

Annual Report and Accounts

Year ended 30 June 2018



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The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

1 The year in dates and numbers



August 2017

We published the CIPD/High Pay Centre report looking at CEO pay packages in FTSE 100 companies - our most popular media story for the financial year (see page 22).



4,000

The number of members CIPD Asia engaged with by running and presenting at 12 events (see page 16).



300+

The number of organisations around the world who chose us to help them build high-performing HR teams (see page 17).



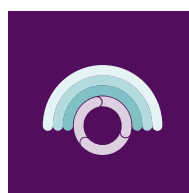
February 2018

We hosted a round table to discuss the Government's response to Matthew Taylor's review of modern working practices (see page 23).



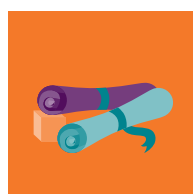
September 2017

We finalised a strategic communications partnership with Haymarket (see page 16).



April 2018

People professionals around the world took part in a survey exploring the knowledge and behaviour areas that make up the new Profession Map (see page 13).



13,962

The number of people enrolled on two new free courses we piloted on the global social learning platform, FutureLearn (see page 15).



149,613

The number of members we had on 30 June 2018 - nearly 2% over our target (see page 7).



November 2017

We signed a Mutual Recognition Agreement with the newly formed Institute of Human Resource Professions (IHRP) in Singapore (see page 16).



1,800

The number of members who actively volunteered their skills in our community investment programmes (see page 18).



January 2018

The Home Office invited us to join its Employer Forum, which aims to make sure a post-Brexit immigration system meets the needs of employers (see page 24).



3,131,878

The total number of visits to our website - up 6% on 2016-17 (see page 24).



2 Reflections from our Chief Executive

How would you characterise the CIPD's year?

We continue to live in interesting and challenging times. The people profession grappled with a range of issues in 2017-18 – from accessing and developing the right skills to building trust, developing positive workplace cultures and planning for Brexit. We've worked hard to support and guide our profession through these hot spots.

We saw continued growth in student and overall membership, both in the UK and internationally, which provides real confidence in the future. And we helped hundreds of organisations to assess and build the capabilities of their HR and L&D teams – we signed some exciting agreements with the likes of Tesco to do just that.

'We saw continued growth in student and overall membership, both in the UK and internationally.'

We've done a lot to make sure we're using our resources efficiently and ended the year with a positive surplus, which we can reinvest in further developing support for our members and the future of the profession. It's also been the first year we've had strategic partners – including Haymarket Media Group, Kogan Page and Croner – at the very core of our business, and they've all performed at or above the metrics we set. We're now working on how we grow together to deliver on our big objectives, which is really exciting.

What particular successes would you highlight?

The idea of good work is at the heart of our purpose. So we were delighted to feed into and help launch Matthew Taylor's review of modern working practices (see page 23). I was particularly encouraged by the growing momentum behind this agenda among policy-makers and business leaders in Scotland and Wales, as well as some of the combined authorities and English regions. These devolved authorities can be very powerful advocates.

'The idea of good work is at the heart of our purpose.'

I'm also very proud of the work we did this year to promote transparency in people reporting. We engaged in consultations on corporate reporting and governance with key regulators and policy-makers, and, through research such as our CIPD/High Pay Centre report on FTSE 100 CEO pay, we've had a strong voice in a

key area for building trust in business and the profession. We also continued to lead, support and challenge on diversity, inclusion and well-being, which feeds directly into good work.

We put our research into practice internally in both of these areas. For example, we appointed an employee to our Remuneration Committee, as well as deepening its remit. And we set up a steering group to align all our thinking and practice on diversity and inclusion.

I'm very pleased too with how we've reached out to so many members and organisations to help develop our new Profession Map (see page 13), which sets the international standard for people professionals to make their greatest impact and thrive in a changing world of work.

What did you hear from the CIPD's members and how did you respond?

From the quarterly surveys we did with members, we know they see us as a trusted and independent voice. But they also challenged us on how they benefit from our membership and how easy we are to connect and engage with.

This year, we continued to invest significantly in improving our customer service and the way we use digital technologies to interact with our members and customers. The two teams that look after our volunteers have also been working more closely together to engage with members and the community. I've always been proud of the work our volunteers (see page 18) do in the local community, from peer-to-peer mentoring to social action around careers and employment issues, and this will continue to be a major theme for 2018-19.

'From the quarterly surveys we did with members, we know they see us as a trusted and independent voice.'

What are you looking forward to in 2018-19?

I'm very excited about the coming year. We'll launch the new Profession Map, then begin embedding it into all aspects of our work. Ultimately, that will include everything from our professional qualifications (and the learning centres accredited to offer them) to our continuing professional development.

We'll continue to push on the big policy themes – from good work to skills, transparency and flexible working (see page 21) – and stay alert to the political changes that affect the world of

'We'll continue to support and encourage our members to bring about positive change in their organisations and communities.'

work. People engagement is high on our agenda and our new alliance with the Engage for Success movement (see page 19) will give us a renewed focus on building understanding and practice around this important component of good work.

We'll also support and enable our members to tackle their challenges and embrace their opportunities.

Our new Customer and Membership Strategy will see

us working hard to improve how they interact with us and access our content. And we'll continue to support and encourage our members to bring about positive change in their organisations and communities.

How do you see the organisation evolving beyond 2018–19?

The world of work has moved on. New specialisms, ways of working and priorities have emerged as roles have diversified – and with them, the role of the people profession has changed forever. This year, we moved from referring to ‘professionals working in HR and L&D’ to talking about ‘people professionals’. This reflects the fact that people are at the

‘We’ve moved from referring to “professionals working in HR and L&D” to talking about “people professionals”, because people are at the heart of what we do.’

heart of what we do. It’s also more inclusive of the wide range of specialisms that make up our profession today, and may join it in the future.

Our core will still be our strong professional membership, with a focus on creating meaningful value for people, organisations and society. But we want to support people coming up into the profession through varied routes who want to learn and be part of the community – even if

they aren’t quite ready to take our entry-level qualifications. The two online open courses, or MOOCs ([see page 15](#)), we recently launched have already had a great uptake, which speaks for itself. Digital learning is especially important in supporting and encouraging people who want to build their HR and people management skills in less mature markets around the world.

We’ll also develop better routes into and through membership, supported by a Profession Map that’s more flexible yet still maintains the high standards and expectations we have of people professionals. We want to work better with the key learning centres that offer our qualifications, supporting career development from the very beginning of people’s learning journey. And we’ll connect with and support other institutes around the world. We’re already doing this in Australia, Singapore and parts of the Middle East. But there’s more we can do to work together to create great content that’s easily accessible through our digital platforms.

And of course, as we improve our infrastructure, systems and ways of working for our members and other stakeholders, we’ll also be improving things in the CIPD itself. We want to be a positive role model for the many practices and ideas we espouse, making the CIPD a great place to work for today and tomorrow.

‘We want to be a positive role model for the many practices and ideas we espouse, making the CIPD a great place to work for today and tomorrow.’



3 Our members

We believe people should have good work: work that's purposeful, safe and inclusive, and exists for the long-term benefit of individuals, organisations and society.

To achieve that, we need people professionals to be champions for better work and working lives. That's one of the reasons why we work hard to attract more students to our courses and more members to our community. And it's why we continually strive to improve the support and service we give our members.

Our worldwide community continues to grow

We're pleased to report that we exceeded our membership target for this year. As of 30 June 2018, we had 149,613 members around the world – nearly 2% over our target and up from 146,286 in 2016–17. It's part of a broader trend that's seen membership grow by 11% in the last five years.

This year, our community grew across locations as well as career stages:

- Our strongest growth was in the Middle East, Scotland, Wales and Ireland. Our dedicated teams in those nations and regions have a unique understanding of the local contexts, which has helped us increase our impact and make new connections.
- The Middle East saw a particular increase in the number of Chartered and Student members.
- We closed the year with 49,617 Chartered members overall (97.9% of our target for the year) and 28,586 Student members (14% over target).

A healthy growth in our student numbers

Our total Student members grew from 26,289 in 2016–17 to 28,586 this year. The number of people who registered on a CIPD course during the year also went up from 24,325 to 25,540. Both numbers increased for the seventh consecutive year, helping us to smash our 2017–18 membership target for students by 14%.

We now have 277 colleges, universities and private training providers that deliver CIPD-accredited and approved qualifications. This gives students more than 600 face-to-face study locations to choose from, across 25 countries. This year, we added new locations in

the United Arab Emirates (the Higher Colleges of Technology network) and Ireland (the country's oldest and most prestigious university, Trinity College Dublin). We are also seeing a growth in students choosing to study qualifications digitally.

'I believe HR is the most important element in the success of any organisation. I'm determined to reach the highest standards of practice, and professional recognition from the CIPD will be important in helping me to achieve my career ambitions.'

Waled Al Salman, student at PwC Academy in Dubai.



We're listening to our members and customers

As their professional body, we want our members and customers to trust us to support them in the changing world of work. So this year, we asked them for more feedback than ever.

Our newly launched Brand Perception Survey asks members a range of questions relating to their perception of the CIPD brand and their customer experience. It's a five-minute survey

'We want our members and customers to trust us to support them in the changing world of work.'

that we send to a different quarter of our members every three months. This means that, over the course of the year, every single member gets the opportunity to contribute.

We also held focus groups around the professional standards and the process for upgrading membership. And we looked at what our members told our Customer Service Teams that they value.

Championing the people profession

On the positive side, our members said they see us as their career partner. They also believe we're fulfilling our purpose and championing the people profession.

• To what extent do you think the CIPD is championing the profession?	86%
• To what extent is the CIPD fulfilling its stated purpose?	81%
• To what extent is the CIPD an important partner to you in your career?	80%

(Percentage of the members we surveyed who agreed with the statement 'to a great extent' or 'to some extent' in the Q4 Brand Perception Survey)

On the negative side, the most common complaint among members was that our membership isn't good value for money. We also surveyed non-members, and this research showed there's work to do to raise awareness of the CIPD and to make membership more relevant to their roles and careers.

'There's work to do to raise awareness of the CIPD and make membership more relevant.'

They said	We did								
Members and non-members alike said they valued practical resources, surveys and policy reports the most.	<p>This year we've created or updated:</p> <table><tr><td>6 guides</td><td>10 podcasts</td><td>2 policy reports</td><td>16 research reports</td></tr><tr><td>9 survey reports</td><td>3 webinars</td><td>20 policy responses</td><td>84 factsheets</td></tr></table>	6 guides	10 podcasts	2 policy reports	16 research reports	9 survey reports	3 webinars	20 policy responses	84 factsheets
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Putting the customer and membership experience first

The data we gathered has already helped us to make some short-term changes. But its main use will be in helping us to shape our new Customer and Membership Strategy over the next few years.

The overall aim of our strategy is to deliver excellent value and service for our members. This means people are proud to be our members. It also means they believe our membership offers great value for money, with relevant benefits and services to support them in their careers.

'The overall aim of our strategy is to deliver excellent value and service for our members.'

In April 2018 we established a project team to develop and embed the strategy. Our aim is to make sure nothing holds us back from growing our membership – such as a lack of information, planning or infrastructure. They'll also help us to build a more customer-centric culture.

We already completed the first phase of the project, which involved gathering 88 pieces of customer insight and capturing 148 ideas for improvement. We used this insight to start developing the value proposition and the roadmap for change. But there's a lot we still need to know.

'To ensure we continue to listen, we plan to run a significant member engagement campaign.'


To ensure we continue to listen, we plan to run a significant member engagement campaign in 2018–19. We'll then continue to involve our members and customers as we develop, test and implement the strategy.

Our research to date has shone a light on some of the areas in which we are falling short of member and customer expectations. We'll therefore focus our work in 2018–19 on fixing our infrastructure so that we can give a more consistent and reliable customer experience. This will help us to build advocacy and give us a solid platform for growth. You'll find some specific actions under 'Listen, learn, act'.

