFA Business Limited, Companies House registration number 2376684, and a majority holding in CIPFA C.Co Ltd, registration number 10212053.

CIPFA Business Ltd is the management support services company of CIPFA and has a separately constituted board of directors. It specialises in providing financial advice and governance, property and asset management solutions, and the supply of information and expertise.

The CIPFA Business Ltd Board comprises the president, vice president, three non-executive directors, the chief executive, director of finance and the chief operating officer.

The charity (including regional groups) and the subsidiary company are reported on a consolidated basis.

Governance structure

The Institute's overarching governing body is the Council. The membership of Council is specified in the bye-laws and consists of no more than 41 individuals with three groupings:

- no less than 21 CIPFA members, elected by region
- the elected honorary officers (president, vice president, junior vice president, past president)
- no more than 16 co-opted individuals appointed by Council on recommendation by the Nominations Committee to enhance the breadth of experience, competence, diversity of background and viewpoints.

Biographies for all current **Council members are publicly available on CIPFA's website**.

The membership of Council is refreshed on a two-year cycle, with individuals serving a maximum of six consecutive years before being required to have a two-year break. Honorary officers serve one year in post. The president, an elected member, chairs Council.

A programme of induction is provided for new Council members and mentors are arranged from the cohort of more experienced Council members.

Council is responsible for the strategic direction of CIPFA and approving major developments. It also approves the terms of reference and delegated powers of its committees and boards. Through delegation to the CIPFA Board, it is responsible for the effective oversight of the operations of CIPFA and its subsidiary company. The Council normally meets four times a year.

The Institute's bye-laws, as approved by the Privy Council, give Council the power to appoint "trustees" who act as Council's representatives on CIPFA Board. In 2021, these individuals were provided with additional training on the Charities Act 2011.

However, CIPFA recognises that Council remains the Institute's sovereign body and reserves decision-making powers on matters such as strategic direction, approval of the annual report and accounts and appointing the chief executive. These responsibilities are inherent to the role of a charity trustee. Therefore, Council and CIPFA Board have decided that in the interest of transparency and to improve clarity of responsibilities all Council members will be registered as trustees with the Charity Commission.

These individuals are fully appraised of their trustee duties and have declared themselves fit to act. The induction for new Council members and Council Handbook have been amended to emphasise the trustee responsibilities. There is no change to the delegations or CIPFA's governance framework.

We are committed to continuous improvement and recognise that good governance is as much about behaviour and culture as it is structure. All governance groups participate in an annual self-assessment exercise and we annually assess ourselves against the Charity Governance Code. In 2021, CIPFA Board participated in two facilitated development sessions and initiated annual one to one reviews of all board members, conducted by the chair.

In December 2021, Council received a report from Martin Sinclair, who had been invited to review progress against the recommendations in his review of the actions taken and lessons learned from the failure of the London Counter Fraud Hub project. One year on his assessment was that:

"Governance within CIPFA has improved significantly; there has been investment in developing governance structures; embedding better processes; improving understanding of roles and necessary skills; and working to create a shared culture and positive behaviours."

“All of the LCFH Review recommendations on governance processes have been implemented together with other actions identified subsequently.”

Council accepted in principle Martin Sinclair’s recommendation to strengthen governance through greater continuity for the chairing of CIPFA Board. Currently the president chairs both Council and CIPFA Board with annual rotation. Separating the chairing allows for an appointment of longer tenure on CIPFA Board, supporting better continuity and sustainability of approach. A Task and Finish Group is overseeing the plans for implementing this change.

Delegations

Having set the strategy for the organisation, Council delegates oversight of CIPFA’s business to the CIPFA Board, which implements the approach through other boards and committees.

The CIPFA Board comprises six Council members (which include the four honorary officers of the Institute), two non-executive directors, the chief executive and the director of finance.

All boards and committees are formally constituted with terms of reference. The Council acts on advice and information provided by the executive. Members of Council are able, where appropriate, to take independent professional advice at no personal expense so that they are able to fulfil their role.

Statement of Council responsibilities

The trustees must ensure that the annual report and financial statements are made in accordance with applicable law and regulations. They are also responsible for the integrity of the corporate and financial information included on the charity’s website.

Charity law requires the trustees to prepare financial statements for each financial year. Statements must give a true and fair view of the charity and the group and their financial activities in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards).

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- follow applicable UK accounting standards and the Charities SORP, disclosing and explaining any departures in the accounts
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and group will continue to operate.

The trustees must disclose with reasonable accuracy at any time the financial position of the charity and the group, and ensure that the financial statements comply with the Charities Act 2011.

Trustees are also responsible for safeguarding the assets of the charity and the group and ensuring their proper application in accordance with charity law. This includes taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees have adopted the Charity Governance Code. While CIPFA complies with the seven principles of the code, the trustees acknowledge the need to apply the code and to strive for excellence. Therefore, we continuously review our application of the code and take actions where necessary. Over the coming year we will focus on improving our practice in relation to Principle 6: Equality, diversity and inclusion, and our safeguarding responsibilities as highlighted under Principle 3: Integrity.

Conflicts of interest are reviewed annually and at the beginning of each meeting.

Trustees

The gender balance of Council is currently 15 women and 26 men.

On completion of this term of office a small number of trustees will have served more than the nine years maximum recommended in the Charity Governance Code. These individuals were Council members when governance changes were introduced in 2014; at this point the decision was taken to ‘reset the clock’.

Council members and attendance chart

	Council 20/21	Council 21/22	Council	Audit Committee	Co-opted member	CIPFA member
Naeem Ahmed		●	3/3			●
Caroline Al-Beyerty		●	2/3			●
David Aldous	●	●	2/2		●	●
Deirdre Bane		●	3/3		●	●
Danny Batten	●		2/2			●
John Bloomer	●	●	4/4		●	●
Michael Brodie	●	●	3/4		●	●
James Charlton	●		2/2		●	●
Amy Crowson		●	2/3			●
Carol Culley	●	●	4/4			●
Jane Cuthbertson	●	●	2/4			●
Nadeem Dean		●	3/3			●
Stephanie Donaldson		●	3/3			●
Mike Driver	●	●	3/4			●
Tony Era	●	●	4/4	●		●
Pete Gillett		●	2/3			●
Kathryn Goodall	●		2/2			●
Will Goodchild		●	3/3			●
Claire Gravil		●	3/3			●
Shaer Halewood	●		1/2			●
Richard Harbord	●		1/2			●
Andrew Hardy	●	●	4/4			●
Elizabeth Honer	●	●	3/4		●	●
Vanessa Howlison	●	●	2/4		●	●
Milt Isaacs	●		1/2			●
Toshihiko Ishihara	●		1/2			●
Hari Iyer	●	●	4/4		●	●
Peter Kane	●		2/2			●
Catherine Little	●		2/4		●	●
Muhammad Maqbool	●		2/2		●	●

	Council 20/21	Council 21/22	Council	Audit Committee	Co-opted member	CIPFA member
Mark McBride	●	●	4/4			●
Lynda McMullan*	●		1/3		●	●
Leslie Milne	●		2/2			●
Umesh Naicker		●	3/3	●		●
Mike Newbury		●	1/3	●	●	●
Rosanne Nulty	●		1/2			●
Lee Outhwaite	●	●	4/4		●	●
Colin Owen		●	3/3		●	●
Jayne Owen	●	●	4/4			●
Suresh Patel	●		2/2			●
Caroline Rassell	●	●	4/4			●
Marcus Richards		●	3/3		●	●
Angela Ridgwell		●	2/3		●	●
Chris Roberts		●	3/3			●
Mohammed Sajid	●		2/2			●
Renaud Seligmann	●		2/2		●	●
Geoffrey Simpson		●	3/3		●	●
Luke Smith		●	3/3			●
Jason Vaughan		●	3/3	●		●
Hardev Virdee		●	2/3		●	●
Maria Wanland		●	3/3			●
Kelly Watson	●	●	3/4	●		●
Peter Welch		●	3/3			●
Mark White	●	●	3/4			●
Ian Williams		●	3/3			●
Jon Williams	●		1/2		●	●
Carolyn Williamson	●		2/2		●	●
Lee Yale-Helms		●	2/2		●	●
Derek Yule	●	●	4/4		●	●

* Resigned 29 September 2021

Key individuals and sub-committees

	Audit Committee	CIPFA Board	Students and Members Board	Public Financial Management Board	Remuneration Committee	Commercial Board	Nominations Committee
Chair	Lyn Davies	Mike Driver	Caroline Rassell	Carol Culley	Joe Sealy	Joe Sealy	Andy Hardy
Vice Chair	Jason Vaughan	Joe Sealy	Mark McBride	Caroline Al-Beyerty	Jane Cuthbertson	Roger Alderson	Jane Cuthbertson
	Female 2 Male 6	Female 4 Male 6	Female 7 Male 6	Female 4 Male 8	Female 4 Male 4	Female 3 Male 7	Female 6 Male 4

Audit Committee

Maintains oversight of corporate governance throughout the CIPFA Group and management of external and internal audit.

CIPFA Board

Provides oversight of operational matters and delivery of the business plan, including management of impact on the environment and people. Guides, monitors and challenges development and operations in line with the strategy set by Council. Ensures an effective risk management strategy is maintained across the CIPFA Group.

Students and Members Board

Oversight of activities to develop the membership and professional standards including member services, education and training. This includes advising and supporting the CIPFA Regions and supervising the Disciplinary Scheme.

Public Financial Management Board

Oversees the Institute's work on policy and technical issues including the specialist Forums and therefore plays a key role in CIPFA's thought leadership and influence on public finance management. Supports the continuous improvement of standards in public finance, management and governance, particularly in UK local government where the Institute has formal standard setting responsibilities.

The Board holds responsibility for formal approval of all updates to Institute codes of practice, with any new codes approved by Council in the first instance.

Remuneration Committee

Holds full delegated responsibility for decision making in relation to pay and conditions of specified members of staff employed by the CIPFA Group, including the CEO and executive directors.

Commercial Board

Guides commercial operations in line with the overall strategic direction set by Council. Oversees the wholly owned subsidiary, CIPFA Business Ltd.

Nominations Committee

Supports Council by overseeing the elections and appointment processes and advising on nominations. Ensures that all appointments and nominations support the Institute's diversity and inclusion objectives.

Directors of CIPFA Business Limited

The directors of CIPFA Business Ltd are all experienced in business or the markets that it serves. Brief details of their background and experience are included below.

Roger Alderson

Roger has spent a significant portion of his career working internationally, as a consultant (with the McKenna Group), a strategist (with Perot Systems) and a marketing director (with EDS, HP and Logica). Roger has proven experience working with a range of organisations from start-ups to multi-nationals and has operated from both headquarters and the field.

Mary Bishop

Mary is a fellow of the Association of Chartered Certified Accountants (ACCA), and a former Director of Learning for ACCA Global. Her experience of learner needs spans both SMEs and listed companies across circa 200 countries as well as academic institutions. With industry experience herself as a leader in education, technology, manufacturing and utility businesses, she is an author of over 15 books including the first edition of the Oxford Dictionary of Accounting.

Mike Driver CB (President)

Mike's career in public service started when he joined the Department of Health and Social Security. He worked in operational delivery before moving into regional management and then into a series of policy roles. He transitioned into government finance in 1999, where he held several CFO and senior finance posts, including CFO at the Department for Work and Pensions from 2012, and in 2016 Mike was appointed as CFO for the Ministry of Justice. In 2017 Mike was appointed Head of the Government Finance Function for HM Treasury. As Head of the GFF, Mike was focused on driving the agenda to substantially strengthen the Finance Function's critical role at the heart of government.

In August 2020 Mike spent six months as the Interim Permanent Secretary at the MoJ, before being appointed the Senior Responsible Officer for the Borders and Managed Quarantine Service. In September 2021, after 42 years, Mike retired from the Civil Service and now has a portfolio career.

Gareth Moss

A CIPFA-qualified accountant, Gareth is a former Director of Resources of two local authorities. Before becoming Finance Director he worked in CIPFA's Consultancy arm, advising public sector bodies on issues as wide as financial management, governance and senior staff recruitment.

Gareth's past employment includes roles at Serco, where he was responsible for their local government contracts, Price Waterhouse and several local authorities.

Gareth is a non-executive director at Worcestershire Children First and chairs the John Taylor Multi Academy Trust (based in Staffordshire and Derbyshire).

Jayne Owen

Jayne is Finance and Resources Director of North Wales Housing Association, a successful social enterprise providing homes and delivering services across North Wales

She is a CIPFA-qualified accountant with 30 years' public sector experience, including five years as Treasurer/Director of Finance. Prior to taking up this role, Jayne undertook the role of Director of Finance (Police and Crime) for the Greater Manchester Combined Authority. This and previous roles involved significant complexity, with accountability for multi-million pound budgets and advising on the deployment of these resources. Areas of expertise include treasury management, financial planning, audit, procurement, commissioning, value for money, organisational transformation and effective governance.

Joe Sealy

Founding Partner at Greater Pacific Capital, Joe was previously a managing director in the investment banking division at Goldman Sachs. Joe has been a specialist in providing strategic advice to clients covering communications, media, entertainment, advertising and security. He is an experienced strategic advisor to corporations, investors and government institutions across multiple regions and industries.

He was Partner at KPMG in strategy consulting and implementation and has also held positions as an advisor in the public sector, specialising in privatisation and outsourcing.

Mark Thomson

Mark Thomson is an experienced business leader, having held high-profile senior positions in both the private and public sector. As Director General for UK Visas and Immigration and Her Majesty's Passport Office, Mark led teams responsible for managing around 10 million visa and passport applications a year and advised the Home Secretary on immigration strategy and policy.

Rob Whiteman CBE

Rob is CIPFA's Chief Executive. He formerly held a senior civil servant role as the Chief Executive of the UK Border Agency and led the Improvement & Development Agency. Rob has also worked in local government as Chief Executive of the London Borough of Barking and Dagenham and Director of Resources at the London Borough of Lewisham.

Key management personnel remuneration

The trustees consider the CIPFA management board, which includes the chief executive, as comprising the key management personnel of the charity.

The CIPFA management board is made up of the executive directors of CIPFA and CIPFA Business Ltd. It is responsible for directing and controlling, running and operating the charity on a day-to-day basis.

All trustees give of their time freely and no trustee remuneration was paid in the year.

The remuneration committee has full delegated responsibility for decision making in relation to the pay and conditions of senior management including the chief executive in relation to remuneration, including:

- remuneration
- terms and conditions upon appointment
- changes to base salary
- bonus arrangements and payments thereunder
- honoraria and ex-gratia payments
- severance payments
- pensions.

The pay of the CIPFA management board is reviewed annually and is informed by any general pay award within the Institute. In the case of the chief executive, any changes to current salary, terms and conditions, bonus awards, etc are considered on advice from the honorary officers, and on receipt of recommendations from the chair of the remuneration committee.

Key:

- Non-executive director
- Member of the CIPFA Group Remuneration Committee
- CIPFA Trustee

The Institute provides a single discretionary group bonus scheme, applicable to all eligible employees including the CIPFA management board, which has clear trigger points and also allows for investment in the organisation's future growth.

The trigger point and target surplus are reviewed and agreed as part of the annual business planning process by the trustees. The trigger and the split between bonus scheme pot and investment may vary. The bonus scheme is triggered when CIPFA generates a trading surplus above the approved business plan. All bonus awards are subject to the overall value of the bonus pot and based on assessment of individual in-year performance.

In the case of the CIPFA management board, the chief executive recommends any bonus awards to the remuneration committee. In the case of the chief executive, any bonus award is considered on advice from the honorary officers, and on receipt of recommendations from the chair of the remuneration committee.

The committee obtains independent professional advice as required including to compare and benchmark CIPFA's practices against those of other organisations. Executive remuneration is also benchmarked periodically with organisations of a similar size within the sector and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles. Such advisors may attend meetings as necessary.

Equal opportunities, diversity and inclusion

CIPFA is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer. We aim to go beyond legislative requirements to improve diversity of representation and inclusivity in our role as an employer and as a membership body.

Our employment policy seeks to ensure that no job applicant or employee receives less favourable treatment on the grounds of sex, marital status, pregnancy and maternity, sexual orientation, race, religion or belief, age, disability, gender reassignment or any other grounds that are unjustifiable in terms of equality of opportunities for all.

We have introduced mandatory diversity and inclusion training for all employees and have embarked on a wider programme of activity to improve mental health and wellbeing, equality, diversity and inclusion.

The Nominations Committee embraces CIPFA's commitment to equal opportunities and to improving diversity of backgrounds and viewpoints. Its role includes identifying candidates to stand for CIPFA Council; it also recommends to Council candidates for co-option as well as chair and vice chair roles on major boards and committees. The criteria on which the committee's decisions are based include diversity considerations.

CIPFA's year in numbers

Number of students based in each sector

1,734
International

1,069
Local government

601
Central government

287
Health

3
Housing

75
Education

211
Private

215
Third sector

Total number of students: 5,544*

*1,349 other sectors

CIPFA subscribing organisations

499
Local government

52
Private

12
Education

2
Housing

23
Central government

23
Third sector

9
Health

1
Other

Total number of organisations : 621

07 Opportunities and risks

Opportunities

As the world learns to adapt to operating in a post-COVID-19 world, with continued reductions in spending across the public sector in the UK and internationally, and an increasingly fragile world economy, our customers are faced with many challenges. However, this also presents opportunities for CIPFA, through training, consultancy activity, leadership and support.

The Institute's reputation has been established over years of promoting best practice in public finance and guiding public bodies through the toughest challenges. 2021 was no exception to that and saw CIPFA's internal operations continue to respond well to the global pandemic, but it also provided opportunities for our services to support customers and members during difficult times. CIPFA continues to see these as its central roles, which makes it the first choice for public sector finance professionals looking for advice and help when the pressure is on. We are dedicated to public service, we understand how public sector organisations work and we provide bespoke support. Our UK and international advisory work continues to support organisations deal with funding, economic and COVID-19 related challenges.

As the world's only public sector accountancy body there is strong demand for our expertise around the globe. Internationally, demand for public services is growing. By investing in our overseas capability, CIPFA is able to help governments across the world establish sound financial management and train the professionals needed to deliver high-quality services. Our strategy reflects these opportunities.

CIPFA invests significant time and resources into ensuring new finance professionals are fully prepared for their future careers and will operate to the highest standards. During 2021, CIPFA's Education and Training Centre has continued to focus efforts on ensuring its professional qualification and its apprenticeship offers are cutting edge, engaging and fit for purpose, to encourage new and talented individuals choose a career in public finance.

Fraud is a recognised and growing problem for the public sector, which is why CIPFA's Counter Fraud Centre (CCFC) works to ensure public bodies have the training and support to stamp out the crime wherever it appears.

Risk management and internal control

Risks are monitored and reported on a quarterly basis at all levels of the Institute including the CIPFA management board, CIPFA Board and the Audit Committee. Risks are addressed as part of the business planning process and placed under the management of a senior member of staff and the appropriate board or committee. The Council and its Audit Committee are satisfied that all reasonable steps are being taken to manage exposure to major risks.

Our risk management strategy was reviewed in 2021 and our processes refreshed. We rolled out training for all staff and undertook a bottom-up refresh of risk identification. This process enabled us to ensure we are aligning risk management to the level of risk mandated by CIPFA Council.

We operate a comprehensive business planning process, with an annual business plan and budget set by the CIPFA Board and approved by the Council. We have introduced a performance dashboard that is reviewed by the CIPFA management board monthly, and forecasts are revised on a quarterly basis as a minimum. The performance dashboard is used as a single information source to streamline performance reporting at all levels of governance including every CIPFA Board meeting.

CIPFA maintains a comprehensive set of delegations of authority and financial regulations. The financial controls and procedures are reviewed regularly and compliance with them verified by the work of the internal and external auditors.

We maintain a comprehensive set of policies and procedures, including whistleblowing, data protection, health and safety, complaints handling, code of conduct and register of interests for Council members, non-executive directors and senior staff. The Audit Committee reviews CIPFA's accounting and financial reporting practices on behalf of the Council. Internal audit reviews are prioritised using a risk-based approach. Recommendations are followed up.

Risks

We continue to respond to the changing market for our qualifications and training, taking strategic measures to ensure we meet the needs of a student-led market and respond to changing demographics.

We have taken steps to improve the connection between the development of our products and services and customer feedback to maintain relevance and diversify our offer.

We are increasingly vigilant to the shifting geopolitical context and its potential impact on our international growth and UK public bodies.

CIPFA is investing in significant change with our transformation programme and wider strategic plans; we have rigorous governance in place to oversee the change management.

Principal risks for CIPFA	What the risks mean	How we manage the risks
We need to be more responsive and agile to keep pace with market and customer challenges, issues and risks.	Our products and solutions risk losing value. This is exacerbated by scarcity in customer funding and resources. There would be an impact on the delivery of our objectives, including our charitable aims.	Introduction of Forums and increased integration of market and customer insight. Diversification of products, services, markets and sectors to maintain our income base.
The market for professional qualifications is increasingly driven by student choice. The perceived lack of portability of our qualification makes us less attractive to trainees in government bodies and firms.	Reduced student numbers lead to a reduction in members and a smaller Institute, which in turn impacts our ability to support existing members and customers.	Redeveloped PAQ launched with brand and messaging to counter portability perception. Working closely with employers.
CIPFA is viewed as a local government organisation.	Acts as a barrier to developing in other markets; diversification could undermine our brand.	Developing CIPFA Connect as a new subscription offer along with new products and services for other markets.
Loss of the right to deliver apprenticeship training or end-point assessments.	Significant financial and reputational impact on CIPFA.	Ofqual application process has enabled us to mitigate many of the risks identified. Programme of continuous monitoring and improvement.
CIPFA is not seen as a progressive and ambitious place to work and lacks a performance culture. We lack differentiation in the employment market.	Failure to compete in the employment market to attract and retain the best staff.	'CIPFA and me' programme being rolled out. Initial stages including leadership and management training are complete.
Lack of structured approach to change management leads to benefits not being realised.	Failure to improve efficiency and evolve in order to achieve growth.	Incorporated into business planning and culture change programme initiated.
Time and capacity are required to enable us to scale safely and respond to new developments.	Impact on performance and delivery of objectives.	This is being factored into business planning and under continuous review.
Pension deficits and historic run down of reserves has left our balance sheet weak.	Insufficient to fund us to grow out of trouble and invest in ambitious future plans.	Operating surplus used to strengthen the balance sheet and in negotiation with the pension fund to explore closure of the fund.