Listen, learn, act

What members said	What we've done	What we'll do
CIPD membership isn't relevant to my role or career.	We've made sure the new Profession Map reflects the wide range of career paths available.	<p>We'll launch and embed the Profession Map over the next few years, and explore career paths and routes to membership to make sure there's something relevant for everyone.</p> <p>To make sure we stay relevant, we'll build a volunteer community of members we can call upon for various customer research and testing activities. The customer panel will help us to tap into our members' collective experience and expertise for feedback and guidance that'll help us to innovate and improve.</p>
My membership doesn't offer good value for money.	<p>We've created a dedicated page on our website to make the benefits of membership clearer. Members have already told us it gives them access to benefits they didn't know they had.</p> <p>We've upgraded the EBSCO Information Services platform to make it easier for members to access the online resources they value. This gives them access to the latest thinking in business, HR and L&D on our Journals database.</p>	<p>We'll develop a new 'back to work' section on our website that pulls together all our content to support anyone coming back to work from a break. It'll direct members to our relevant content, including our career hub and career pages, job boards and financial support for members.</p> <p>We'll work with EBSCO to develop a new landing page that gives members a more customer-friendly experience. They'll be able to find information more quickly and easily, as well as save documents.</p>

<p>Your website and customer service experience can make you difficult to deal with.</p>	<p>We've made substantial investments in our digital infrastructure to improve our customer service and the digital experience.</p>	<p>We'll develop and implement a content strategy and a social media strategy to make our content more accessible and to deliver it in a more tailored way.</p> <p>We'll keep investing in improving the digital experience for everyone we come into contact with. And we'll improve the quality, use and value of the data that informs our Customer and Membership Strategy.</p> <p>And we'll keep asking members for feedback every quarter to make sure we're on track.</p>
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 What non-members said	What we've done	What we'll do
<p>I know the CIPD for its continuing personal development and conferences. But beyond that, I'm not aware of what it does.</p>	<p>We've gathered success stories and other content for a major campaign to raise awareness of the CIPD and the great work people professionals do.</p>	<p>We'll run the campaign with our partners, Haymarket Media Group.</p>

Dealing with complaints about our members

All CIPD members must commit to upholding and maintaining the standards and behaviours set out in our Code of Professional Conduct (see cipd.co.uk/ourcode). This year, we received 42 complaints about alleged breaches of the code, down 47% on the previous year.

	Number of concerns raised about CIPD members	% of total members for whom concerns have been raised	Year-on-year difference in number of concerns
2017-18	42	0.02%	-47%
2016-17	79	0.05%	-6%
2015-16	84	0.06%	-15%
2014-15	99*	0.07%	+135%
2013-14	42	0.03%	-2%
2012-13	43	0.03%	

*The spike in numbers in 2014-15 was due to people using our complaints process to report something they might otherwise have taken to the Employment Tribunal. (The UK Government introduced fees for these in July 2013.)

In the six years since our Code of Professional Conduct was re-launched in 2012, we have received a total 389 complaints. Of these, 21 progressed to a hearing. They consisted of:

- 14 complaints about mishandling data – this included complaints originating from employees who have exercised their right to request any information (including email correspondence) held about them, and subsequently discovered concerns relating to a CIPD member's actions
- 4 about the way a member managed a disciplinary process
- 2 about plagiarism
- 1 about bullying and harassment.

To avoid similar complaints, members should:

- 1 Manage data according to regulation (such as GDPR) and the specific policies of their organisation.
- 2 Remember that employees can request to see any information held about them (known as a subject access request).
- 3 Familiarise themselves with plagiarism rules. To help with this, we plan to hold some webinars with colleges and training providers to highlight the rules some members have been falling foul of.
- 4 Clarify the scope of their role or decision-making when dealing with a disciplinary or grievance process – and handle each case with empathy. To help with this, we've developed a member-only, anonymous online discussion forum called 'Workplace dilemmas in confidence'. By giving members a safe place to discuss sensitive issues and get guidance from their peers, we hope to reduce the number of concerns raised in future.



4 Building a bigger and stronger people profession

As the experts in people, work and change, our members and customers have the power to make a real impact in the fast-moving world of work. We're committed to growing the profession, so more workplaces and working people can benefit from that impact.

We also want to make sure people professionals have the support, resources and continuing professional development (CPD) they need at every stage of their careers. So they can continue to champion better work and working lives – now and in the future.

Setting the standards for a profession for the future

People professionals make the biggest impact when they're trusted to make good decisions and do the right thing. But with the world of work shifting so fast, it's a complex time for the profession. Having a strong foundation for effective decision-making is more important than ever.

That's why we've been working to define what the people profession of the future will look like – and what it needs from its professional body.

We wanted the new approach to be created by the profession, for the profession. So we've engaged with more than 19,000 members and people from the wider profession since we started this work in 2015.

We used that feedback to create our professional principles, which launched in November 2016. We've continued to consult widely since then and it's become very clear that we need robust standards, grounded in shared values: principles-led, evidence-based and outcomes-driven.

'We've engaged with more than 19,000 members and people from the wider profession since we started this work in 2015.'

The new Profession Map

2017-18 saw us develop and test a new Profession Map, ready for launch in November 2018. It includes clear standards for the knowledge and behaviours needed to put our shared values into practice and make a tangible impact in the changing world of work. These standards and values will apply irrespective of people's role or specialism, or whether they work for large organisations, SMEs or for themselves.

In 2017-18, we tested the new Profession Map (and the ideas that underpin it) with key stakeholders, our members and the wider profession. This included surveying over 5,000

members and non-members around the world on the behaviours and knowledge areas that make up the Map.

We also ran focus groups, workshops and events, and sought feedback through our online communities. We made changes to reflect the feedback, and noted areas where members said they'd need more help. And we asked relevant industry experts for their input, too.

What people said

'Wow! That's brilliant. Exactly what HR should be.'

participant involved in testing the new Profession Map



'Specific, all-encompassing, future-proofed.'

the words a people professional gave us when we asked them to describe the new standards

'Clear, professional, inclusive, impressive.'

participant involved in testing the new Profession Map



Flexible and fit for the future

We wanted the new Profession Map to be more inclusive of non-traditional career paths and roles, such as consultants and influencers. And we wanted it to focus more on the impact people professionals make – whatever they do in their work.

That's why the Map doesn't prescribe what people professionals should do. Instead, it sets out the knowledge and behaviours they need to make an impact, and the values that guide their approach and decision-making. As a result, it's flexible, easy to use and fit for the future world of work.

'The Map doesn't prescribe what people professionals should do. Instead, it sets out the knowledge and behaviours they need to make an impact.'

The core knowledge and behaviour standards will guide people's practice. The specialist knowledge standards will help them to understand and explore the many career paths available. The specialist standards include three brand new areas: people analytics, diversity and inclusion, and employee experience. We've also redeveloped some existing areas, such as talent and resourcing, organisation development, and organisation design.

The new Profession Map is both an evolution of, and a step change from, the 2013 Profession Map, making it more robust than ever. It now ties professional knowledge and behaviours to the overarching purpose of the people profession – to champion better work and working lives. It will evolve in line with the world of work, updating when the landscape shifts and supporting people professionals to stay future-fit.

What we'll do next

November 2018 will see the launch of the new Profession Map in a brand new area of our website called 'Profession for the Future'. The website will give people professionals everything they need to understand the new Profession Map and navigate change, complexity and uncertainty in the world of work. This will include practical help and success stories to help them apply the Profession Map in their jobs and teams – and develop their careers.

Ultimately, we'll align all our resources and content to the new Profession Map. In the meantime, we'll provide learning support when we launch, and keep releasing useful content, products and services afterwards. This reflects feedback that users would like tools

to help them understand and apply the new Profession Map, and support with areas where they don't feel confident.

Further down the line, we'll review our routes to membership, to make sure they're flexible enough to reflect our changing profession. We'll also develop new qualifications in line with the new Profession Map. And we'll listen to our stakeholders throughout, to make sure the new Profession Map continues to reflect and support people professionals in the fast-changing world of work.

Growing our profession

Two new introductions to HR and people management

In September 2017, we published the outcomes of a pilot programme, People Skills, which JP Morgan funded in 2015–16. The programme gave free HR support to small and medium-sized

'While SMEs lacked knowledge and support, their employment practices improved a lot with the right help.'

businesses (SMEs). It found that while SMEs lacked knowledge and support, their employment practices improved a lot with the right help.

On the back of this success, JP Morgan gave us funding to create a free online course, People Management Skills. This helps SMEs to build their HR capability and suits new and existing line managers as well as small business owners.

In February 2018, we partnered with the global social learning platform, FutureLearn, to pilot the new People Management Skills course. We are also piloting another new course on the same platform. HR Fundamentals gives people considering a career in HR, or who have recently entered the profession with little or no training, an introduction to the principles of good HR practice. It's a good fit for people considering a career in HR, or who have recently entered the profession with little or no training.

'Both courses give people who wouldn't otherwise enrol on one of our short courses or qualifications an introduction to HR and people management, as well as to the CIPD.'

Both courses give people who wouldn't otherwise enrol on one of our short courses or qualifications an introduction to HR and people management, as well as to the CIPD. 13,962 people enrolled on the courses in 2017–18 and 657 upgraded to get a certificate. This gives them permanent and unlimited access to the course content.

'All in all, I have loved the course. It has inspired me to learn more about HR and to take many of the principles learned with me to the workplace and to life in general.'

feedback from an HR Fundamentals course participant

New standards for apprenticeships

The 2012 Richard Review of Apprenticeships recommended a more employer-focused approach to apprenticeships in England. As a result, a number of employer groups were set up to create new Trailblazer apprenticeships focused on the needs of employers. The CIPD has been a key contributor to the HR and L&D Trailblazer group that has now seen the launch of Level 3 and Level 5 apprenticeships in both HR and learning and development.

The CIPD's Level 5 qualification is part of the HR apprenticeship standard at that level. In 2017–18 we made a successful application to become an End Point Assessment Organisation for the HR apprenticeships. This means that anyone who successfully completes their final apprentice assessment with us can apply to become an Associate member of the CIPD.

Building professionalism in Asia

In November 2017, our CEO Peter Cheese signed a Memorandum of Understanding with the newly formed Institute of Human Resource Professionals (IHRP) in Singapore. The agreement reflects our shared vision to develop future-facing people professionals who have a global mindset and can embrace change. The benefits for our local members include access to the IHRP's events, workshops and CPD.

In April 2018, we joined other chartered bodies from Britain on a trade mission to Malaysia, Singapore and Vietnam. The aim was to promote the chartered status and build partnerships with universities, governments and employers. So far, the outcomes for the CIPD include a keynote speaking opportunity, two new training contracts and several potential new training providers.

Helping people professionals to perform at their best

Even better events for our members

Members consistently tell us that they value the professional development opportunities they get from the hundreds of face-to-face events we host each year. So in September 2017, we finalised a strategic communications partnership with Haymarket Media Group to deliver the next generation of events, along with engaging multi-channel content.

The partnership got off to a strong start with the 70th CIPD Annual Conference and Exhibition. Almost 4,200 people attended the conference and exhibition, more than half of whom visited for free. Feedback from attendees, exhibitors and speakers was extremely positive. The event also won Best UK Conference of the Year at the 2018 Conference Awards, with judges describing it as 'very memorable and impressive'.

'Highlight of the year and necessary in all HR professionals' calendars'

attendee at the CIPD Annual Conference and Exhibition 2017



Other events saw similarly strong numbers and feedback. CIPD Asia engaged with more than 4,000 members by running and presenting at 12 events. More than 1,000 budding professionals attended our Student Conferences in Great Britain and Ireland. And CIPD Ireland's Annual Conference had 21% more delegates than in 2016–17. Our branches continue to run almost, 1,000 events each year, meaning they remain our biggest face-to-face method of engagement.

In June 2019, we'll make more of our partnership with Haymarket by holding our first Festival of Work. This will combine three categories – the Future of Work, HR Technology, and Learning and Development – to create the world's biggest celebration of people at work. Around 7,000 people and 130 speakers will attend the festival at Olympia London.

Improved practical support

In September 2017, we partnered with Croner to re-launch our online HR and employment law resource, HR-inform. Along with enhanced and updated employment law resources, the new website also features high-quality tools, such as salary search and job evaluation tools, and employment calculators. There's an expanded model document library with more than 900 templates subscribers can download and adapt. CIPD members get a 50% discount on the price of subscription.

The improvements we made led to a 53% increase in the number of subscribers to the UK service in 2017–18. In April 2018, we launched an Irish version of HR-inform, with content that's specific to Irish employment law.

We also partnered with Croner to offer our new employment law advice line in the UK and Ireland. This offers free support to members and anyone with a subscription to HR-inform. The service runs 24 hours a day, seven days a week, with no cap on call length. The new line received 9,039 calls between January and May 2018, a 119% increase on the same period last year. CIPD members can also use Croner's telephone advice lines for queries about health and safety, tax, VAT, PAYE and commercial.

'The advice provided was so valuable. It was great to have someone confirm my thinking process within minutes. Being able to pick up the phone and talk to someone makes it so much easier for HR professionals like me in standalone roles.'

user of the new employment law advice line

Building high-performing HR teams around the world

We're best known for our work as career partner to individual people professionals. But growing numbers of organisations also choose us to help them build high-performing HR teams. In 2017–18 alone, we partnered with more than 300 organisations around the world – from McCabes Pharmacy in Ireland to Zespri in New Zealand.