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Financial summary

CIPFA ended the year with a negative balance sheet of £3.7m and the statement of financial activities shows a positive net movement of £12.2m for the year.

The improvement in the CIPFA balance sheet is due to movements in the FRS 102 pension valuation. CIPFA operates two pension schemes: a funded defined benefit pension scheme and a defined contribution group personal pension plan that has been offered to new members of staff since 1 January 2007.

The assets and liabilities of the Wiltshire Pension Fund of the Local Government Pension Scheme are subject to a full actuarial valuation every three years in accordance with the requirements of the Local Government Pension Scheme (Administration) Regulations 2008. The latest valuation of the scheme was carried out as at 31 March 2019.

With effect from 1 April 2017 the "employer's" contributions are made up of two elements – a fixed sum annual payment for past service and an employer's contribution rate of 26.0% of pensionable earnings for future service until the next triennial valuation. At the March 2019 valuation CIPFA had a pension deficit of £4,567,000.

The assumptions used in the actuarial valuation as at 31 March 2019, together with the market value of assets and funding level were:

Rate of return on investments

3.3%

Rate of increase in salaries

2.7%

Retail price inflation

2.3%

Funding level for CIPFA staff

95%

Deficit for CIPFA staff

£4.567m

However, FRS 102 rules require inclusion of the year-end valuation calculated on the basis defined in that standard. The scheme actuary has valued the pension scheme in accordance with FRS 102 for the purpose of the statutory financial statements. FRS 102 methodology differs from that used in the triennial funding valuation, particularly in the determination of the discount rate.

The valuation uses the projected unit credit method of valuation, projecting the valuation results of the latest formal valuation date (31.03.19). This allows for changes in financial assumption, among other factors. Similarly liabilities are rolled forward and any changes in pensionable payroll and asset values are also taken onto account, but it is important to stress that FRS 102 is not a formal valuation and that the pensions reserve valuation under FRS 102 is only a snapshot in time and will fluctuate.

The costs of a pension arrangement require estimates regarding future experience. These assumptions are largely prescribed at any point and reflect market conditions at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries, deferred pension revaluation or pensions in payment), can have a significant effect on the value of the liabilities reported. The assumptions used have been discussed with the scheme's actuary.

The variability inherent in FRS 102 valuations can be demonstrated by CIPFA's recent history:

Year	Year-end pension valuation (£000)		Year-end balance sheet position (£000)	Actuarial gain/(loss) (£000)
	TRIENNIAL (@ 31.03.XX)	FRS 102 (@ 31.12.XX)		
2016	(13,000)	(34,471)	(11,389)	(16,500)
2017		(28,825)	(4,492)	8,603
2018		(21,477)	981	3,868
2019	(4,567)	(27,152)	(7,498)	(6,190)
2020		(38,567)	(15,905)	(11,266)
2021		(30,523)	(3,673)	8,092

CIPFA group operating statement	2021 £000	2020 £000
Income	**26,603**	26,417
Costs (excluding restructuring costs)	**(22,881)**	(22,948)
	3,722	3,469
Restructuring costs	**(137)**	(404)
Operating profit/(loss)	**3,585**	3,065
Intangible impairment	**(63)**	(74)
FRS 102 pension credit	**(48)**	(149)
Net income/(expenditure)	**3,474**	2,842
Gain on property valuations	**666**	17
Actuarial gain on pension scheme	**8,092**	(11,266)
Net movement in funds	**12,232**	(8,407)

Although the pension fund deficit poses a long-term issue for CIPFA, our governing Council recognises that FRS 102 does not, of itself, affect cash flows. This is because CIPFA makes employer contributions to the pension fund on the basis of advice from the scheme actuary as part of their report on the triennial valuation. Following the 2019 triennial revaluation, the primary employer contribution rate (costs of new benefits accruing) will increase over the three-year valuation period from April 2020 by 3.2%, and the secondary employer rate (deficit repayment) decreased by 30.0% over the same period.

The objective is to fund the deficit over a total of 14 years. We acknowledge our pension fund obligations and have a clear strategy to manage the deficit, which includes a deficit reduction plan that is designed to get the scheme to self-sufficiency by 2033 subject to continued discussion and agreement with the pension scheme trustee board. The scheme is not open to new members of staff and the cost implications have been built into our business plans. The Council will continue to closely monitor any further upward pressure on the contribution rate and it is included in the CIPFA risk register. The resulting defined benefit pension scheme liability is presented separately after other net assets on the face of the balance sheet.

CIPFA has entered into dialogue with the administrators of the scheme (Wiltshire Pension Fund) to close the scheme to future accrual. At the time of signing these accounts those negotiations had not concluded.

For the third successive year, CIPFA returned an operating profit. It was £3.474m for the year (before non-cash FRS 102 pension and property adjustments), as a consequence of the improvement in areas of our business.

This retained surplus will enable CIPFA to invest in our strategic priorities:

- To be a strong advocate for sound public financial management, having a positive influence and impact on practice.
- To be the membership, education and lifelong learning provider of choice for public finance professionals.
- To support and advise organisations, strengthening their public financial management.
- To deliver exceptional business support, with the customer as our focus.

In addition, the Board has indicated a desire to ensure our finances are resilient to future economic challenges.

Financial review and related policies

The total income for the CIPFA Group was £26.6m (2020: £26.4m) a small increase of £0.2m (0.75%).

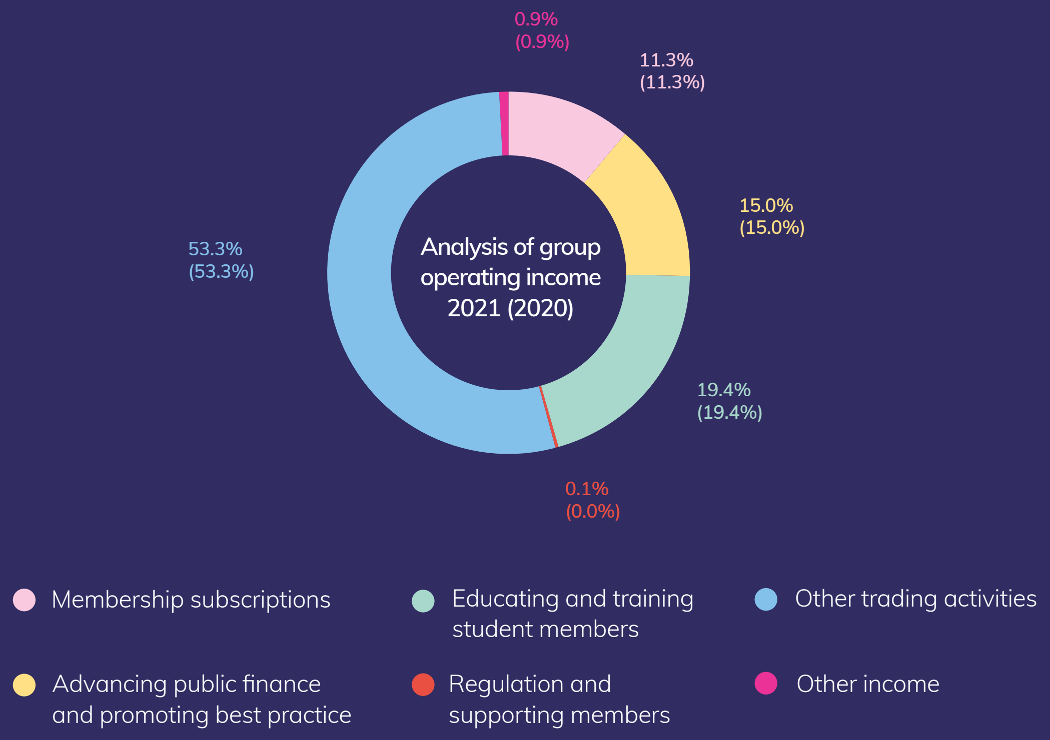
The net movement in funds shows an improvement of £12.2m (2020: £8.4m deterioration), the actuarial gain on the defined benefit pension scheme, a modest gain in property assets and a substantial operating profit.

Detailed analysis of group operating income and expenditure shows some variations between 2020 and 2021. Our Advisory, Networks and Education and Training teams delivered a strong performance, continuing to respond well to the requirements caused by the pandemic uncertainties during the year.

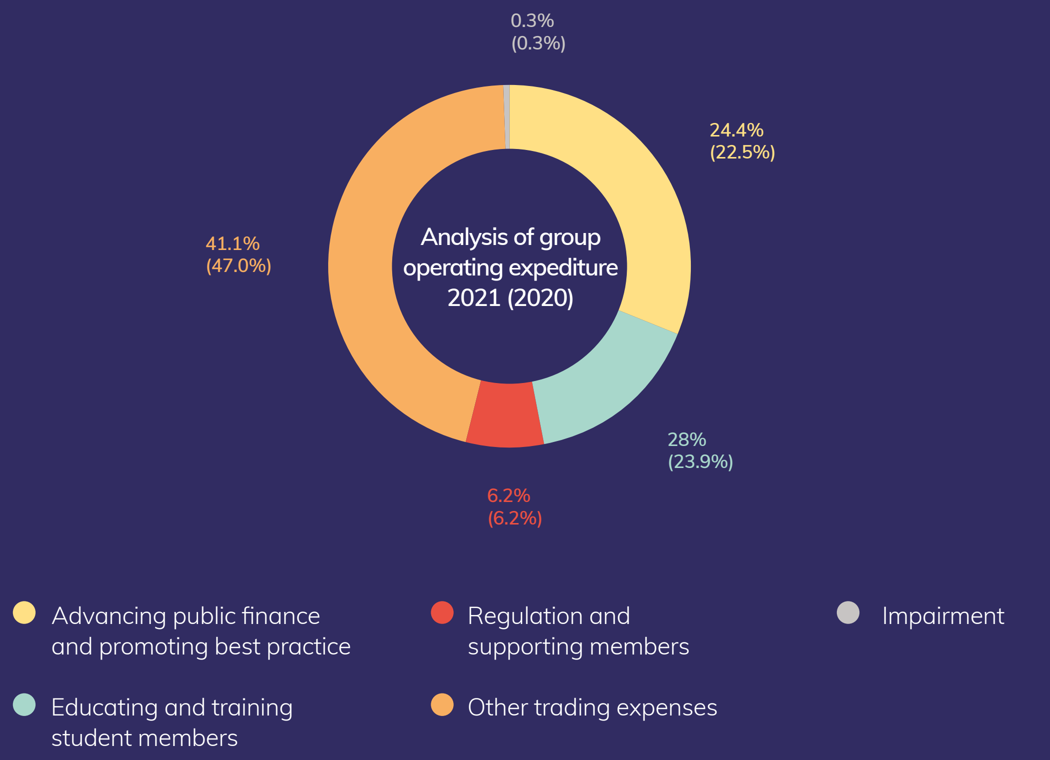
The business continues to respond to the needs of the changing market, as the impact of the government's policies, most notably the reduction in public services spending, continue. At the tail end of 2021 we saw some small impact as the result of economic and inflationary headwinds, and we expect those to continue into 2022. Despite these challenges, and the continued highly competitive trading conditions that our services operate within, we had a strong underlying performance in 2021.

This result, allied with the continued development of our portfolio and keeping the cost base under review, will enable us to continue to respond effectively to the demand for performance improvement and transformation support in public services.

Income by source



Expediture by source



CIPFA Business Ltd (CBL) is the professional services business of CIPFA. As part of the CIPFA Group, CBL governance arrangements are integrated with CIPFA. The CIPFA Commercial Board, which meets at least five times a year, also acts as the CIPFA Business Board and is responsible for taking decisions and monitoring the business and performance. The majority of the directors are independent non-executives.

CIPFA C.Co Ltd commenced trading in July 2016 when former directors and senior managers from local government, who had successfully supported the transformation of public services, formed a partnership CIPFA. CIPFA C.Co Ltd has been established to support public sector organisations deliver the levels of transformation required to deliver public services against the backdrop of budget reductions. The aim of the company is to work with organisations that deliver public services to help them improve the advancement and wellbeing of society.

Reserves policy

At 31 December 2021 CIPFA had total funds excluding the pension liability of £26.9m (2020: £22.7m). Overall CIPFA had negative total funds, including the pension liability, of £3.7m with total negative unrestricted funds of £3.7m.

At 31 December 2021 there were total designated funds of £16.5m (2020: £15.4m) and a revaluation reserve of £5.2m (2020: £4.7m). The designated funds are represented by the property fund showing the cost of the freehold buildings and investment properties as at 31 December 2015 and the designated fund for other fixed assets. The revaluation reserve relates to the revaluation of freehold and investment property.

At 31 December 2021 there were restricted funds of £62,000 (2020: £97,000) comprising trust funds and regional funds that have been established either by way of donations in memory of eminent accountants within public finance or from various organisations.

Total income for the CIPFA Group

2021	£26.6m
2020	£26.4m

The CIPFA Board, on behalf of Council, reviews its reserves annually. The CIPFA Board view of CIPFA's overall position remains cautious despite the improved performance in recent years. It recognises that CIPFA remains vulnerable to economic downturns given its heavy dependence on commercial income and the public sector market.

It considers that CIPFA needs to hold reserves to protect core activities in the event of income shortfall and to enable balanced long-term strategic planning. This means being able to fund obligations, including employer pension contributions, but ideally not at the cost of charitable activities. The approved reserves policy recognises that measuring total unrestricted funds is only one indicator and includes fixed assets that could not easily be converted to cash. Hence CIPFA Council focuses much of its effort on monitoring the group cash and current asset/liability position, including management of the pension deficit described above.

In recognition of this focus, the Board defined two key financial targets:

1. The group should have available cash or cash equivalent resources of in excess of £2m, being broadly one month's cash requirement.
2. The group should hold a level of other charitable funds equivalent to two months of CIPFA Group expenditure. Other charitable funds exclude CIPFA's property assets, which are treated as designated funds, revaluation and pension reserves.

During 2021, the CIPFA group operated for zero working days with less than its target cash availability, compared to 21 working days in 2020, 74 working days in 2019 and 73 working days in 2018. In relation to its reserves target, while CIPFA's total funds excluding the pension reserves at the year-end stood at £26.9m, this includes property assets of £21.0m (2020: £20.5m) that could only be realised on the sale of the property. The other charitable funds at the year-end were £5.1m representing a surplus against the reserves target of £3.8m. Cash balances have held up particularly well relative to previous years as a result of the underlying business performing well and returning an operating profit, of £3.5m for the year, and tighter cash management. Despite that the balance sheet shows a net current liability position at the end of 2021.

The continued emphasis on cash management and improving the current asset position will therefore be a feature for 2022 and beyond.

The CIPFA reserves position is a deficit of £3.673m (2020: £15.905m deficit) complicated by the inclusion of the FRS 102 pensions reserve, which stands at a deficit of £30.523m (2020: £38.567m deficit). Within that our designated funds (principally the Mansell St property) have remained stable at £16.461m (2020: £15.350m). However, our charitable funds (free reserves available for investment) have seen a large increase and now stand at £5.121m surplus (2020: £2.484m) as a result of the operating surplus in 2021. This figure exceeds our target of having reserves of two months' average expenditure, ie £3.8m (2020: £3.9m). The Board has indicated it wishes to revisit the existing policy during 2022. Our cash flow forecasting across the period of review indicates that sufficient working capital is available for CIPFA to satisfy all of our commitments as they fall due.

Going concern

The CIPFA Board, on behalf of Council, has assessed the ability of CIPFA to continue as a going concern and have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements. This has included the revised budget for 2022 and forecast for 2022–26 contained in the business plan, cash flow forecasts to 31 December 2023 and a consideration of the key risks. These include the extended impact of the recovery from COVID-19 on the continued operation of CIPFA's activities and our revised methods of working, as well as the impact on our customers. In addition, during the preparation of the budgets we undertook some sensitivity analysis on service areas around income and expenditure assumptions included in the final submission to the Board.

In addition, the Board is aware of the impact of the likely increase in prices during 2022. It is unlikely that CBL will be able to pass on all of its rising costs to customers, increasing pressure on margins and necessitating even tighter control of the cost base. The Board believes that its strategy of diversifying products in existing markets and identifying new markets will manage the inflation risks. In addition, and in order to mitigate the risk, the Board has considered earmarking elements of the 2021 surplus and will explore this, alongside a review of its reserves policy, during 2022.

Since the changes forced on our operations by the pandemic in 2020, our activities have settled into digital by default and that is now considered our preferred mode of activity, but not the only one. We are adapting our services to incorporate a greater use of remote activity than before the pandemic and we have reflected that in our plans. We do not anticipate an adverse impact on our finances – in fact, greater take up of those services and delivery at a reduced cost have been built into the business plan. We continue to anticipate access to broader markets given this mode of delivery and our operational resilience and lower risk will continue.

We maintain our focus on high-quality products and services to our members and customers and continue to seek innovations in the delivery of those services and products.

In addition, we have maintained our tight controls over expenditure and investment, only releasing the investment that is included in the business plan when we are comfortable that the underlying business performance warrants that. 2022 anticipates a higher level of investment than we have seen previously, recognising our stronger financial health as well as a need to improve services to remain competitive. 2021 saw a continued improvement in our cash management processes and as a result a far healthier cash position throughout the year, with average balances exceeding our cash target for every day of the year. Such was the strength of our cash position that in September we took the decision to make an early repayment of the cash flow loan that was taken out in 2019.

CIPFA continues to face a pension fund deficit that remains subject to the future volatility of the pension scheme's liabilities as a result of changing actuarial variables. Pension scheme considerations and contributions are incorporated into our business plan and considerable work is being undertaken to close the scheme to future accrual. The business plan also considers the terms and conditions of the existing bank facilities.

Having regard to the above, the trustees believe there are no material uncertainties surrounding the decision to adopt the going concern basis of accounting in preparing the financial statements.

Investment policy

Byelaw 59 details the extensive investment powers that are bestowed upon the Council. Given the annual cycle of fluctuation in cash balances held, the current investment policy is limited to depositing surplus funds with a range of approved institutions in tranches with a range of maturity dates. The policy focuses on low risk and readily realisable investment forms. Within these confines, we seek to obtain the best interest rates possible.

Fundraising

CIPFA had no fundraising activities requiring disclosure under section 162A of The Charities Act 2011.

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Our future plans

CIPFA is the only professional accounting institute in the world that deals exclusively with public sector finance. No other Institute is able to comment with the breadth and depth that we can, both for and on behalf of the public sector. The challenges in 2022 and beyond for the public sector are as significant as they have ever been, and helping the public sector across the world respond to these challenges is reflected in our growth plans contained in the 2022–2026 business plan.

As an organisation we will be responding to some major global challenges to assist the public sector's response to them: the emerging economic crisis, climate change, the advent of globalisation and the need for sustainability reporting. With very low inflation levels for a long period of time, many senior public sector finance professionals will not have experienced the anticipated levels of inflation and will need support to deal with them. We will need to help the public sector manage the emergence of disruptive technology and use data in a proactive and predictive way and accommodate their impact on the accountancy, audit and public finance profession. We will continue to lead on preventing and fighting the rising tide of corruption and fraud across the globe. We will complement governments as they seek to professionalise the public sector with tailored training and development.

CIPFA is a membership body that supports our members and students, ensuring we equip them with the tools to deliver best-in-class public financial management across the whole of their career. CIPFA is a charity, promoting best practice in public finance to ensure the money and resources used on behalf of citizens are raised and spent fairly, transparently and effectively. CIPFA sets the standards that UK local government and organisations worldwide adopt. CIPFA is a trainer, delivering accountancy and other qualifications that are relevant to the public sector, and preparing students for the future. We have lifelong learning materials to support career development in line with a clearly defined competency framework for public finance professionals. In 2022 we will launch our benchmark chartered professional accountancy qualification, grow our capacity to meet rapidly rising demand for accountancy apprenticeships in the UK and extend our accredited training programmes in finance, governance and counter fraud globally.

To support CIPFA's aims, our business teams work with the organisations that employ our students and members, and other key public finance stakeholders, to ensure – at the organisational level – public finance is working at its strongest, contributing to effective and efficient public services. In 2022 CIPFA will continue to build on its recent strong performance in the advisory field, supporting public sector financial resilience improving organisational capacity and good governance.

In 2022 we will implement 'CIPFA and me', our new people strategy, which sets out what we offer staff and what we expect from them. We will create an environment where people want to work and can perform at their best. We will create a culture where our people are supported, engaged and empowered to fulfil their potential and deliver results. We will also initiate the plans set out in our new diversity and inclusion strategy supporting staff, members and the wider profession to improve access and opportunity for progression in their careers regardless of background as well as developing our approach to sustainability and sustainability reporting.

Through our new business plan and strategy CIPFA will focus on our key account sectors – local government, central government, health and social care, international, police and property – while also remaining responsive to the wider market. We will continue to collaborate with other professional accounting organisations, ministries of finance and supreme audit institutions across the globe, growing our student and member base.