In the UK, we worked with Tesco to develop and build the professional credibility of its HR team. Thirty of its people professionals took the Group Experience Assessment (GEA) route to CIPD membership. And 50 more signed up for our new subscription-based hub, the Future of HR and Learning. On top of this, more than 50 John Lewis partners also became professional members through the GEA route.

'The CIPD is now a key strategic partner in helping us to build our HR capability. As an HR director, most of my job should be thinking about the future and developing appropriate people strategies. So where I value the CIPD most is the conversations about where we think people and business trends are heading and, therefore, what our response needs to be.'

James Goodman Chartered FCIPD, HR Director, Tesco



Babcock International has been working with us to develop its HR capability since 2016. This year we partnered with the company's Marine and Technology division to pilot a capability programme designed to develop functional competency across the division's 150 HR roles, so that HR can play a more strategic part in the business. So far, two cohorts of 12 HR business partners and advisers have completed the programme, which incorporates both assessment and development of skills. It has encouraged and supported open discussions

about individual strengths and development areas, and given the leadership team a holistic understanding of broader team development needs.

We also developed our presence and reputation in the Middle East by signing significant agreements with three major organisations. Partnering with Saudi Arabia's Institute of Public Administration, we'll use our research, qualifications and new Profession Map to improve people management in public services. We'll also support the development of more than 600 HR and L&D employees at Saudi Aramco and more than 200 at the Abu Dhabi National Oil Company. These contracts made us the HR capability partner of choice for the two biggest national oil and gas companies in the region.

At the time of writing, we are aware of the diplomatic and political pressures around recent events concerning Saudi Arabia. As countries in the Middle East, including Saudi Arabia, are seeking to improve people management practices to encourage more nationals into the workplace, we believe our work is having a positive impact and is aligned with our charitable purpose. Through our regional presence, we are well placed to influence the development and advancement of HR professionals as well as monitor and manage our relationships and brand. However, as with any changes to political and economic context, we have to be aware of changing circumstances and potential risks – reputational or otherwise. We will always seek governmental or other appropriate external guidance in judging any response.

Building professionalism through volunteering

Every year, thousands of volunteers help us to champion better working lives through activities ranging from mentoring fellow professionals, to supporting job seekers in the

'Around 1,800 CIPD members volunteer their experience in our community investment programmes.'

transition from education to meaningful employment. Their work has a tangible impact in the world of work. But it also contributes to their own professional development, and helps to raise the profile and status of the profession as a whole.

Around 1,800 CIPD members volunteer their experience in our community investment programmes. We also have around 800 branch volunteers who use their skills to

promote the CIPD and give back to the profession.

In 2017-18, the teams who support our two different volunteer structures started working more closely together. The aim is to give our volunteers a more joined-up service and to make our branches the focal point for engaging with members at a local level. By doing this, we hope to encourage more members to engage with their branch and put our policy and research into practice in their organisations. This year alone, our branch volunteers delivered 970 different seminars, workshops, conferences and networking events to enable our members and the wider profession to learn from one another. They explored topics and insights relevant to people professionals today and in the future, through an important local lens.

We also extended our members' volunteering activities to include championing our 'good work' agenda in their organisations. In an eight-month pilot, 15 members campaigned for their employers to pay the Living

Wage. Two employers signed up and the scheme won the 2018 Living Wage Champion Award for Innovation from the Living Wage Foundation.

'This year alone, our branch volunteers delivered 970 different seminars, workshops, conferences and networking events to enable our members and the wider profession to learn from one another.'

In April 2018, we launched a Flexible Hiring Champions pilot with the Timewise Foundation, who look to persuade organisations that flexible working opportunities should be built into roles. This saw us recruit 20 CIPD members in London and Manchester, from a range of sectors and organisations. For the duration of the pilot, they'll work to increase the number of flexible roles in their organisations and beyond.

Making a difference in communities

Since 2016, we've partnered with the Careers & Enterprise Company (CEC) to recruit Enterprise Adviser volunteers from across our membership. Enterprise Advisers are senior-level business volunteers who work with schools to bring the world of work to life for young people.

This year, we referred 212 people professionals to the programme, exceeding our target of 200. Of the total number of Enterprise Advisers currently in the programme, we referred 35%. And we've had feedback that they're of a very high quality.

Our impact report showed that 93% of the Enterprise Advisers we recruited would recommend the programme to other people professionals. And one of our members, Chartered Fellow Roger Wilson, won the CEC's 2018 Enterprise Adviser of the Year award.

'It's immensely enriching in two ways: (1) personally, in working with a population I wouldn't come into contact with otherwise and helping them secure their future; and (2) hopefully it can be enriching for the school to get a different perspective, ideas and contacts. It brings greater diversity.'

Enterprise Adviser



1,020 members acted as mentors in our Steps Ahead Mentoring programme in 2017-18. They helped young people, parents returning to work and people over 50 with their job search. Of the people they mentored, 53% found jobs.

'I was a bit nervous about it, but my mentor was very reassuring, a good listener and at the end of every telephone conversation made me feel better about myself. I felt as if I could go out and get a job that better suited me.'

Mentee on Steps Ahead Mentoring programme for parents and carers



Bringing Engage for Success into the CIPD family

Engagement is a core theme for the HR profession and a crucial part of championing better work and working lives. As a result, many people professionals have been part of the voluntary social movement, Engage for Success, which promotes employee engagement.

In 2017-18, we built on our existing strong relationship with Engage for Success by forming an alliance. In June 2018, we took full ownership of the movement, and the coming financial year will see us become responsible for its operations.

This gives us the opportunity to strengthen the links between our organisations by bringing together the Engage for Success structures with the CIPD networks. By working together to understand and address employee engagement challenges and opportunities, we'll help Engage for Success to have an even bigger impact.



5 Making the case for better work

As their professional body, we know that people professionals want us, first and foremost, to be their voice. We do this by making the case for better work – and raising the profile of the people profession as its champions.

We carry out research and build up evidence for what better work means, now and in the future. We share our findings and opinions with business people, policy-makers, investors and the media. And we drive positive change on important issues, such as gender pay gap reporting.

Leading the conversation about people and work

The world of work is changing fast. And as it changes, it creates new areas where we could have a voice on issues that matter to people, organisations and society.

That's why we concentrated our research, thought leadership and policy efforts in 2017–18 on six areas. These are areas where we felt there was a real need for change – and where we could lead the conversation.

'Our campaigns received around 3,250 pieces of coverage in the national media.'

This gave us a framework for thinking and talking about people and work. It helped us to give valuable input into topics as diverse as sexual harassment in the workplace and the potential impact of Brexit on employers and workers. And it allowed us to continue being a strong

voice on the world of work across broadcast, national and business media in the UK. Our campaigns received around 3,250 pieces of coverage in the national media. They also made more of an impact than in 2016–17 as our spokespeople were quoted more regularly and the coverage appeared more prominently.

'Looking at its agenda items and areas of focus, and the relevance of those topics, the CIPD has definitely been evolving to match the complex, uncertain world most businesses are operating in today.'

Sharon Whitehead, Chartered FCIPD and Global Vice President of Human Resources at the Kerry Group



Our six areas of focus

1 Defining the future of the people profession

The CIPD is driving the debate about what the people profession will look like in the future. As part of our initiative, The Future of Work is Human, we held discussion dinners for CEOs and round tables for HR directors. And we partnered with Impact Hub Birmingham to run a pioneering workshop, the Birmingham Big Tent, for thinking about the future of work in the region.

We also worked with the European Association of People Management (EAPM) to run our first People Profession survey. The results, due to be published in November 2018, will help people professionals at every level, and in all roles, to benchmark themselves against other practitioners, and understand the factors that can help them progress in the changing world of work.

‘We also worked with the European Association of People Management (EAPM) to run our first People Profession Survey.’

2 Building diverse and inclusive organisations

Research has shown that organisations with diverse workforces perform better than their less diverse peers. So the diversity and inclusion (D&I) agenda sits well with our goal of making work better for people, organisations and society.

‘The diversity and inclusion (D&I) agenda sits well with our goal of making work better for people, organisations and society.’

In 2017–18, we worked to identify and promote HR practices that would result in jobs that are inclusive of different abilities and needs. This included designing roles around individuals, rather than ‘inputs’, such as fixed hours.

Among our outputs were a factsheet on job design and several reports and guides. *Diversity and Inclusion: Facing up to the business case* (June 2018) looked at the evidence for D&I and suggested actions for business leaders. *Barriers to BAME Employee Career Progression to the Top* (December 2017) offered insight and guidance to help employers understand and break down the barriers. We followed this with forums for HRDs and CEOs, along with a podcast series. And a guide we produced in partnership with Uptimize, *Neurodiversity at Work* (February 2018), gave people professionals practical advice on how to make the most of the diverse thinking styles in their organisations.

3 Supporting lifelong skills development

Thanks to the pace of change in the world of work, everyone now needs to learn new skills throughout their working lives. In 2017–18, we looked at how to make sure people have the skills they need to access work. Then we considered how they could fulfil their potential by continuously learning, developing and applying those skills.

For example, in January 2018, we produced a research report, *Assessing the Early Impact of the Apprentice Levy: Employers’ perspective*. This shared the findings of a YouGov survey of 1,000 eligible employers, and revealed that half of them wanted an overhaul. The report, which also featured our insights and recommendations, resulted in a double-page spread in *The Times* and a comment piece in its business section. And a separate, practical guide we produced for our members received

‘Our practical apprenticeships guide received 7,000 page views and more than 5,000 downloads.’

7,000 page views and more than 5,000 downloads.

We used the findings to lobby the UK Government to turn the apprenticeship levy into a training levy. And the CIPD currently sits on the employer group for the Scottish Apprenticeship Advisory Board, which gathers insights from employers on how to support and encourage them to offer apprenticeships.

'Support for apprentice levy goes up in flames'

Headline of a story in *The Times* on our research report, *Assessing the Early Impact of the Apprentice Levy: Employers' perspective* (11 January 2018)

4 Improving corporate governance and transparency

With surveys showing levels of trust in business are at record lows, a key challenge facing many organisations is the need to improve standards of corporate governance. To help address this, organisations need to improve the way in which they report (both internally and externally) on how they invest in, manage and develop their people – and the impact this has on sustainable performance. We've been at the forefront of highlighting this important need to policy-makers, including the Financial Reporting Council (FRC).

In early 2018, we drew upon our research and insights from senior HR leaders to respond to the FRC's consultation on a revised Corporate Governance Code. The new code (published in July 2018) reflected many of our recommendations. It requires boards to explain their approach to investing in and rewarding their workforce and to focus much more on providing opportunities for employee voice in different ways.

The issue of workforce reporting has also become increasingly high profile as a result of the introduction of the Gender Pay Gap Reporting regulations. In April 2018, Peter Cheese and Charles Cotton (Senior Adviser – Reward Policy) provided a strong commentary on gender pay gap reporting in the national and HR media, ahead of the government deadline for reporting.

Another area we have shone a light on this year is the controversial one of CEO pay and the need for greater transparency. In August 2017, we published the first CIPD/High Pay Centre report on CEO pay packages in FTSE 100 companies. Our headline finding was that, although CEO pay fell by 17% between the financial years 2015 and 2016, it would still take the average UK full-time worker on a salary of £28,000 (median full-time earnings) 160 years to earn what an average FTSE 100 CEO is paid in just one year.

'There are many actions we can take now,' says Peter Cheese. 'These include more flexible working roles and opportunities and ensuring recruitment, development and promotion processes are truly unbiased and inclusive.'

Tweet from the CIPD on the gender pay gap (4 April 2018)

The story made the front page of the *Financial Times* and *City AM*; many other media outlets, such as BBC News, covered it too. Overall, it was our most popular media story for the financial year.

'FTSE chiefs hit with £1m pay cuts following outcry from investors'

Front-page coverage of the CIPD/High Pay Centre report, *Executive Pay 2017: Review of FTSE 100 executive pay packages*, in the *Financial Times* (3 August 2017)

5 Making work good and meaningful for everyone

Changes such as the evolution of the gig economy have the potential to transform the workplace, today and in the future. In 2017–18, we continued to comment, build evidence and develop thought leadership on what the modern world of work looks like. And we focused on helping employers to give their people positive day-to-day experiences of work, including through their employment status and rights. This would allow employers to listen to the voices of the many, not the few.

‘We continued to comment, build evidence and develop thought leadership on what the modern world of work looks like.’

Our outputs included publishing the UK’s first comprehensive measure of job quality, the *UK Working Lives* survey, in April 2018. A big media and social campaign, along with an attractive landing page and a summary report, drew well-deserved attention to this important work.