2021 was a particularly strong year for CIPFA in terms of our business performance and financial position; we will look to consolidate this success and invest in services, digital delivery and key new capabilities evolving CIPFA's policy, research and evidence base, investing in product development and digitising our services.

Notwithstanding recent growth, there remains significant uncertainty arising from COVID-19 and a sluggish global economic outlook and these are still challenging times, so we will continue to balance investment with a cautious approach, building a stronger balance sheet and reducing our long-term liabilities. During 2021 we announced plans to explore closer working with the Institute of Chartered Accountants of England and Wales and we will develop those plans during 2022, in consultation with the membership and our stakeholders.

The trustees' annual report was approved on 27 April and signed on their behalf by Mike Driver CB, CIPFA President.

Mike Driver CB
President

Rob Whiteman, CBE
CEO

10 Administrative information

The full name of the charity is the Chartered Institute of Public Finance and Accountancy (CIPFA). It is a charity by Royal Charter granted in 1959 and is registered with the Charity Commission for England and Wales, number 231060.

CIPFA is also registered with the Office of the Scottish Charity Regulator. The registration number is SC037963.

CIPFA Management Board

Chief Executive: Rob Whiteman CBE

Director of Finance: Gareth Moss (joined January 2021)

Chief Operating Officer: Dan Worsley

Director of Policy and Membership: Drew Cullen

Director of Public Financial Management:
Karen Sanderson (resigned March 2022)

Director of International: Khalid Hamid

Interim Director of Transformation: Ravi Dhindsa

Head of HR: Darren Parris (resigned February 2022)

Head of HR: Clare Thompson (joined February 2022)

Company Secretary and Chief of Staff: Nicola Hannam

Principal Office

77 Mansell Street
London E1 8AN

Principal Advisers

Bankers

Lloyds Bank Plc
Villiers House
48-49 Villiers Street
London WC2N 5LL

Insurers

Bartlett and Company Ltd
Broadway Hall
Horsforth
Leeds LS18 4RS

Solicitors (disciplinary)

DAC Beachcroft
100 Fetter Lane
London EC4A 1BN

Solicitors (corporate)

Ashtons Legal
Trafalgar House, Meridian
Way, Norwich NR7 0TA

Auditor

Crowe U.K. LLP
55 Ludgate Hill
London EC4M 7JW

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Financial report

Consolidated statement of financial activities for the group

Year ended 31 December 2021

	Note	2021 £000	2020 £000
Income			
Income from charitable activities:			
Membership subscriptions		**2,956**	2,995
Advancing public finance and promoting best practice		**3,800**	3,967
Educating and training student members		**5,404**	5,138
Regulation and supporting members		**33**	0
		12,193	12,100
Other trading activities:			
Income from information, advisory and property services	2	**14,189**	14,081
Investments:			
Interest received		**0**	9
Other income:			
Property sales and rentals	3	**221**	227
Total income		**26,603**	26,417
Expenditure			
Expenditure on charitable activities:			
Advancing public finance and promoting best practice		**5,648**	5,314
Educating and training student members		**6,475**	5,644
Regulation and supporting member		**1,433**	1,466
		13,556	12,423
Other expenditure:			
Expenditure from information, advisory and property services	2	**9,510**	11,078
Impairment of intangible asset	8	**63**	74
Total expenditure	4	**23,129**	23,575
Net income (expenditure)		**3,474**	2,842
Other recognised gains/losses:			
Gain on revaluation of fixed assets	18	**666**	17
Actuarial gain on defined benefit pension scheme	7	**8,092**	(11,266)
Net movement in funds		**12,232**	(8,407)
Reconciliation of funds			
Fund balances brought forward at 1 January		**(15,905)**	(7,498)
Fund balances carried forward at 31 December		**(3,673)**	(15,905)

The results set out in the above Statement of Financial Activities all relate to continuing operations and includes the net restricted expenditure attributable to the non-controlling interest in CIPFA C.Co Ltd of £5k net expenditure (2020: £5k net income).

There are no other gains or losses, other than those recognised above and therefore no separate statement of total recognised gains and losses has been presented. Further analysis can be found in note 19.

The notes on pages 68 to 87 form part of these financial statements.

Consolidated balance sheets

as at 31 December 2021

	Note	Group 2021 £000	2020 £000	CIPFA 2021 £000	2020 £000
Fixed assets					
Intangible assets	8	**520**	552	**292**	263
Tangible assets	9	**13,947**	13,710	**13,930**	13,638
Investment property	10	**7,200**	6,975	**7,200**	6,975
Investments	11,12	**9**	9	**409**	409
		21,676	21,246	**21,831**	21,285
Current assets					
Stocks and work in progress	14	**476**	299	**391**	157
Debtors	15	**3,369**	2,862	**2,335**	1,962
Cash at bank and in hand		**7,031**	6,011	**4,701**	1,244
		10,876	9,172	**7,427**	3,363
Creditors: amounts falling due within one year	16	**(5,702)**	(7,105)	**(2,468)**	(2,090)
Net current (liabilities)/assets		**5,174**	2,067	**4,959**	1,273
Total assets less current liabilities		**26,850**	23,313	**26,790**	22,558
Long-term liabilities					
Creditors: amounts falling due after more than one year:					
Loan	17	**0**	(651)	**-**	-
Net assets excluding pension liability		**26,850**	22,662	**26,790**	22,558
Defined benefit pension scheme liability	7	**(30,523)**	(38,567)	**(30,523)**	(38,567)
Net assets/(liabilities) including pension liability		**(3,673)**	(15,905)	**(3,733)**	(16,009)
Funds					
Restricted funds	19	**41**	42	**41**	42
Minority interest		**21**	55	**-**	-
Unrestricted funds					
Designated funds		**16,461**	15,350	**16,461**	15,350
Revaluation reserve		**5,206**	4,731	**5,206**	4,731
Other charitable funds		**5,121**	2,484	**5,082**	2,435
Total funds excluding pension liability		**26,850**	22,662	**26,790**	22,558
Pension reserve	7	**(30,523)**	(38,567)	**(30,523)**	(38,567)
Total funds including pension liability		**(3,673)**	(15,905)	**(3,733)**	(16,009)

The financial statements of CIPFA's branches, regions, and students' societies are incorporated within the Charity's financial statements. Before consolidation into the group financial statements, the charity made a surplus of £3,518,000 in 2021 (2020: a surplus of £1,083,000) The surplus for this year is before other recognised gains of £8,758,000 (2020 losses of £11,249,000).

Approved and authorised for issue by the Council on 4 May 2022 and signed on its behalf by:

President

Mike [signature]

Chief Executive

Rob Whiteman [signature]

The notes on pages 68 to 87 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2021

	Note	**2021**	**2021**	2020	2020
		£000	**£000**	£000	£000
Net cash provided by operating activities			**2,451**		4,577
Cash flows from investing activities					
Interest received		**-**		8	
Purchase of intangible fixed assets		**(128)**		(381)	
Purchase of tangible fixed assets		**(113)**		(215)	
Net cash (used in) investing activities			**(241)**		(588)
Cash flows from financing activities	17				
Commercial loan	2	**(1,156)**		(484)	
Interest paid		**(34)**		(69)	
Net cash provided by financing activities			**(1,190)**		(553)
Net increase in cash and cash equivalents			**1,020**		3,437
b/fwd Cash at bank			**6,011**		2,574
c/fwd Cash at bank			**7,031**		6,011

Notes to the cash flow statement

		2021	2020
A. Net cash (used in) operating activities	Note	**£000**	£000
Net income		**3,474**	2,842
Current year pension	7	**48**	149
Interest receivable		**-**	(8)
Interest payable	2	**35**	69
Commercial loan	17	**1,156**	484
Depreciation and amortisation charges	8 & 9	**410**	420
Impairment of intangible asset	8	**63**	74
(Increase) in stocks and work in progress		**(177)**	(189)
(Increase)/decrease in debtors		**(507)**	879
(Decrease) in creditors		**(2,051)**	(142)
		2,451	4,577

	At 1 Jan 2021	**Cash-flows**	**At 31 Dec 2021**
B. Analysis of changes in net debt	**£000**	**£000**	**£000**
Cash in hand	**6,011**	**1,020**	**7,031**
Commercial loan	**(1,156)**	**1,156**	**-**
Total	**4,855**	**2,176**	**7,031**

Notes to the financial statements

1 Accounting policies

Company information

The full name of the charity is the Chartered Institute of Public Finance and Accountancy (CIPFA). It is a public benefit entity set up by Royal Charter granted in 1959 and is registered with the Charity Commission for England and Wales. The charity registration number is 231060. CIPFA is also registered with the Office of the Scottish Charity Regulator. The registration number is SC037963. CIPFA is a Public Benefit Entity and its registered office is 77 Mansell Street, London, E1 8AN.

Accounting conventions

The consolidated financial statements comprise the financial statements of CIPFA, and its subsidiary undertakings, CIPFA Business Ltd, registration number 2376684 and CIPFA C.Co Ltd, registration Number 10212053 on a line by line basis and adjusted for the elimination of inter-group transactions and balances.

Going concern

The CIPFA Board, on behalf of Council, has assessed the ability of CIPFA to continue as a going concern and have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements. This has included the revised budget for 2022 and forecast for 2022–26 contained in the business plan, cash flow forecasts to 31 December 2023 and a consideration of the key risks, including the extended impact of the recovery from COVID-19 on the continued operation of CIPFA's activities and our revised methods of working as well as the impact on our customers. In addition during the preparation of the budgets we undertook some sensitivity analysis on service areas around income and expenditure assumptions included in the final submission to the Board.

In addition the Board is aware of the impact of the likely increase in prices during 2022. It is unlikely that CBL will be able to pass on all of its rising costs to customers, increasing pressure on margins and necessitating even tighter control of the cost base. The Board believes that its strategy of diversifying products in existing markets and identifying new markets will manage the inflation risks. In addition, and in order to mitigate the risk the Board has considered earmarking elements of the 2021 surplus and will consider this, alongside a review of its reserves policy, during 2022.

Since the changes forced on our operations by the pandemic in 2020, our activities have settled into digital by default and that is now considered our preferred mode of activity, but not the only one. We are adopting our services to reflect a greater use of remote activity than before the pandemic and we have reflected that in our plans. We do not anticipate an adverse impact on our finances – in fact, greater take up of those services and delivery at a reduced cost have been built into the business plan. We continue to anticipate access to broader markets given this mode of delivery and our operational resilience and lower risk will continue.

We maintain our focus on high quality products and services to our members and customers and continue to seek innovations in the delivery of those services and products.

In addition we have maintained our tight controls over expenditure and investment, only releasing the investment that is included in the business plan when we are comfortable that the underlying business performance warrants that. 2022 anticipates a higher level of investment than we have seen previously, recognising our stronger financial health as well as a need to improve services to remain competitive. 2021 saw a continued improvement in our cash management processes and as a result a far healthier cash position throughout the year, with average balances exceeding our cash target for every day of the year. Such was the strength of our cash position in September we took the decision to make an early repayment of the cash flow loan which was taken out in 2019.

CIPFA continues to face a pension fund deficit which remains subject to the future volatility of the pension scheme's liabilities as a result of changing actuarial variables. Pension scheme considerations and contributions are incorporated into our business plan and considerable work is being undertaken to close the scheme to future accrual. The business plan also considers the terms and conditions of the existing bank facilities.

The CIPFA reserves position is a deficit of £3.673m (2020: £15.905m deficit) complicated by the inclusion of the FRS102 Pensions reserve which stands at a deficit of £30.523m (2020: £38.567m deficit). Within that our designated funds (principally the Mansell St property) have remained stable at £16.461m (2020: £15.350m). However, our charitable funds (free reserves available for investment) have seen a large increase and now stand at £5.121m (2020: £2.484m) surplus as a result of the operating surplus in 2021. This figure exceeds our target of having reserves of two months' average expenditure £3.8m (2021 £3.9m). The Board has indicated it wishes to revisit the existing policy during 2022. Our cash flow forecasting across the period of review indicates that sufficient working capital is available for CIPFA to satisfy all of our commitments as they fall due.

Having regard to the above, the Trustees believe there are no material uncertainties surrounding the decision to adopt the going concern basis of accounting in preparing the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and investment property and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) 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 (FRS 102) – effective 1 January 2019.

The functional currency of CIPFA and its subsidiary entity is considered to be GBP because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are also presented in GBP.

Further details of the CIPFA's active subsidiary undertakings are provided in note 2.

The financial statements of CIPFA's branches, regions, and students' societies are incorporated within the charity's financial statements.

Income recognition

Income is credited to the statement of financial activities in the year to which it relates. Income is deferred only when conditions have to be fulfilled before CIPFA becomes entitled to it or where the donor has specified that the income is to be expended in the future period. In the case of membership subscriptions and subscriptions for journals and electronic services any receipt in respect of future years is shown as deferred income.

- Membership subscriptions comprise membership fees from CIPFA professional qualifications.
- Advancing public finance and promoting best practice comprises income from publications, courses and conferences and advisory services.
- Educating and training student members comprises income from training and examining for CIPFA's professional qualifications.
- Regulation and supporting members comprises the income from practice assurance and disciplinary fines.

Government grants

Government grants are recognised on the performance model, when the charity has complied with any conditions attaching to the grant and the grant will be received.

Investments

Investment properties are measured at fair value annually with any change recognised in the Statement of Financial Activities. The trustees deem market value to be a fair approximation of fair value for the purpose of obtaining annual valuations. A full valuation is undertaken every three years and interim valuations are performed in intermediate years.

Expenditure recognition

Expenditure, including irrecoverable value added tax, is debited to the Statement of Financial Activities on an accruals basis:

- Expenditure from information, advisory and property services comprises the costs of the trading subsidiaries.
- Charitable expenditure comprises direct expenditure including direct staff costs attributable to the activities. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.
- Governance costs comprise those incurred as a result of constitutional and statutory requirements.
- Support costs, which include central office functions such as finance, information technology and human resources, are allocated across the categories of charitable expenditure. The basis of the cost allocation has been explained in the notes to the accounts.

Pensions

CIPFA operates two pension schemes for its staff. The first is a funded defined benefit pension scheme under the Superannuation Act 1972, which is subject to the Local Government Pension Scheme (Administration) Regulations 2008 and which, from 1 January 2007, staff are only eligible to join under specific circumstances. The second pension scheme introduced from 1 January 2007 is a defined contribution Group Personal Pension Plan via Aegon.

Defined Benefit Pension Scheme

Pension contributions are paid to a local government defined benefit pension scheme in accordance with the recommendations of actuaries. The scheme is funded, with the assets of the scheme held separately from those of CIPFA, in separate trustee-administered funds.

CIPFA has fully adopted Financial Reporting Standard FRS 102 for the accounting treatment of retirement benefits.

Current service costs, past service costs, gains and losses on settlements and curtailments, interest on pension scheme liabilities and the expected return on pension scheme assets are charged to resources expended.

Actuarial gains and losses are recognised immediately as other recognised gains and losses, after net incoming/(outgoing) resources for the year.

As detailed in note 7, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained triennially and are updated at each balance sheet date. The resulting defined benefit pension scheme liability is presented separately after other net assets on the face of the balance sheet.

CIPFA has entered into dialogue with the administrators of the Scheme (Wiltshire Pension Fund) to close the Scheme to future accrual. At the time of signing these accounts those negotiations had not concluded.

Defined Contribution Scheme

Defined contributions are paid to the Group Personal Pension Plan via Aegon in accordance with the group policy. The policy allows for minimum employee contributions of 3%, with the employer contributing double the employee contribution up to a maximum of 10%.

CIPFA C.Co Ltd operates a defined contributions Personal Pension Plan via Royal London, with defined contributions paid in accordance with the company policy.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Work in progress comprises the cost of ongoing projects and work performed on contracts not yet billed to clients. Costs include direct labour, contractual costs and attributable overheads.

Leased assets – lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Leased assets – lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Research and development

Research and development is normally written off as incurred, except for specific projects that are deemed to generate future benefit.

Intangible fixed assets – development expenditure

Intangible fixed assets represent development costs capitalised in accordance with FRS 102. These are stated at historical cost and amortised on a straight-line basis over the period which revenue is expected to be generated (three to five years).

Amortisation is recognised in the statement of financial activities under expenditure on charitable activities.

Tangible fixed assets and depreciation

Freehold property is held at valuation and depreciated over 50 years. Revaluations are undertaken by an independent valuation expert annually. A full valuation is undertaken of freehold property every three years and interim valuations in intermediate years. Included in the fixed asset note is the carrying amount that would have been recognised had the assets been carried under the historical cost model.

Other fixed assets are capitalised and depreciated if the value is greater than £1,000 for an individual asset or greater than £5,000 for a capital project.

Tangible fixed assets are depreciated from the month the assets are first used on a straight-line basis over their estimated economic lives as follows:

	Years
Computer equipment	3
Furniture, fittings and other equipment	5

Assets under construction relate to refurbishment and information technology development and are not depreciated until brought into use.

Deferred taxation

Deferred tax is provided in full in respect of material timing differences between the treatment of certain items for taxation and accounting purposes. A deferred tax asset is only recognised where the conditions for recognition in FRS 102 are satisfied and such balances may fall due after more than one year.

Fund accounting

Unrestricted funds held by the charity are:

Designated funds – these are unrestricted funds set aside by the trustees for specific future purposes or projects.

Other charitable funds – these are unrestricted general funds that can be used in accordance with the charitable objects at the discretion of trustees.

Restricted funds are those funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

Critical accounting judgements and key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension liabilities – The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 7. These estimates were made having taken advice from the Scheme's Actuary.

Valuation of land and buildings and investment property – The charity's land, buildings and investment property are stated at their estimated fair value based on professional valuations as disclosed in note 9 and 10.

Financial instruments

Financial assets and financial liabilities are recognised when CIPFA becomes a party to the contractual provisions of the instrument. Additionally, all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. Financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently re-measured where applicable at amortised cost. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year-end exchange rate.

2 Profits from trading activities of subsidiary

CIPFA has one active wholly-owned trading subsidiary: CIPFA Business Ltd, registration number 2376684. The principal activities of CIPFA Business Ltd are networks, advisory and research. CIPFA Business Ltd remits a proportion of its profits to CIPFA by means of gift aid. Audited accounts are filed with the Registrar of Companies.

CIPFA additionally owns a 88% (2020 75%) interest in the trading subsidiary CIPFA C.Co Ltd, registration number 10212053 that commenced trading in July 2016. The principal activities of CIPFA C.Co Ltd are strategy, transformation and improvement advisory services. A summary of the trading results of both subsidiaries are shown below.

	2021	2020
Profit and loss account – CIPFA Business Ltd	**£000**	£000
Turnover	**13,385**	13,187
External charges	**(2,464)**	(1,581)
Staff costs	**(5,080)**	(5,884)
Depreciation	**(116)**	(89)
Other operating charges	**(973)**	(2,545)
Operating profit	**4,752**	3,088
Interest receivable	**-**	8
Interest payable	**(34)**	(71)
Profit on ordinary activities before taxation	**4,718**	3,025
Tax on profit on ordinary activities	**-**	-
Profit after taxation	**4,718**	3,025
Retained profit	**(115)**	(1,878)
Gift aid to CIPFA	**(4,721)**	(1,262)
Retained in subsidiary	**(118)**	(115)
Net assets	**282**	285

	2021	2020
Profit and loss account – CIPFA C.Co Ltd	**£000**	£000
Turnover	**798**	904
Staff costs	**(554)**	(604)
Other operating charges	**(284)**	(320)
Operating profit	**(40)**	(20)
Profit on ordinary activities before taxation	**(40)**	(20)
Tax on profit on ordinary activities	**-1**	-
Retained in subsidiary	**(41)**	(20)
Net assets	**178**	218

3 Property income

	2021	2020
	£000	£000
Rent and dilapidations from tenants	**221**	227
	221	227

Property income is the income from tenants occupying parts of the Mansell Street property during the year.

4 Total resources expended

		Support costs						
	Activities direct costs	Human resources	ICT	Finance & admin support	Marketing & public relations	Governance	Defined benefit pension costs	2021 Total
Group	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Charitable expenditure:								
Advancing public finance and promoting best practice	**4,011**	**176**	**414**	**168**	**668**	**182**	**29**	**5,648**
Educating and training students	**4,668**	**255**	**653**	**263**	**411**	**209**	**16**	**6,475**
Regulation and supporting members	**1,079**	**96**	**78**	**35**	**96**	**46**	**3**	**1,433**
Total charitable costs	**9,758**	**527**	**1,145**	**466**	**1,175**	**437**	**48**	**13,556**
Other expenditure:								
Expenditure from information, advisory and property services	**6,465**	**146**	**548**	**723**	**1,542**	**86**	**-**	**9,510**
Impairment of intangible asset	**63**							**63**
	16,286	**673**	**1,693**	**1,189**	**2,717**	**523**	**48**	**23,129**
Total 2020	15,982	511	1,489	1,266	3,746	432	149	23,575
Basis of allocation:								
– Charitable costs		Headcount	Work	Income	Estimated	Income	Headcount	
– Information, advisory and property services		Actual cost	Actual cost	Actual cost	Actual cost	Actual cost		

	2021	2020
Net income for the year is stated after charging	**£000**	£000
FRS 102 pension	**48**	149
Depreciation and amortisation	**409**	419
Impairment	**63**	74
Operating lease rentals	**168**	163

	2021	2020
Auditor fees – group	**£000**	£000
Statutory audit – Crowe	**50**	49
Statutory audit – Other	**6**	6
Tax advisory services	**10**	12
	66	67

5 Governance costs

Group	2021 £000	2020 £000
Audit fees	**56**	55
Internal audit fees	**41**	18
Council, committees and boards	**82**	62
Management and governance support	**280**	220
Apportionment of costs supporting governance activities	**65**	77
	524	432

6 Employees

Group	2021 £000	2020 £000
Salaries and wages (including temporary staff)	**9,756**	10,065
National insurance	**1,061**	1,120
Pension costs	**1,784**	1,650
Other staff costs	**874**	574
Redundancy and termination costs	**137**	404
	13,612	13,813

Redundancy and termination payments of £137,000 (2020: £404,000) were paid during the period and are recognised in the statement of financial activities. These costs include £0 one off pension costs (2020: £0).