The *Financial Times* and *The Times* covered the report and #ukworkinglives trended on Twitter. The Carnegie Trust has also cited it as ‘a particularly valuable new resource in supporting the broader aim of improving job quality measurement in the UK’.

‘What do you think work looks like in the UK? According to our new #UKWorkingLives survey, it’s pretty good, but we shouldn’t get complacent...’

Facebook post from the CIPD on the publication of our first UK Working Lives survey (11 April 2018)

We were key stakeholders to the Department for Business, Energy and Industrial Strategy (BEIS) on its ‘good work’ agenda, particularly surrounding the Taylor Review of Modern Working Practices and flexible working:

- We fed some of the findings from our 2016–17 research into the gig economy into the Taylor Review. And we hosted a round table with the then-Parliamentary Under Secretary of State for Small Business, Consumers and Corporate Responsibility, Andrew Griffiths MP, on 7 February 2018. (The same day, the Government released its response accepting 52 of the 53 recommendations in the review.)
- We held focus groups with members of our Senior Policy Forum to inform the consultations that followed the review. These have made sure the Government continues to hear the CIPD’s and the profession’s voice strongly on this important topic. At the time of writing, we were waiting for the response to these consultations.
- In March 2018, the BEIS invited Peter Cheese to co-chair a flexible working task group. This brought together government, business groups, professional bodies and key charities with the purpose of making flexible working more widely available across the economy. The group will sit for 18 months and report directly to Kelly Tolhurst, Minister of State for Small Business, Consumers and Corporate Responsibility.

We also promoted good work on a regional level. We began working with the Mayor of London to put together a Good Work Standard, including practical guidance, for employers in London. The mayor’s team will release the charter later in 2018. We’re also looking to work with the Metro Mayor for Manchester on his Good Work Charter in 2018–19. And we held positive discussions with the Mayor of the West Midlands about how to implement the recommendations of his Leadership Commission through the HR profession.

6 Responding to the external environment

We continued to lead the conversation about issues affecting the people profession and our ability to achieve our goal of better work and working lives.

In January 2018, we secured a seat at the table of the Home Office's Employer Forum, which aims to make sure a post-Brexit immigration system meets the needs of employers. And in March 2018, we produced *Preparing for Brexit through Workforce Planning*, a practitioner's guide to preparing a resourcing strategy for life outside the EU. This proved exceptionally popular with our members. We also met with senior politicians and officials regularly throughout the year, including Caroline Nokes, Minister of State for Immigration.

'We also made a number of appearances in front of parliamentary select committees to help inform their recommendations to government.'

The CIPD continued to partner with the Adecco Group UK & Ireland to provide forward-looking data in the quarterly *Labour Market Outlook*.

In May 2018, BBC News covered the report, which explores hiring, pay and redundancy intentions among employers.

We also made a number of appearances in front of parliamentary select committees to help inform their recommendations to government. The issues we spoke on included executive pay, productivity in small businesses, sexual harassment in the workplace and older workers. And we continued to discuss our positions on public policy through one-to-one meetings with relevant government ministers. In 2017-18, we met Esther McVey, Secretary of State for Work and Pensions, Anne Milton, Secretary of State for Apprenticeships and Skills, Yvette Cooper, Chair of the Home Affairs Committee, and Rachel Reeves, Chair of the Business, Energy and Industrial Strategy Committee.

Reaching more people across and beyond our profession

Our website continued to attract more interest. The number of visits topped the 3 million mark – up 6% on last year. Our social media presence grew, too. The biggest increase – 15% – was in our Facebook group, which now has 8,393 members. Overall, we ended the year with 25,156 followers on Facebook, a 9.8% increase on 2016-17. Our Twitter followers swelled to 102,906, up 9.1%. We also had 121,870 followers on LinkedIn and 47,104 in our LinkedIn group (up 4.2%).

Our online stats improved in the rest of the world, too. Our website in Asia, cipd.asia, attracted around 4,000 visitors a month, with its pages on short training courses and qualifications getting the most hits. And its social media presence grew impressively quickly. In 2016-17, it had just 2,522 followers on Facebook; in 2017-18, it had 4,800, a growth of 90%. Our LinkedIn page also grew by 85%, ending the year with 1,066 followers. Twitter also saw strong increases.

In the Middle East, cipd.ae attracted around 8,500 visits a month. Its Facebook followers grew from 2,937 in July 2017 to 3,980 a year later – an increase of 36%. Over the same period, its followers on LinkedIn grew by 163%. And CIPD Ireland's website, cipd.ie, had 99,922 visits during 2017-18 – around 8,300 a month. Over the year, its Twitter profile also grew from 1,972 to 2,312 followers, up by 17%, and its Facebook page saw growth of 9%.

A place to share, debate and problem-solve

Now in its fifteenth year, our thriving online community continued to provide valuable peer support for members – and to those considering entering the profession. More than 30,000 people visited the discussion forums and blogs each month, registering almost 2 million page views (a 21% increase on 2016–17). The Future of Work is Human – an open community we created to engage with people outside of the profession with a passion for the topic – grew to more than 1,000 users. And one third of all visits to our online community were made using a mobile phone or tablet.

‘Now in its fifteenth year, our thriving online community continued to provide valuable peer support for members – and to those considering entering the profession.’

This level of engagement showed that members and others appreciated having places to share and debate ideas, as well as solve problems. They frequently commented on the quality of the discussion, and how the forums provide a safe environment to ask for guidance and share good practice.

What people said

‘One of my biggest resources and I urge anybody I speak to to use it!’



‘These forums are great for a sense-check. Sometimes it isn’t about what you know or how experienced you are; you just need to have somewhere you can go to check in with people you can trust.’

‘There are other HR groups out there in the virtual world, but this one stands apart for the quality of the debate.’



Local heroes

Following Britain’s vote to leave Europe, it became increasingly important for our nations and regions teams across the UK and Ireland to tailor their message to the local and political context. So in April 2018, we published the results of our first UK Working Lives survey on a national and regional basis. This local focus helped our branches to build stronger relationships with policy-makers, businesses and investors. The summer *Labour Market Outlook*, which publishes in August, will also provide data for all UK nations and regions. This will give a bigger sample and allow us to talk with more insight on what’s happening in different regions.

‘In the aftermath of the Brexit vote, it was more important than ever that our nations and regions teams across the UK tailored their message to the local and political context.’

In Scotland, the CIPD continues to engage its members in many ways – ranging from large-scale conferences to smaller HR leader roundtables. Our Annual Conference in Scotland saw nearly 500 people gathering in Edinburgh to discuss ‘Adapting to the future world of work’ (May 2018). This followed an engaging discussion with HR leaders the evening before on ‘Culture wars, insider threats and other people risks for organisations’ – one of a series of discussions designed to provoke thought and insight across the most senior in the profession in Scotland.

In Wales, we launched a Public Policy Forum to tackle the challenges (and take advantage of the opportunities) of managing and developing people in Wales, receiving a wide range of media coverage. The team's now working with the Minister for Welsh Language and Lifelong Learning, Baroness Eluned Morgan AM, to deliver a series of round tables where CIPD members can discuss the devolved government's Employability Plan.

In Northern Ireland, Peter Cheese hosted an HR Leaders' Network discussion in May 2018. Speakers from Deloitte and Catalyst NI joined senior HR leaders to discuss the importance of technology and people development in creating and sustaining a thriving Northern Ireland economy. They also debated how government and the wider economy should work together to do it – and what that means for HR.

In Ireland, we rolled out a programme of engaging with HR leaders, addressing issues such as shaping corporate governance and contributing to research commentary. And members of the team spoke at events with government departments to address the gender pay gap, organisational culture and the significant pensions' gap.

What we'll do next

The idea of 'good work' will be a golden thread that runs through everything we do. The results of our first People Profession survey will help to shape our thinking on how to make sure the future of work is human. As part of these efforts, we'll report on the outcome of some research with PA Consulting into how people and technologies can augment each other in the workplace. The case studies that result will provide important evidence and insights that could support new business models, skills and capability requirements for organisations and HR.

We'll focus our research and evidence-building on three areas: skills, flexible working and transparency. We'll also drive positive change on important issues, such as gender pay gap reporting and BAME inclusion at work. We'll continue to carry out research and gather evidence on the apprenticeship levy. And as part of our ongoing focus on the Profession for the Future, we'll provide practical ways for people professionals to have a greater impact and thrive in an evolving world.

We're also working with Haymarket Media Group on an exciting campaign, celebrating the people profession. The campaign will start with 'MyWork' – an exploration of the positive experiences people have at work and what excites, motivates and engages them. We'll follow this with a campaign looking at the pivotal role HR and L&D professionals play in shaping these positive experiences in the workplace.



6 Supporting our people to succeed

As the professional body for the people profession, we know that championing better work and working lives starts with our own organisation. And we believe in putting what we know into practice.

That's why we value and develop our employees to succeed in their careers, as well as contribute to our success. We aim to provide purposeful work, along with the structure and skills to make a difference. We also create great career opportunities and support people's well-being at work.

What our people do and who they are

We undertake a wide range of activities to help people professionals to be the experts on people, work and change. As a result, our employees have diverse skills – from the research and policy advisers who develop our thinking, to the people in our contact centre who give our members and customers a great experience.

We have 316 employees in our offices in the UK, Ireland, Singapore and Dubai. Supporting this core workforce are 2,850 volunteers and associates. This includes

members who act as the face of the CIPD at a local branch level, as well as those involved in our community investment initiatives. It also encompasses people who help us consider alleged breaches of our Code of Professional Conduct.

In recent years, we've focused on developing more efficient and effective ways of doing what we do. As a result, our employee numbers have declined while our membership numbers have continued to grow.

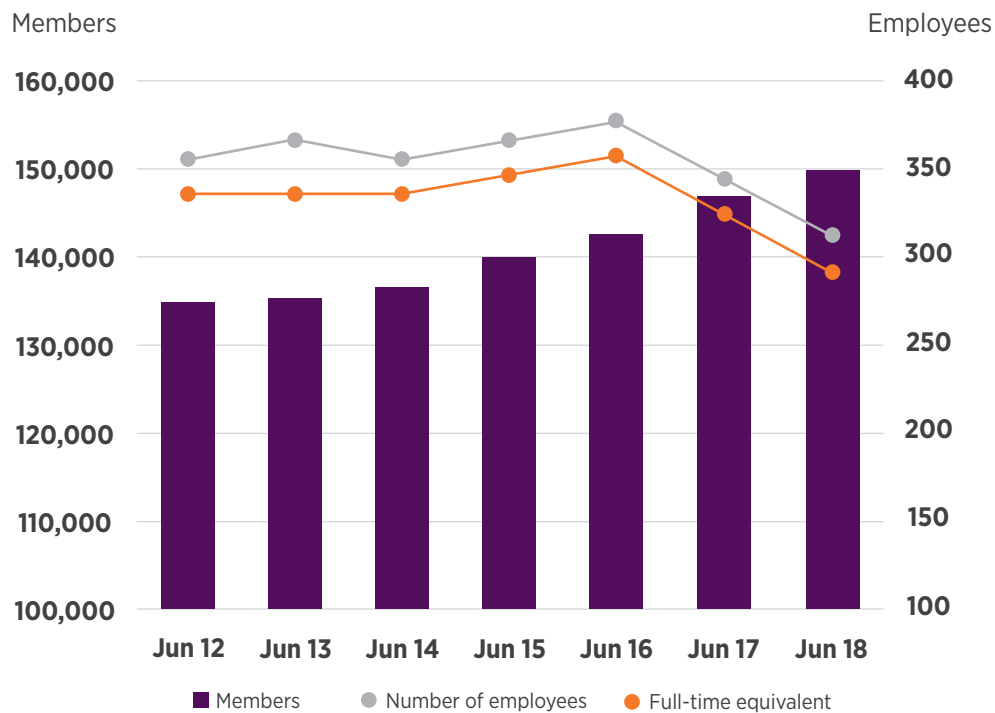
The reduction in our employee numbers reflects actions we took in phases one and two of delivering our 2021 strategy.

The first phase, 'Getting in shape' (December 2016), saw us review our costs. As a result we closed some vacancies, changed the focus of several roles and, as a last resort, removed certain roles through redundancy to deliver a more cost-effective organisation.

'Our employees have diverse skills – from the research and policy advisers who develop our thinking, to the people in our contact centre who give our members and customers a great experience.'

During the second phase, 'Playing to our strengths', 17 of our people moved to Haymarket Media Group in August 2017, following the formation of our strategic partnerships approach. And as part of the third phase, 'Going for growth', we carried out a full review of our organisational structure and people strategy.