Ex-gratia payments of £Nil (2020: £31,000) were paid during the period and are recognised in the Statement of Financial Activities.

The average number of employees in the Group in 2021 was 214 (2020: 219).

Group	2021 No	2020 No
Advancing public finance and promoting best practice	**24**	22
Educating and training student members	**38**	34
Regulation and supporting members	**4**	5
Governance	**2**	3
Support services	**94**	90
CIPFA Business Ltd	**45**	59
CIPFA C.Co Ltd	**7**	6
	214	219

Senior employees received remuneration falling within the following ranges:

	CIPFA 2021	**CIPFA Business 2021**	**CIPFA C. Co Ltd 2021**	CIPFA 2020	CIPFA Business 2020	CIPFA C. Co Ltd 2020
£230,000 – £239,999	-	-	-	1	-	-
£210,000 – £219,999	1	-	-	1	-	-
£150,000 – £159,999	-	1	-	-	1	-
£130,000 – £139,999	1	-	-	1	-	-
£120,000 – £129,999	1	-	-	1	-	-
£110,000 – £119,999	-	-	-	2	-	-
£100,000 – £109,999	1	-	1	1	-	-
£90,000 – £99,999	4	-	-	2	-	1
£80,000 – £89,999	5	1	1	3	3	-
£70,000 – £79,999	5	1	2	7	2	1
£60,000 – £69,999	14	6	-	11	8	4

Of the senior employees 30 CIPFA (2020: 28), 9 CIPFA Business Ltd (2020: 14) and 4 CIPFA C.Co Ltd (2020: 6) are members of the pension schemes. Employer pension contributions made on behalf of senior employees in 2021 was £756,000 (2020: £827,000).

Remuneration of key management personnel

Key management is made up of the chief executive and the executive directors. CIPFA's total cost, including pension and national insurance, for key management personnel for 2021 was £1,122,000 (2020: £1,215,331). The total cost for the chief executive, including pension and national insurance, was £246,000 (2020: £241,444).

Volunteers

CIPFA is supported by a strong network of volunteers who play a vital role advancing our objectives of advancing public finance, promoting best practice, educating and training student members and regulating and supporting members.

Volunteers sit on our Council, boards, committees and policy panels; they also undertake regional engagement and are involved in organising regional events.

7 Pensions

CIPFA operates two pension schemes for its staff:

The Local Government Pension Scheme – this is a statutory, defined benefit pension scheme. Pension benefits in the scheme are determined by reference to an individual's pensionable pay at retirement and their length of scheme membership. The Local Government Pension Scheme is administered through 100 funds across the UK. CIPFA is an admitted body in the Wiltshire Pension Fund, which is administered by Wiltshire County Council.

On 1 January 2007, CIPFA took the decision to largely close the scheme to new members, with membership only offered where business need dictates and approved by the Remuneration Committee.

The scheme is contributory for both employer and employees. Total contributions recognised in the statement of financial activities during 2021 were £1,175,138 (2020: £1,072,000). During 2021 dialogue commenced with Wiltshire Pension Fund to close the Scheme to future accrual. At the date of signing these accounts those discussions had not concluded.

The CIPFA Personal Pension Plan – this is a defined contribution, money purchase scheme, operated on behalf of CIPFA by Aegon. Pension benefits payable under the scheme are dependent upon contributions made and fund growth over the life of the scheme.

This scheme replaced the Local Government Pension Scheme as the default scheme for CIPFA employees joining on or after 1 January 2007.

The scheme is contributory for both employer and employees. The scheme allows for minimum employee contributions of 3%, with the employer contributing double the employee contribution up to a maximum of 10%.

The total pension cost to the group for the financial year, in respect of the pension schemes, for 2021 were £1,784,000 (2020: £1,654,000).

The Local Government Pension Scheme

The assets and liabilities of the Wiltshire Pension Fund of the Local Government Pension Scheme are subject to a full actuarial valuation every three years in accordance with the requirements of the Local Government Pension Scheme (Administration) Regulations 2008. The latest valuation of the scheme was carried out as at 31 March 2019.

With effect from 1 April 2017 the "employer's" contributions are made up of two elements – a fixed sum annual payment for past service and an employer's contribution rate of 26.0% of pensionable earnings for future service until the next triennial valuation. At the March 2019 valuation CIPFA had a pension deficit of £4,567,000.

The assumptions used in the actuarial valuation as at 31 March 2019, together with the market value of assets and funding level were:

Rate of return on investments	3.3%
Rate of increase in salaries	2.7%
Retail price inflation	2.3%
Funding level for CIPFA staff	95.0%
Deficit for CIPFA staff	£4.567m

The actuary has valued the pension scheme in accordance with FRS 102 for the purpose of the statutory financial statements. FRS 102 methodology differs from that used in the triennial funding valuation, particularly in the determination of the discount rate.

The FRS 102 disclosures are shown below.

The amounts recognised in the balance sheet are as follows:

	2021 **£000**	2020 £000
Fair value of employer assets	**113,290**	107,410
Present value of funded obligations	**(143,778)**	(145,940)
Present value of unfunded liabilities	**(35)**	(37)
Net (underfunding) in funded plans	**(30,523)**	(38,567)
Net (liability)	**(30,523)**	(38,567)
Amount in balance sheet:		
Liabilities	**(30,523)**	(38,567)
Assets	**-**	-
Net (liability)	**(30,523)**	(38,567)

Reconciliation of defined benefit obligation	**2021** **£000**	2020 £000
Opening defined benefit obligation	**145,977**	127,224
Current service cost	**638**	787
Past service cost	**-**	-
Interest cost	**2,018**	2,524
Contribution by members	**125**	150
Actuarial (gains)/losses	**(745)**	18,252
Past service losses	**-**	-
Losses on curtailments	**-**	-
Benefits paid	**(4,200)**	(2,960)
Closing defined benefit obligation	**143,813**	145,977

Reconciliation of fair value of employer assets	**2021** **£000**	2020 £000
Opening fair value of employer assets	**107,410**	100,072
Expected return on assets	**1,482**	1,985
Contributions by members	**125**	150
Contributions by the employer	**1,126**	1,177
Actuarial (loss)/gain	**7,347**	6,986
Estimated benefits paid	**(4,200)**	(2,960)
Closing fair value of employer assets	**113,290**	107,410

Recognition within the statement of financial activities	**2021** **£000**	2020 £000
Current service cost	**(638)**	(787)
Past service cost	**-**	-
Interest cost	**(2,018)**	(2,524)
Expected return on employer assets	**1,482**	1,985
Past service loss	**-**	-
Contributions by employer	**1,126**	1,177
Losses on curtailments and settlements	**-**	-
Total amount (charged)/credited within net incoming resources	**(48)**	(149)
Actuarial gain/(loss)	**8,092**	(11,266)
Total amount (debited)/credited to statement of financial activities	**8,044**	(11,415)

The major categories of plan assets as a percentage of total plan assets	2021	2020
Equities	**54%**	**52%**
Bonds	**34%**	**37%**
Property	**12%**	**11%**
Cash	**0**	**0**

Principal assumptions at the balance sheet date	2021	2020
Pension increase rate	**2.9%**	2.4%
Salary increase rate	**2.8%**	2.0%
Discount rate	**1.9%**	1.4%
Assumes life expectations on retirement age 65:		
Current pensioners – males	**21.9**	21.7
Current pensioners – females	**24.4**	24.0
Future pensioners – males	**22.9**	22.5
Future pensioners – females	**26.2**	25.5

The amounts for the current and previous periods are as follows:

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Defined benefit obligation	(143,813)	(145,977)	(127,224)	(110,654)	(117,881)
Scheme assets	113,290	107,410	100,072	89,177	92,056
(Deficit)	(30,523)	(38,567)	(27,152)	(21,477)	(25,825)

8 Intangible assets

A Group	Other £000	Assets under construction £000	**Total £000**
Development at cost			
At 1 January 2021	816	177	**993**
Additions	-	128	**128**
Transfers	91	(91)	**-**
Impairment	-	(63)	**(63)**
At 31 December 2021	907	151	**1,058**

Amortisation			
At 1 January 2021	441	-	**441**
Charge for year	97	-	**97**
At 31 December 2021	538	-	**538**
Net Book Value 31 December 2021	369	151	**520**
Net Book Value 31 December 2020	375	177	**552**

B CIPFA	Other £000	Assets under construction £000	**Total £000**
Development at cost			
At 1 January 2021	355	177	**532**
Aquisition during year	-	128	**128**
Transfers	91	(91)	**-**
Impairment	-	(63)	**(63)**
At 31 December 2021	446	151	**597**

Amortisation			
At 1 January 2021	269	-	**269**
Charge for year	36	-	**36**
At 31 December 2020	305	-	**305**
Net book value 31 December 2021	141	151	**292**
Net book value 31 December 2020	86	177	**263**

Intangible assets relate to product software, delivery and supports software, the costs of learning material to support students training for the professional qualification and migration of our servers to Amazon Web Service. The assets under construction relate to the periodic refresh of the learning materials, and an interface to assist recognition of our apprenticeship income streams.

9 Tangible fixed assets

A Group	Freehold land & buildings £000	Furniture & Fittings £000	Computers £000	**Total £000**
Cost or valuation				
At 1 January 2021	13,550	1,396	2,615	**17,561**
Revaluations	250	-	-	**250**
Additions	-	-	108	**108**
At 31 December 2021	**13,800**	**1,396**	**2,723**	**17,919**
Depreciation				
At 1 January 2021	-	1,332	2,519	**3,851**
Charge for year	191	55	66	**312**
Revaluations	(191)	-	-	**(191)**
At 31 December 2021	**-**	**1,387**	**2,585**	**3,972**
Net Book Value 31 December 2021	**13,800**	**9**	**138**	**13,947**
Net Book Value 31 December 2020	13,550	64	96	13,710

B CIPFA	Freehold land & buildings £000	Furniture & Fittings £000	Computers £000	**Total £000**
Cost or valuation				
At 1 January 2021	13,550	1,172	2,178	**16,900**
Revaluations	250	-	-	**250**
Additions	-	-	107	**107**
At 31 December 2021	**13,800**	**1,172**	**2,285**	**17,257**
Depreciation				
At 1 January 2021	-	1,154	2,108	**3,262**
Charge for year	191	16	49	**256**
Revaluations	(191)	-	-	**(191)**
At 31 December 2021	**-**	**1,170**	**2,157**	**3,327**
Net Book Value 31 December 2021	**13,800**	**2**	**128**	**13,930**
Net Book Value 31 December 2020	13,550	18	70	13,638

The tangible fixed assets are held for charitable use.

Cushman & Wakefield, Property Consultants, completed a desktop valuation of the Mansell Street property as at 31 December 2021. The basis used for the valuations was open market value. The historical cost of the freehold land and buildings is £13,572,000.

10 Investment property

Group and CIPFA	2021 £000	2020 £000
Cost		
At 1 January	**6,975**	**7,100**
Revaluation	**225**	**(125)**
At 31 December	**7,200**	**6,975**

The investment property relates to the third and fifth floors of the Mansell Street property.

11 Investments in subsidiary company

	2021 £000	2020 £000
400,100 £1 ordinary shares in CIPFA Business Ltd	**400**	400
75 £1 ordinary shares in CIPFA C. Co Ltd	**-**	-
	400	400

12 Other investments

Group and CIPFA	2021 £000	2020 £000
At 1 January	**9**	9
Movement in year	**-**	-
At 31 December	**9**	9

As one of five major accountancy bodies, the Institute holds 70 £1 shares in CCAB Ltd at a cost of £70 (7% of the issued equity capital). Other investments comprise a number of funds that have been established either by way of donations in memory of eminent accountants within public finance or from various organisations.

13 Deferred tax

A deferred asset of £22,000 (2020: £12,000) exists at 31 December 2020 in respect of timing differences. However, the asset has not been recognised in the balance sheet as it is not deemed likely to crystallise given CIPFA Business Ltd's policy and practice of remitting all taxable profits to CIPFA under gift aid.

14 Stocks and work in progress

	Group		CIPFA	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Finished goods	**-**	4	**-**	1
Work in progress	**476**	295	**391**	156
	476	299	**391**	157

15 Debtors

	Group		CIPFA	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Trade Debtors	**2,942**	2,314	**1,200**	1,213
Amounts due from subsidiary undertakings	**-**	-	**822**	464
Other debtors	**134**	225	**57**	70
Prepayments	**293**	323	**256**	215
	3,369	2,862	**2,335**	1,962

16 Creditors: amounts falling due within one year

	Group		CIPFA	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Trade creditors	**1,107**	1,084	**628**	574
Amounts due to subsidiary undertakings	**-**	-	**1**	6
Other tax and social security	**951**	2,107	**451**	356
Other creditors	**141**	100	**68**	47
Receipts in advance	**3,502**	3,305	**1,319**	1,103
Property provision	**1**	4	**1**	4
Commercial loan	**-**	505	**-**	-
	5,702	7,105	**2,468**	2,090

Receipts in advance of £3,502,000 (2020: £3,305,000) relate to professional membership and commercial services that will be delivered in the next financial year.

17 Commercial loan

	2021	2020
	£000	£000
Balance at 1 January	**1,156**	1,640
Repayments	**(1,156)**	(484)
Balance at 31 December	**-**	1,156

	2021	2020
Analysis of commercial loan	**£000**	£000
Within one year	**-**	505
Within two to five years	**-**	651
	-	1,156

CIPFA Business Limited had a commercial loan of £2,000,000 which was secured on the Mansell Street, London property. The loan was repaid in September 2021.

18 Group funds

	Balance at 1 Jan 2021	Transfers	Income	Expenditure	Other recognised gains/losses	**Balance at 31 Dec 2021**
	£000	£000	£000	£000	£000	**£000**
Unrestricted funds						
Designated (property)	14,638	1,156	-	-	-	**15,794**
Designated (other fixed assets)	712	236	-	(281)	-	**667**
Revaluation reserve	4,731	-	-	(191)	666	**5,206**
Other charitable	2,484	(1,363)	26,507	(22,507)	-	**5,121**
Pension reserve	(38,567)	-	-	(48)	8,092	**(30,523)**
	(16,002)	29	26,507	(23,027)	8,758	**(3,735)**
Restricted funds						
Trust funds	9	-	-	-	-	**9**
Regional funds	33	-	-	(1)	-	**32**
Minority interest	55	(29)	96	(101)	-	**21**
Total funds	(15,905)	-	26,603	(23,129)	8,758	**(3,673)**

	Balance at 1 Jan 2020	Transfers	Income	Expenditure	Other recognised gains/losses	Balance at 31 Dec 2020
	£000	£000	£000	£000	£000	£000
Unrestricted funds						
Designated (property)	14,154	484	-	-	-	14,638
Designated (other fixed assets)	611	402	-	(301)	-	712
Designated (contractual dispute)	500	(500)	-	-	-	-
Revaluation reserve	4,906	-	-	(192)	17	4,731
Other charitable	(619)	(386)	26,191	(22,702)	-	2,484
Pension reserve	(27,152)	-	-	(149)	(11,266)	(38,567)
	(7,600)	-	26,191	(23,344)	(11,249)	(16,002)
Restricted funds						
Trust funds	9	-	-	-	-	9
Regional funds	33	-	-	-	-	33
Minority interest	60	-	226	(231)	-	55
Total funds	(7,498)	-	26,417	(23,575)	(11,249)	(15,905)

Designated fund (property) – The Council has classified as designated funds the element of its reserves which represents the cost of the freehold buildings and investment properties as at 31 December 2015.

Designated fund (other fixed assets) – The Council has classified as designated funds the intangible assets and other non-property fixed assets.

Designated Fund (contractual dispute) – The Council has removed the previously designated £500,000 for future legal costs in relation to the contract dispute relating to the London Counter Fraud Hub contract.

Revaluation reserves (property) – This relates to the revaluation of the freehold and investment properties.

Trust funds – A number of funds have been established either by way of donations in memory of eminent accountants within public finance or from various organisations. The income from the investments is used for prizes in each year's examinations, either for the best subject or the best student in a particular field. A proportion of the funds (£9,000) are administered through a separate charity, Charity Commission Registration 313981.

Regional funds – A number of funds have been established by way of donations in memory of eminent accountants within public finance. The funds are used to support students or further the work of the region.

Minority interest – This represents CIPFA's non-controlling interest in CIPFA C.Co Ltd, of which it owns 88% (2020 75%) of issued shares in the company.

19 Analysis of group net assets between funds

	Designated	Other charitable	Pension reserve	Revaluation reserve	Restricted	**Total**
	£000	£000	£000	£000	£000	**£000**
Fund balances at 31 December 2021 are represented:						
Intangible assets	520	-	-	-	-	**520**
Tangible fixed assets	8,741	-	-	5,206	-	**13,947**
Investment property	7,200	-	-	-	-	**7,200**
Investments	-	-	-	-	9	**9**
Current assets	-	10,844	-	-	32	**10,876**
Current liabilities	-	(5,723)	-	-	21	**(5,702)**
Long-term liabilities	-	-	-	-	-	**-**
	16,461	5,121	-	5,206	62	**26,850**
Pension liability	**-**	**-**	(30,523)	**-**	**-**	**(30,523)**
Group net assets/(liabilities)	**16,461**	**5,121**	**(30,523)**	**5,206**	**62**	**(3,673)**

	Designated	Other charitable	Pension reserve	Revaluation reserve	Restricted	Total
	£000	£000	£000	£000	£000	£000
Fund balances at 31 December 2020 are represented:						
Intangible assets	552	-	-	-	-	552
Tangible fixed assets	8,979	-	-	4,731	-	13,710
Investment property	6,975	-	-	-	-	6,975
Investments	-	-	-	-	9	9
Current assets	-	9,139	-	-	33	9,172
Current liabilities	(505)	(6,655)	-	-	55	(7,105)
Long-term liabilities	(651)	-	-	-	-	(651)
	15,350	2,484	-	4,731	97	22,662
Pension liability	-	-	(38,567)	-	-	(38,567)
Group net assets/(liabilities)	15,350	2,484	(38,567)	4,731	97	(15,905)

20 Leasing commitments

At 31 December 2021 the future minimum lease payments under non-cancellable operating leases were as follows:

A Group	**Land & buildings 2021 £000**	**Other 2021 £000**	Land & buildings 2020 £000	Other 2020 £000
Leases that expire:				
within one year	**145**	**15**	153	19
within 2 to 5 years	**314**	**1**	377	18
in over 5 years	**-**	**-**	36	-
	459	**16**	566	37

B CIPFA	**Land & buildings 2021 £000**	**Other 2021 £000**	Land & buildings 2020 £000	Other 2020 £000
Leases that expire:				
within one year	**96**	**15**	104	15
within 2 to 5 years	**133**	**1**	183	16
in over 5 years	**-**	**-**	-	-
	229	**16**	287	31

21 Leased assets

At 31 December 2021 the future minimum lease receipts due to CIPFA under non-cancellable operating leases were as follows:

Group and CIPFA	**Land & buildings 2021 £000**	Land & buildings 2020 £000
Leases which expire:		
within one year	**169**	175
within 2 to 5 years	**138**	303
in over 5 years	**-**	-
	307	478

22 Transactions with trustees

The trustees received no remuneration in relation to fulfilling their role as trustees (2020: Nil).

Seven trustees were reimbursed £1,275 for actual travel and subsistence costs necessarily incurred on Institute business (2020: four trustees were reimbursed £2,239). No additional payments were made to trustees.

23 Transactions with related parties

In 2021, the following transactions were incurred between CIPFA and its subsidiaries, CIPFA Business Ltd and CIPFA C.Co Ltd. There are no other related transactions or balances for disclosure in this report.

	2021	2020
	£000	£000
Management fees/recharges charged by CIPFA to CIPFA Business Ltd	**2,079**	2,311
Sales to CIPFA from CIPFA Business Ltd	**-**	(1)
Sales to CIPFA Business Ltd from CIPFA	**3**	10
Sales to CIPFA C.Co Ltd from CIPFA Business Ltd	**58**	1
Amounts due to CIPFA from CIPFA Business Ltd	**765**	254
Amounts due to CIPFA Business Ltd from CIPFA	**-**	6
Amounts due to CIPFA from CIPFA C.Co Ltd	**51**	211
Loan interest charged by CIPFA to CIPFA C.Co Ltd	**2**	6
Gift Aid paid to CIPFA by CIPFA Business Ltd	**4,362**	1,000

Independent auditor's report to the trustees of the Chartered Institute of Public Finance and Accountancy

We have audited the financial statements of the Chartered Institute of Public Finance and Accountancy ('the charity') and its subsidiaries ('the group') for the year ended 31 December 2021 which comprise the Statements of Financial Activities, the Group and charity balance sheets, the Consolidated cash flow statement and notes to the financial statements, including 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 charity's affairs as at 31 December 2021 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 Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's or the group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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 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 charity or to cease operations, or have no realistic alternative but to do so.

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 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.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS102) 2018. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation legislation, employment legislation and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing surrounding recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

15 June 2022

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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