Figure 1: Our workforce and our members



How we align ourselves around what we do

We used our strategic goals, along with feedback from our employee pulse survey, to develop our people strategy. The updated strategy, which we agreed in May 2018, has three main priorities:

- to make sure we can achieve our ambitions for the future
- to support our people to perform at their best
- to role-model our purpose of championing better work and working lives.

Throughout May and June 2018, we carried out a culture survey. Our aim was to understand how people feel they're expected to behave, and where that may (or may not) be helping us to be effective.

In the coming financial year, we'll work with all our people to help us understand the results. We'll then define and develop the skills and behaviours that will help the CIPD to deliver on its objectives – and keep being a great place to work.

A clear structure that reflects our goals

In 2017–18, we continued to evolve our organisation around our core functions, as well as what we want to achieve.

Part of this was to create three new directorates: Membership, Professional Development and Research, Policy and Content. David D'Souza was appointed to lead our Membership Directorate, which brought together our membership development, engagement and customer service teams to keep our focus on our members and membership growth. It also

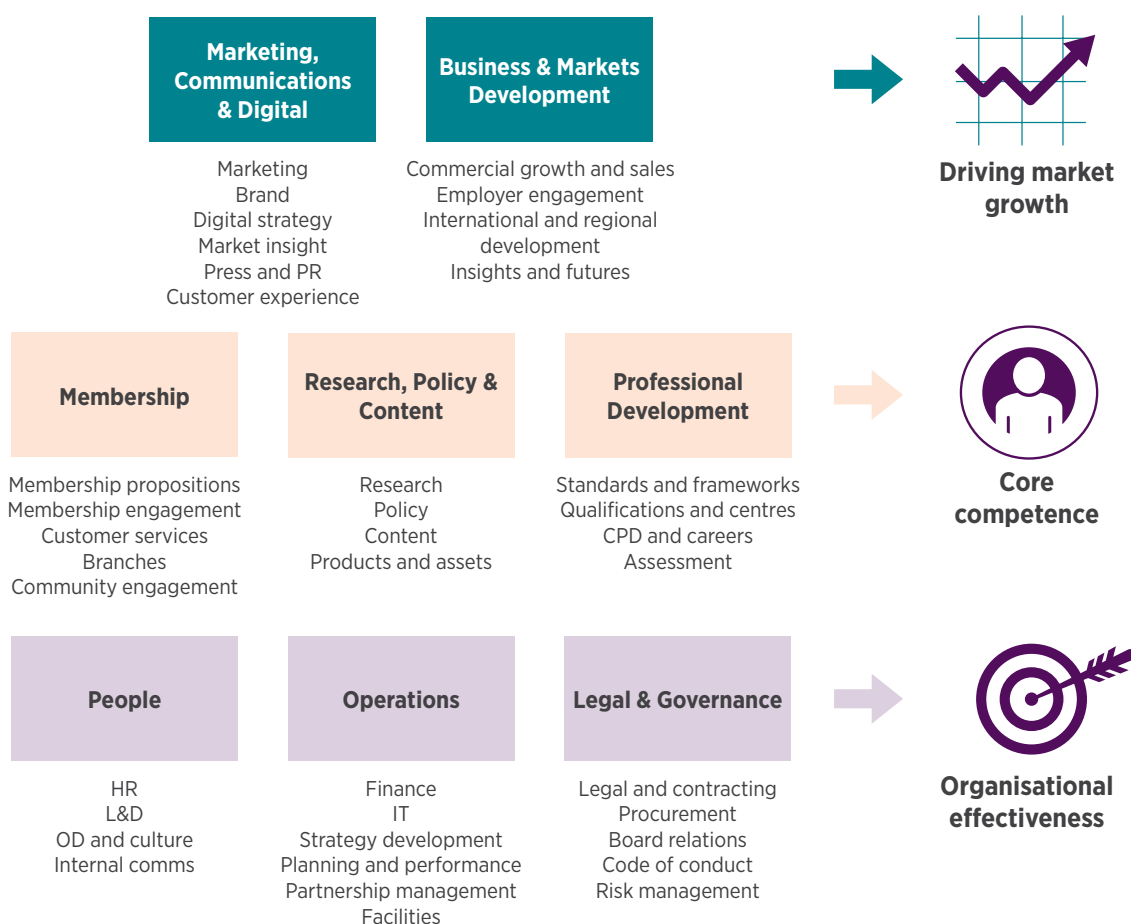
includes the two teams who support the work of our volunteers.

The new Professional Development Directorate, led by Victoria Winkler, brings together the development of the CIPD's professional standards, including assessment, qualifications and CPD, with a focus on ensuring that our professional designations and qualifications are of the highest standard and quality.

Meanwhile, our new Research, Policy and Content Directorate will bring together our research, policy and content teams. This will strengthen the important links between our activities – from research through to practice. In doing so, it'll also unlock other opportunities to create value for our members and stakeholders. We'll formally appoint a director in 2018–19.

As a result of these changes, we now have a structure that makes it very clear who does what in our organisation. Each of our eight directorates has a director who sits on our Senior Leadership Team and reports into our CEO, Peter Cheese.

Figure 2: Directorate and organisational structure (March 2018)



To perform at their best, all our people need a 'line of sight' from their own objectives to the departmental and directorate scorecards and the CIPD's over-arching goals. In 2017–18, we made this easier by clarifying our strategic priorities. We then put tools in place for people to link their own objectives to those priorities and track their own progress.

Playing to the strengths of our partners

To be as efficient and effective as possible, we need to focus our efforts on the things we do best, and pass our non-core activities to our partners. To bring us closer to this goal, we created a Head of Partnerships role and team within our Operations Directorate. We'll use this new function to strengthen our partnerships and improve the way we work together.

Understanding our people

The better we understand our people, the better we can support and develop them and provide our leaders with HR insight that enables effective decision-making. To do this, in January 2018 we replaced our existing e-HR platform with a cloud-based system, and digitised all of our previously paper-based employee records.

‘The better we understand our people, the better we can support and develop them and provide our leaders with HR insight that enables effective decision-making.’

The new system makes sure we're GDPR-compliant while improving our ability to analyse and understand people information, such as diversity and inclusion, and performance management. It also gives our people ownership of their own objectives and personal development.

Employee engagement

Employee feedback is another important part of understanding our people. In 2017–18, we continued encouraging them to regularly complete our ‘always-on’ employee pulse survey. This measures our employees’ satisfaction with (and the level of importance they give to) various areas, including:

- leadership, salary and benefits
- our working environment
- understanding (and being involved with) our strategy.

‘Line management’, ‘work-life balance’ and ‘working environment’ remained the factors people were most satisfied with in 2017–18. The areas that recorded the lowest satisfaction levels were

“Line management”, “work-life balance” and “working environment” remained the factors people were most satisfied with in 2017–18.’

‘leadership’, ‘opportunity’ and ‘PACE values’ (Purposeful, Agile, Collaborative and Expert).

We responded to these results by reorganising the directorates to make it clearer who is accountable for what.

We also embarked on a comprehensive

leadership development programme that incorporates the latest thinking in organisational systems theory.

Work to understand the factors behind the scores will continue into 2018–19. And we'll address them through the dedicated work streams in our people strategy that focus on:

- the CIPD experience
- future capability
- a strategically aligned and outcomes-focused business.

Listening to our people

The Sounding Board is a group of employees nominated from across the business that meets every quarter to represent the collective 'voice' of the people in the organisation. It identifies the topics people are talking about and makes recommendations to (or asks questions of) the Senior Leadership Team and the People Team. It then shares information with colleagues and helps to explain change.

The group discusses a wide range of topics, including:

- vision, strategy and organisational goals
- feedback and ideas for what we can improve
- change initiatives and engagement
- new legislation, codes of practice and ethics that affect the business
- improvements to our working environment
- people development
- health and safety.

Feedback from the Sounding Board influences the initiatives that emerge from our people strategy.

Reporting on our workforce

One output of our research into transparency and governance is a report on how UK FTSE 100 companies report on their workforces – and how reporting could improve.

The report, *Hidden Figures: How workforce data is missing from corporate reports*, explains the benefits of reporting effectively on people. It also suggests a framework for reporting, based on seven main people risks:

- talent management
- health and safety
- employee ethics
- diversity and equality
- employee relations
- business continuity
- reputational risk.

In May 2018, our People Team began working closely with our Research Team to identify how the CIPD can adopt this risk reporting framework for its own workforce. We'll continue this work in 2018–19, defining our people risks under these categories and developing appropriate ways to mitigate them.

How we develop, motivate and retain our people

We want our people to feel motivated and supported to perform and stay working for the CIPD, so it can achieve its ambitious goals. As a result, we're pleased to report that 2017–18 saw a drop in the number of people choosing to leave.

Our voluntary turnover was 13.8%, down on the previous year's figure of 15%. Of those who opted for an exit interview, 54% said they were leaving to pursue the next stage of their career. And 91.67% of the people who completed our leavers' survey said they'd recommend the CIPD as a place to work.

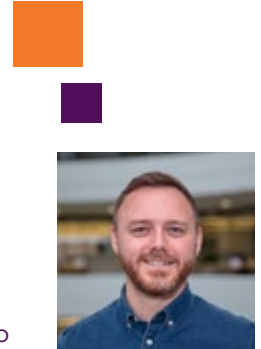
Offering new ways to learn

In 2017–18, we increased our focus on developing our people. And we explored the different opportunities we could give our people to learn. We focused these opportunities on six core areas: leadership, future core capability, personal development, well-being, compliance and professional development.

Each year, we set out a business plan and ask our people to work in cross-organisational sprint or project teams to pursue some of our goals. This is an effective way of making changes and improvements in an agile way. It's also a great opportunity for our people to learn and grow. In 2017–18, our sprint activities gave them the chance to help shape and evolve our business model.

'The sprint project was a great opportunity to work with colleagues all around the business. We challenged ourselves to deliver quick wins as well as longer-term recommendations that would benefit our members and the profession. Knowing our work was feeding directly into wider CIPD strategic decision-making added to the pressure, but also made it more rewarding.'

Tony Chapman, from our Centre Development Team, on the sprint he led to assess the way we deliver our qualifications.



We also created opportunities for apprentices in Marketing, Digital and Communications and Membership, Branch and Community Engagement. We welcomed two apprentices to our workforce and contributed £3,700 per month to the apprenticeship levy. We're continuing to evolve our ethos around apprentices and expect to take on at least three more in the coming financial year.

Developing our leaders

In May 2018, our Senior Leadership Team embarked on an experiential learning programme to support our drive for systemic leadership. The programme incorporates the latest research in systems awareness and will run for 11 months. It'll develop core leadership skills and competencies around:

- implementing our strategy and engaging people in our goals
- creating and sustaining effective teams
- navigating change
- developing the skills to become a learning organisation.

This will lead to a more joined-up and effective way of working: one that's proactive, and considers interdependencies with other teams at the start.

In 2018–19, we'll extend this systemic leadership approach to our line manager development programme, 'Leading the CIPD Way'. This currently focuses on understanding the business and working to clear goals, building and maintaining meaningful relationships and developing line managers and their people. In 2017–18, 99% of our line managers took part in the programme.

'I feel that my potential in the organisation has always been recognised and that I've been actively encouraged to try new things and push myself in new roles. Whenever there's been something I want to influence or improve, I've had the chance to do that and go where I feel I can make the maximum impact.'

Sinead Costello, Head of Partnerships



Fair and competitive pay

As the professional body for experts on people, work and change, we know that pay matters. We identified it as one of the seven dimensions of job quality in the first *UK Working Lives* survey. And we believe in rewarding people fairly and competitively for the work they do.

Our pay scales allow us to compete effectively in the employment market while staying true to our charitable status. We pay above the Living Wage and benchmark our salaries against the external market.

'We know that pay matters. We identified it as one of the seven dimensions of job quality in the first UK Working Lives survey.'

The minimum CIPD salary is £17,745, the average (mean) salary is £44,069 and our chief executive earns a salary of £258,500. This gives a maximum ratio of 15:1 and an average of 6:1.

The average salary of our senior leadership (excluding our CEO) is £125,388, which gives an average ratio of 3:1. This reflects both the demands and high-profile nature of our senior roles and the ambitious agenda of our chief executive.

We continually look to improve our structures and processes around pay and reward. In July 2017, we devolved responsibility for deciding annual pay awards to our leaders. They use

'In March 2018 we appointed a staff member to our Remuneration Committee, following an open application process.'

consistent, market-related information, and factors such as experience, performance and growth opportunities, to make informed and affordable decisions.

In March 2018 we appointed a staff member to our Remuneration Committee, following an open application process. This was a significant and positive move for us, reflecting the recommendations we made in our response to the Government's green paper on corporate governance in 2017.

'There are many high-profile issues around remuneration transparency and, with the increasing external focus on wider workforce issues, it's a great opportunity to contribute from within the governance structure.'

Louise Bullen, on her appointment to the Remuneration Committee



We're proud to be one of the first organisations to have taken this step, which follows the Financial Reporting Council's corporate governance code. The code was revised in February 2018 following an extensive consultation process. We were pleased to see our research and insights about the evolving role we believe remuneration committees can play in good governance – and in helping the board to understand the employee perspective – reflected in the new code. Having an employee's perspective on topics such as organisational reward, succession planning and our gender pay gap has been extremely useful.

Building a diverse, inclusive and healthy workforce

To make sure our people are happy and productive, we try to be as inclusive as possible and welcome people from all backgrounds. We also encourage people to bring their whole

'We also encourage people to bring their whole selves to work.'

elves to work. In doing so, we also create the conditions for the diversity of thought that will allow us to innovate and perform at our best.

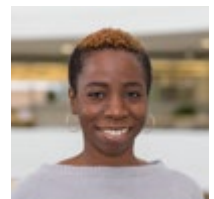
In April 2018, we formed an inclusivity steering group to create synergies between our various employee groups and make better use of their resources. This reflected the recommendations in our positioning report, *Have Your Say: Alternative forms of workplace voice* (September 2017).

The group consists of representatives from various internal employee groups, as well as from our People Team and Public Policy Team. It also includes people who focus on mental health and well-being. Through it, we've been able to raise awareness of areas such as LGBT+, race, gender and disability.

To keep evolving the make-up of our workforce, we'll focus on activities that encourage as diverse a group of people as possible to apply to work with us. We'll also look for inclusive ways to spot talent. And we'll make sure everyone gets the chance to progress, and sees role models within the CIPD.

'There are a number of employee groups across the organisation, including our LGBT+ and EmbRACE groups. They're all eager to promote diversity and raise awareness of important topics. Having the Inclusivity Steering Group ensures that we are all singing from the same hymn sheet and contributing towards the wider CIPD strategy.'

Tope Ladejobi, Senior Project Manager, ISS, who represents our health and well-being champions on the Inclusivity Steering Group



What our workforce looks like

As of 30 June 2018, 70% of our employees were female. In our Senior Leadership Team the gender balance was 50:50.

Figure 3: Our gender breakdown

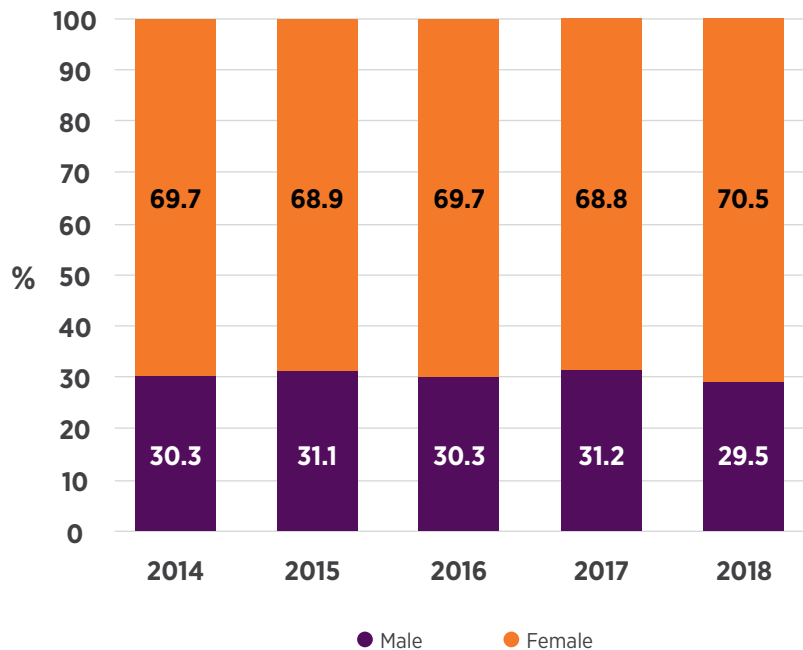
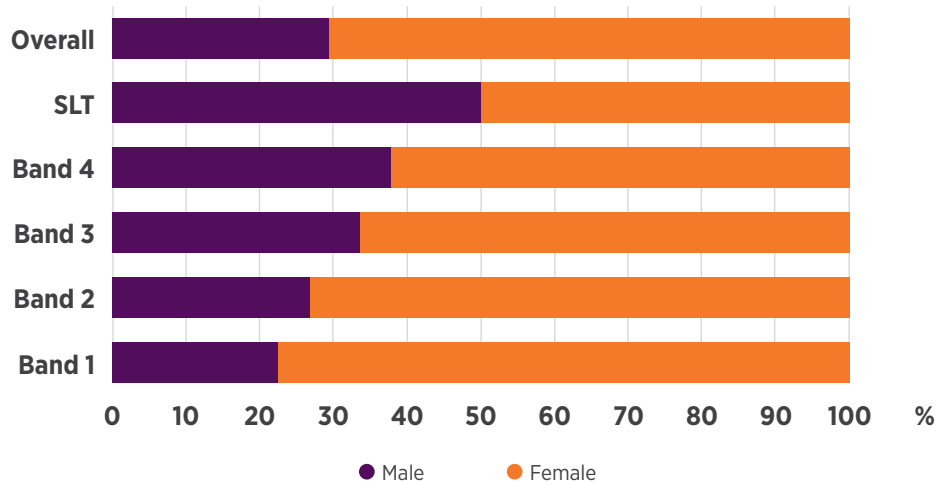


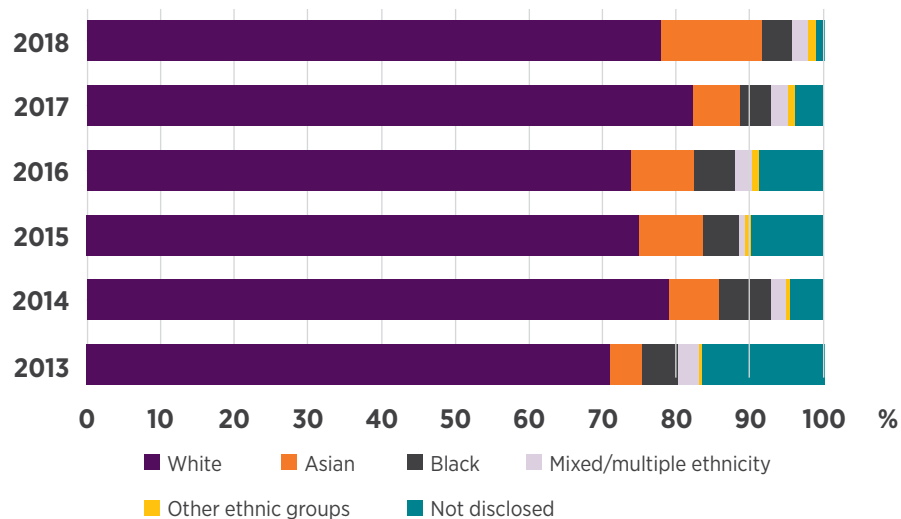
Figure 4: Gender profile by job band, 2017-18



Of our total workforce, 18.5% identify themselves as being from an ethnic background other than white European. As a sign of our growing culture of inclusivity, in 2017-18, just 1.25% of our people around the world chose not to disclose their ethnic background for our employee records. In 2013-14, the figure was 17.4%.

Currently, 1.3% of our global workforce identify themselves as living with a disability. We are recognised as a 'Leader' in the Government-led initiative 'Disability Confident'. This means we take an inclusive approach to hiring and staff development, and make reasonable adjustments to jobs and the working environment. But it also means we use our external influence to help make more workplaces accessible, diverse and inclusive.

'We are recognised as a "Leader" in the Government-led "Disability Confident" initiative.'

Figure 5: The ethnic make-up of our workforce

Promoting a flexible workforce

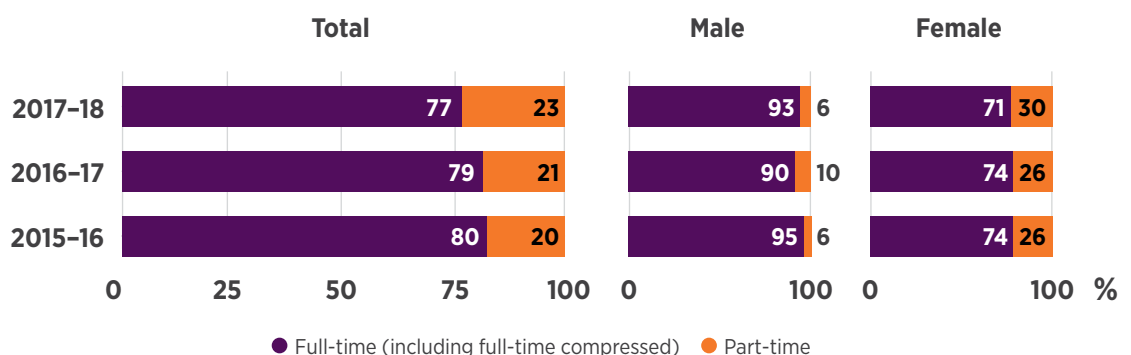
Our June 2018 report, *Diversity and Inclusion at Work: Facing up to the business case*, showed that we should value what workforce flexibility can bring to businesses. And we believe in championing that philosophy at the CIPD. We recently refreshed our flexible working policy to encourage more informal arrangements between our people and line managers. We also updated the strapline in our adverts to encourage recruiting managers and candidates to talk about flexible working.

This activity has resulted in a small increase in part-time work patterns among our people (see Figure 6). But we believe there's more to flexible working than this. We have many people who work remotely, for example. And we adapt traditional working patterns to suit both the business and individual needs. However, only three people currently have a formal arrangement to work full-time compressed hours.

‘We also updated the strapline in our adverts to encourage recruiting managers and candidates to talk about flexible working.’

Figure 6: Our flexible workforce statistics

Part-time vs full-time hours



'I have an eight-year-old son and previous jobs haven't provided me with the flexibility or support I needed to be the best parent I can be. Working at the CIPD has given me the opportunity to balance my home commitments with doing a job that I really care about, and that makes a difference to other people's lives.'

Vicky Dmochowski, Marketing Communications Executive,
Brand and Communications



Raising awareness of mental health

In 2017-18, our overall level of sickness absence (short- and long-term combined) was above the UK average for the first time in five years. This was partly due to an increase in longer-term sickness related to mental health issues.

Figure 7: Our sickness absence, 2014-18

Average days of absence per employee per year



*UK average based on ONS report 'Sickness absence in the UK labour market'

We're keen to avoid longer-term absences due to people not taking the time off when they first need it. In 2017-18, we worked hard to develop line managers' understanding of the signs to watch out for, and how to provide a supportive environment. We also introduced a financial well-being programme that provides advice and support for anyone experiencing financial difficulty.

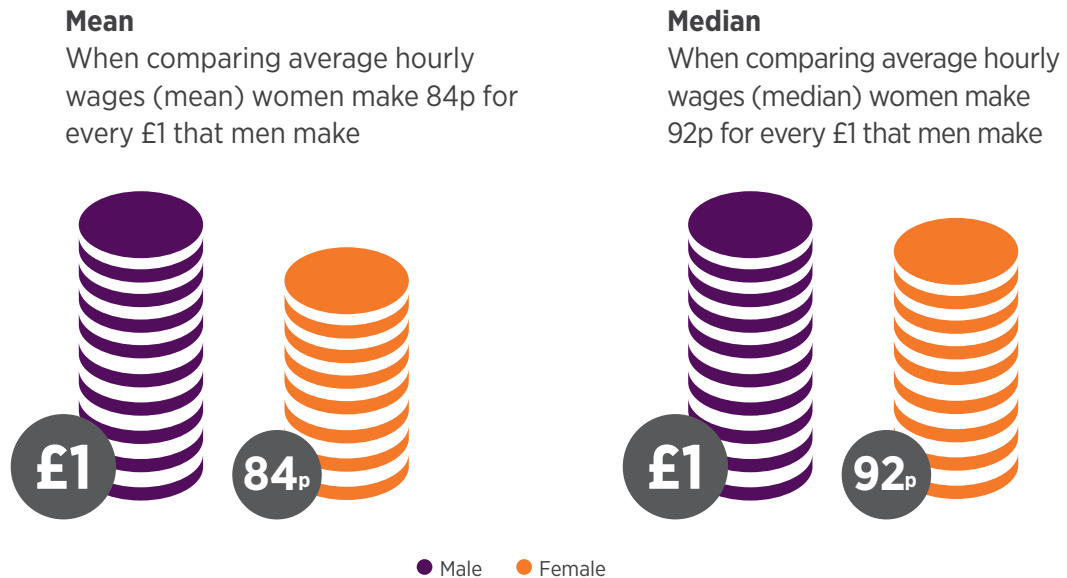
'22 of the people in our Wimbledon office volunteered to become well-being champions, offering help and advice to their colleagues.'

We continued to run activities such as mindfulness and exercise sessions at our head office in Wimbledon to help our people stay healthy. And 22 of the people in that office volunteered to become well-being champions, offering help and advice to their colleagues. We'll continue these efforts in 2018-19 as part of our ongoing commitment to mental health awareness and support.

Reporting on our 2018 gender pay gap

For the second year of gender pay gap reporting, we collected our gender pay gap data on 6 April 2018. It revealed a mean gender pay gap of 15.7% (up from 14.9% in 2017) and a median gender pay gap of 7.6% (down from 10.8%) within our UK workforce.

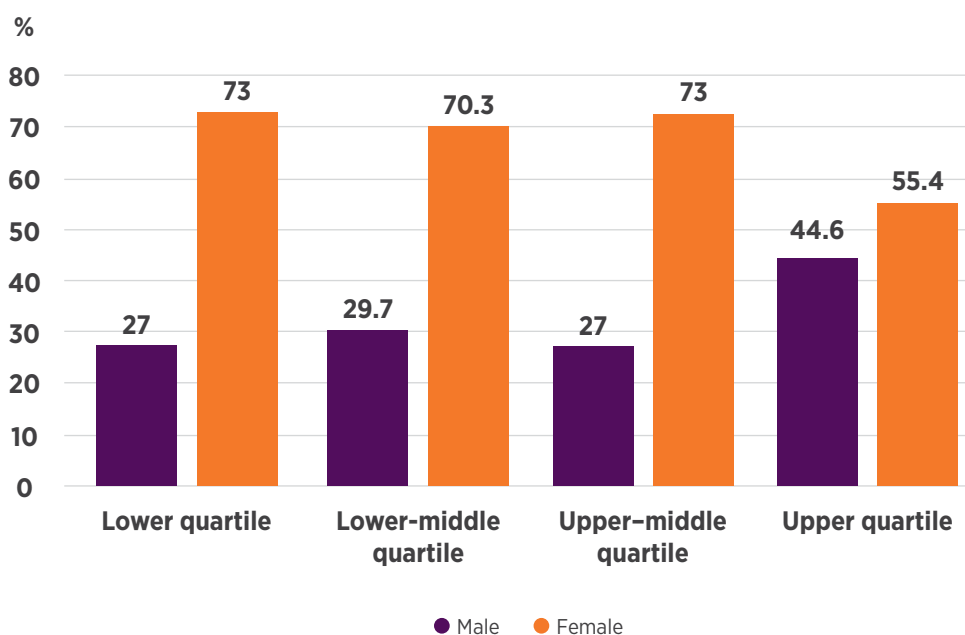
Figure 8: Mean and median pay gap (April 2018)



As of 6 April 2018, 68% of our UK workforce was female and 32% was male (up from 31% in 2017). Women also outnumbered men at every level of our workforce. But more than half of women (106) were in roles in the lower and lower-middle pay quartiles, while 95 were in the upper and middle pay quartiles. That's compared with 42 men in the lower and lower-middle pay quartiles and 53 in the upper and middle pay quartiles.

The gender mix of our Senior Leadership Team also had a significant impact. For example, having a male CEO accounted for 4.1% of our mean gender pay gap in 2018.

Figure 9: The CIPD's UK workforce by pay quartiles (April 2018)



Our bonus pay gap

As part of our wider salary and bonus review in July 2017, informed by insights from behavioural science regarding the ways in which employees respond to reward, we took the decision to remove annual bonuses linked to individual and organisational performance.

Instead, during our July 2017 salary review, managers were given the discretion to award a small one-off payment to individuals who demonstrated outstanding performance and went the extra mile in their role.

As of April 2018 (when we took the snapshot data for gender pay gap reporting), 10.5% of men (compared with 85% in 2017), and 11.4% of women (compared with 87.0% of women) had received one of these payments in the previous 12 months. However, half the men who received a payment were in the upper pay quartile, compared with just a fifth of women. This resulted in a bonus pay gap of 3.0% mean (down from 16.0% in 2017) and 30.0% median (up from 17.6% in 2017).

To help close our bonus and pay gap, our people strategy sets clear guidelines for managers making decisions about promotions, salary increases and one-off rewards. We give managers training to help reduce unconscious bias and provide them with market evidence to help guide their decisions. The people team also give managers a steer on appropriate reward mechanisms.

For more in-depth analysis of our gender pay gap, and our action plan for 2018–19, please see our gender pay gap report at cipd.co.uk/gpgr

'I've never felt that my gender has been a barrier to my career at the CIPD. I'm proud to work for an organisation that champions diversity, inclusion and flexibility within the workforce.'

Victoria Winkler, Professional Development Director





7 Financial performance

A strong financial performance is crucial to our ability to develop a sustainable, future-fit organisation that's able to meet the needs of our customers, business and our people. Over the year, we've expanded our strategic partnerships, improved our digital provision, extended our international reach and increased our membership, all of which contributed to us ending the year with an operating surplus of £2.5 million, which we will reinvest in the development of the profession.

Key financial highlights:

- a £2 million (8%) increase in membership revenue
- an increase in membership assessments and number of students enrolled on our qualifications
- all strategic partnerships beat their financial performance targets
- a significant increase in revenues from international operations
- a strong operating surplus of £2.5 million¹
- investment of £1.4 million in strategic development projects through our designated funds.

Income

Overall our revenues were £37.3 million. This was lower than last year because of the transfer of some activity to our strategic partners. Excluding this activity, our income increased by 6%.

Our largest revenue stream is from membership services – subscriptions, assessment, qualifications and exams. Over the year, our membership grew by 2.3% to 149,613 by the end of June 2018. We saw particular success in attracting students. Membership income grew by 8%.

In September 2017, we successfully extended our strategic commercial partnerships by:

- transferring our commercial events portfolio to Haymarket, to add to the existing magazine production
- signing a contract with Croner to run our HR-inform (HR online knowledge resource) platform.

¹ Excluding investment gains of £0.7 million, and a pension gain of £2.2 million relating to the CIPD's defined benefit pension scheme.

The strategic partnership portfolio also includes delivery of digital qualifications through Avado and publishing activity through Kogan Page. We have commission or profit-share arrangements with each partner and they all met or exceeded the financial targets we set.

Internationally, income from all three locations (Middle East, Asia and Ireland) increased year on year, with the Middle East and Asia performing significantly better than target and compared with the previous year. The Middle East office landed new programmes and entered new markets, mainly through its partnership model. Focusing more on the local market and by working through local development partners, we grew our qualifications income in Asia. Our presence in these markets remains part of our strategy to internationalise our brand, grow connections to a broader base of HR communities and better support our members. We are committed to funding the offices to achieve that ambition.

The training courses run by our trading subsidiary CIPD Enterprises is another important source of income. The GDPR and Law on Tour courses performed above target this year, but the trend away from face-to-face training towards digital learning meant we saw an overall decline in revenue from training courses. Nevertheless, this same trend meant that our online qualifications, run by CIPD Enterprises in partnership with Avado, went from strength to strength, attracting 2,933 students from 98 countries during the year. The CIPD's profit share from this activity continues to grow.

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Expenditure

In 2016 we set aside £10 million of reserves for initiatives under our five-year strategic plan. In 2018, the second year of the plan, we spent £1.4 million of those funds (2017: £2 million), continuing the focus on developing our digital capability and the ongoing development of the new Profession Map.

We ended the year with costs 5% lower than last year. We achieved this through careful departmental planning and budget-setting in line with our strategic aims, followed up by monthly monitoring and quarterly reporting to the board.

Investments

Our investment strategy is to achieve long-term growth within an acceptable level of risk.

The market value of the investment assets, other than cash held, at the year-end was £23.1 million (compared with £23.4 million at 30 June 2017). This actually equates to a gain of £0.7 million (+3%) after taking into account net withdrawals from the portfolio of £1.1 million. The portfolio performed well in the first six months of our financial year, with gains in global and UK equities. Market falls in January and March 2018 were followed by a modest recovery in the following months.

Since inception of the current strategy in 2006, the portfolio has returned +5.9% on an annualised basis. This is in line with the benchmark return of +5.9%.

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

Where the relevant information is available, we exclude from our investment portfolio companies whose employee practices may be in conflict with our charitable aims.

Pensions

The CIPD offers all employees in the UK the opportunity to enrol in a group personal pension plan, which is a defined contribution scheme. A similar scheme operates for our employees in Ireland. We also operate a defined benefit pension scheme, which closed to new and existing members in 2012. A professional actuary carried out a triennial valuation of the defined benefit scheme at 1 October 2014. This showed a deficit of £5.7 million and that the scheme's assets were sufficient to cover 85% of the accrued benefits. The funding deficit does not represent a current cash commitment; rather, it reflects the long-term funding required as pensions are paid out to members of the scheme, many of whom have not yet retired. In accordance with the triennial valuation, we are funding the deficit over a recovery period to 2021. More details are given in note 12 to the accounts. The 2017 valuation is currently being discussed with the pension scheme trustees.

The actuary carries out a separate annual valuation in line with Financial Reporting Standard (FRS) 102. This is conducted using different assumptions, and so results in a different funding deficit. The FRS 102 valuation at 30 June 2018 showed a deficit of £12.9 million and a funding level of 77%, compared with a deficit of £15.3 million and a funding level of 73% as at 30 June 2017. The main reasons for the improvement in the balance sheet position are a slight fall in market expectations for future inflation, the deficit reduction contribution of £0.6 million paid by the CIPD during the year, and the investment returns earned on the scheme's assets.

Reserves

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

Consequently, trustees deem that the CIPD should, at all times, maintain free financial reserves sufficient to fund a fall in income of between 15% and 20%. Based on the year to 30 June 2018, this would equate to between £5.6 million and £7.4 million. This would enable expenditure to be reduced in a managed fashion, should the need arise.

Free financial reserves are those parts of the CIPD's funds that are available to spend on any of the charity's purposes. They exclude the pension deficit as that represents a long-term funding requirement rather than a current cash commitment.

At 30 June 2018, our free financial reserves were £13.1 million, above the range the trustees consider to be appropriate. In addition, funds held for specific purposes, at £7.6 million, include money required for investment in our future strategy.

The trustees review the reserves policy annually, taking account of current commitments to fund the pension scheme of £646,000 each year until 2021.

We also have a policy of keeping £1 million in cash and readily available funds at any given time, which was met during the year, ending with a group cash balance of £6 million at the year-end.

Going concern

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

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



8 Risks and uncertainties

Good risk management is fundamental to the continued work and sustainability of our organisation. We identify and manage risks that could adversely impact the achievement of our strategic purpose, and determine the calculated risks we need to take in order to succeed.

How we manage risk

Overall responsibility for risk management rests with our board. Twice a year, the board works with the Audit Committee to examine our corporate risk register and review the effectiveness of our risk management arrangements, which are maintained by the CIPD's Legal and Governance Directorate. The board also has oversight of risk management via regular 'Business and Operations' reports.

The board delegates day-to-day responsibility for risk management to the Senior Leadership Team, who are responsible for identifying and evaluating risks that relate to activities in their areas and implementing appropriate controls. These are reviewed regularly in the light of internal and external developments, adjusting risk levels and mitigations accordingly.

Risk management is embedded within the organisation at an operational level. Our risk management framework is supported by departmental risk co-ordinators, allowing risks to be managed by each functional area but also to inform the corporate risk register as necessary.

Legal and Governance is responsible for overseeing the activities of the risk co-ordinators, for ensuring the appropriate use of risk management by teams across the organisation, and for the ongoing effectiveness of our risk management strategy.

Risk assessment and response

In order to quantify the potential effect of each identified risk on the achievement of our objectives, we evaluate each risk based on its potential impact and the likelihood of its occurrence, given any current controls already in place. This approach is applied consistently throughout the organisation.

Once risks have been assessed alongside any current controls in place, both the risk and its control are recorded in the risk register. Where further actions have been identified to mitigate risks to a level deemed acceptable, these are agreed with specific timelines for delivery and are monitored closely until fully implemented.

The corporate risk register is updated as new risks emerge and existing risks diminish,

ensuring that it reflects the current threats to our strategic priorities. A summary of some of our principal risks and uncertainties we are currently facing are set out in Table 1, along with a summary of the trustees' plans and strategies for managing those risks. We have not included commercially sensitive matters under discussion.

Internal audit assurance

We have focused our assurance work this year around four key areas identified in our risk register and have engaged audit specialists to conduct the review work. We used NCC Group, who specialise in cyber-security and risk mitigation to conduct a review of our cyber controls; accounting group Mazars to undertake a risk-based audit of our GDPR preparedness; and BDO to audit our Ireland and Middle East offices. Any concerns or recommendations identified by our internal audits are discussed with the areas in question and followed up with mitigating actions. Internal audit reports are shared with the relevant director for the audit topic, as well as with the head of finance and the Audit Committee. The Audit Committee also meets with our internal auditors twice a year to discuss the internal audit results. Internal audit reports are shared with our external auditors, Crowe. Each year we report to the Audit Committee on progress against high and medium recommendations from past audits, and also to Crowe.

Table 1: Risk management

Strategic pillar	Description and risk mitigation
Building professional capital	Making the case for better work and raising the profile of the people profession as its champions
There are risks that our strategic direction messages could be misunderstood and we cannot shift perceptions in the outside world.	We are working with a strategic communications partner to deliver a new flagship event for the CIPD called Festival of Work. The target market for this event includes a wider business and media focus as well as the people profession, with a key aim being to raise the profile and perceived relevance of the people profession, the CIPD and the 'future of work is human'. We are also targeting key audience segments to gather insight and build networks to further our voice on focus areas including technology and corporate governance, enabling us to gain more traction in influencing and shifting perceptions. Our Brand Perception, Reach and Engagement Index has been established, enabling us to monitor member and customer views on an ongoing basis. Through our transformation programme we have also completed a sprint project exploring the CIPD's external perception with non-members/customers. This highlighted a need to form our customer and member strategy, which will include clarity on our priority audiences and support perception shift.

Building professionalism	Building the capability of the profession as experts in people, work and change
<p>There is a commercial risk that if we do not deliver the new Profession Map fast enough, current products could become out of date with competitors moving faster or even into 'our space'. Lack of internal professional development could restrict our ability to operationalise the Profession Map and we could suffer adverse stakeholder response, lack of engagement or international audiences perceiving it as too UK-centric.</p>	<p>We have continued to focus resources on the development of the Profession Map with the additional support of external associates to keep delivery on schedule. We have put in place a detailed communication and engagement plan and continue to consult with senior HR and other business leaders and academic advisory groups, a number of which have an international remit. Mass engagement, workshops, surveys and roundtable discussions continue to take place in key UK and international regions with a selection of employers across different sectors. Further testing and feedback on the online experience are being incorporated into the final product.</p>
Operational excellence	Developing a sustainable, future-fit organisation able to meet the needs of our customers, our business and our people
<p>Risks associated with reliance on strategic partners to deliver within our new business model and replacement revenue impact on buyer confidence.</p> <p>There are ongoing potential risks of cyber-attacks.</p> <p>Defined benefit (DB) pension scheme valuation</p>	<p>Our Transformation Team continues to shape and define the activity required to strengthen our sustainability, reach and impact as a professional body by: generating surplus for reinvestment; simplifying our operating model; and innovating for the future. A Partnerships Team has been created to ensure that we have the right partnerships in place to support our business strategy, while ensuring operational and performance excellence. Enhanced cost control and monitoring of staff and operating cost spend remains in place to ensure costs are in line with revenue, and that partnership performance is in line with SLAs, and overall project planning for key interdependencies continues.</p> <p>We have a comprehensive IT project planning framework, informed in part by the recommendations of our most recent cyber-security audit, and continue to undertake various regular safety measures to minimise cyber-risk. Our business continuity plan also covers IT disaster recovery arrangements.</p> <p>Like many businesses with a former DB scheme, there is a financial risk that the triennial valuation will conclude that the funding has worsened since our previous valuation. We are providing regular updates to the board and have actuarial advisers supporting our approach.</p>



9 Structure, governance and management

Charitable status

The CIPD is a registered charity under the Charities Act 2011, the Charities and Trustees Investment (Scotland) Act 2005, and the Charities Act (Ireland) 2009, and its expenditure is directed in furtherance of its charitable objects.

Board of Trustees

The trustees are responsible for directing the CIPD's activities and for overseeing the management of the affairs of the CIPD; they delegate day-to-day management of the organisation to the chief executive and the Senior Leadership Team. The board acts on advice and information from regular meetings with the chief executive and the Senior Leadership Team.

The members of the board are the directors of the Institute and the trustees of the charity. All are elected or hold office as provided for by the Charter and Bye-laws.

The Charter and Bye-laws grant specific powers and duties to the Council of the Institute, which comprises a representative of each of the branches, the honorary officers who are elected by the members in general meeting, and the members of the board.

The president, the honorary treasurer, the chair of the board, and the vice president membership and professional development serve on the board by virtue of their office. All these ex officio members are elected by the AGM, except the chair, who is elected by Council. Our chief executive is also a member of the board. The remaining board members are elected by Council.

All trustees serve in a non-executive capacity with the exception of the chief executive. Bye-law 25.2 of the Charter and Bye-laws states that the chief executive shall be a member of Council and of the board unless the board shall otherwise determine.

Trustees' responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the group's net incoming or outgoing resources for that period. 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity and the group will continue to operate.

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

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

The Board of Trustees reviewed the CIPD's application of the Charity Governance Code for Larger Charities at its meeting in August 2018. It considered that the CIPD adheres to all of the Code's seven principles, and endorsed the rationale for each one. However, there is more the board could do to ensure three key outcomes. First, it could be more explicit in ensuring *'that the charity's values are reflected in all of its work and that the ethos and culture of the organisation underpins the delivery of all activities'*. Second, it acknowledged that *'the organisation's work and impact being appreciated by all stakeholders'* should be an ongoing area of focus, given the potential of the CIPD's reach. Finally, the board is committed to putting an even greater emphasis on promoting a culture of sound resource and risk management into its decision-making and monitoring framework.

The board and committees

Board: The board meets regularly throughout the year and is responsible for directing overall group strategy, major capital projects, budgets, financial control and risk management. It reviews operational performance regularly to satisfy itself that the activities of the Institute are in accordance with the agreed strategic direction and ensures that the executive management has the capacity and resources to meet the CIPD's objectives.

The composition of the board is set out on page 49. Trustees are elected by Council, or if honorary officers, at the AGM. The CIPD's chief executive also serves on the board. There are detailed role profiles for prospective trustees and a formal open recruitment process. All those appointed receive a comprehensive induction.

Audit Committee: The committee has four members and is chaired by the honorary treasurer. They are appointed by, and must be, non-executive members of the board with recent and relevant experience. The committee meets at least twice a year, reviews the financial statements, evaluates risk management and internal control, and oversees the relationship with, and considers reports from, the external auditors. This includes a detailed

audit findings review, which highlights the most significant matters that have come to the auditors' attention. The committee also receives a summary of internal audit findings and reviews the Institute's pension fund liabilities.

Nominations Committee: The committee is chaired by the chair of the board and has two other members appointed by the board. The committee is responsible for ensuring a good supply of, and the vetting of, nominations to hold office and to serve on the board and committees.

Remuneration Committee: The committee is chaired by an independent board member and also comprises the honorary treasurer, the chair of the board and a staff member. Its principal roles are to keep succession planning for the CEO and Senior Leadership Team under review and to determine the remuneration and contractual conditions of the CEO and Senior Leadership Team. It is also responsible for considering any major change in employee benefit structures.

Chief executive and Senior Leadership Team remuneration

The remuneration policy for our chief executive and Senior Leadership Team follows the approach taken for all other staff.

The remuneration policy for the chief executive is also detailed in note 4 and consisted of:

- Base salary – this was set when the chief executive was first appointed in July 2012 and was formally reviewed for the first time in March 2017. The chief executive has declined all proposed increases in base salary since 2012.
- Variable pay – the CIPD does not operate a bonus scheme for senior leaders.
- Pension – the chief executive did not participate in the CIPD pension scheme during 2017–18.
- Benefits – the chief executive received a car allowance, life assurance cover and cover for private medical insurance benefits.

Subsidiaries and related parties

The CIPD has three active subsidiaries: CIPD Enterprises Ltd, its wholly owned trading subsidiary, which is registered in England and Wales; CIPD Asia Ltd, which is a not-for-profit wholly owned subsidiary, limited by guarantee and registered in Singapore; and CIPD Middle East FZ LLZ, which is wholly owned by CIPD Enterprises Ltd and registered in Dubai in the United Arab Emirates. It was established in August 2015. More detail on our subsidiaries can be found in note 2(b) of the financial statements.

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

Public benefit

Charity trustees have a duty to report in the trustees' annual report on their charity's public benefit. We have formulated our strategic plans to ensure that we provide public benefit and achieve our charitable objects: the promotion of the art and science of the management and development of people for the public benefit. We provide public benefit through:

- the positive difference that experienced HR professionals can make to organisations and individuals at work, including through volunteering programmes focused on jobseekers' access to the labour market
- our professional standards and qualifications, and accreditation of chartered professionals
- our ability to influence public policy and agenda to promote progressive HR and people management and development practices
- our freely available online information, and various face-to-face and online networks and forums.

Auditors

We are currently tendering our external audit arrangements and will be making a recommendation to our Annual General Meeting in December 2018 as to whether we re-appoint our existing auditors or a new firm is appointed.

About the CIPD

The Chartered Institute of Personnel and Development is incorporated under Royal Charter. It has three charity registration numbers: England and Wales 1079797; Scotland SC045154; and Ireland 20100827. Its principal office is located at 151 The Broadway, London SW19 1JQ.

Board of trustees

Peter Cheese ⁿ <i>Chief Executive</i>	Louise Fisher ^{r,n} <i>Chair of the Board</i>	Neil Morrison ^a
Shakil Butt ^{a,r} <i>Honorary Treasurer</i>	Jonathan Ferrar <i>from 7 November 2017</i>	Helen Pitcher OBE ^r
Professor Sir Cary Cooper CBE <i>President</i>	Yetunde Hofmann ^{a,n}	Alan Price <i>from 4 August 2017</i>
Tanith Dodge <i>to 22 May 2018</i>	Anna Kyprianou <i>Vice President, Membership & Professional Development</i>	Anne Sharp CBE ^a

^a member of the Audit Committee ⁿ member of the Nominations Committee

^r member of the Remuneration Committee

Senior Leadership Team members

Peter Cheese <i>Chief Executive</i>	Brad Taylor <i>Director of People</i>	Gill White <i>Director of Business and Markets Development</i>
Ken Cooke <i>Director of Marketing Communications and Digital</i>	Vanessa Robinson <i>Director of Operations</i>	Marianne Wyles <i>Director of Legal and Governance</i>
David D'Souza <i>Director of Membership from 1 March 2018</i>	Victoria Winkler <i>Director of Professional Development</i>	

Professional advisers

Auditors CROWE UK LLP St Bride's House, 10 Salisbury Square, London EC4Y 8EH	Bankers LLOYDS BANK PLC 3 St George's Road, London SW19 4DR
Legal Advisers WITHERS LLP 16 Old Bailey, London EC4M 7EG	Investment advisers CAMBRIDGE ASSOCIATES LTD 80 Victoria Street, Cardinal Place, London SW1E 5JL
By order of the Board	Marianne Wyles FCIS Institute Secretary, 6 November 2018



10 Independent Auditor's Report to the Trustees of the Chartered Institute of Personnel and Development

Opinion

We have audited the financial statements of the Chartered Institute of Personnel and Development for the year ended 30 June 2018 which comprise the consolidated statement of financial activities, the balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 30 June 2018 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 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 we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require 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's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, 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 trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Statutory Auditor

London

9 November 2018

Crowe UK 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.

11 Financial statements

Consolidated statement of financial activities for the year ended 30 June 2018

	Note	General fund £'000	Designated fund £'000	Restricted fund £'000	Total 2018 £'000	Total 2017 £'000
Income from:						
Charitable activities						
To advance the management and development of people through:						
Membership services and education		26,014	–	–	26,014	23,985
Research		1	–	149	150	308
Branches		570	–	–	570	545
Other trading activities						
Commercial income	2(b)	10,347	–	–	10,347	14,956
Investments	2(c)	219	–	–	219	248
Total income		37,151	–	149	37,300	40,042
Expenditure on:						
Raising funds						
Commercial expenditure	2(a)	(9,511)	–	–	(9,511)	(15,025)
Investment management costs		(48)	–	–	(48)	(47)
Charitable activities						
Membership services and education	2(a)	(19,633)	(1,036)	–	(20,669)	(19,753)
Research		(3,353)	(331)	(85)	(3,769)	(4,248)
Branches		(2,150)	(32)	–	(2,182)	(2,440)
Total expenditure		(34,695)	(1,399)	(85)	(36,179)	(41,513)
Net gains/(losses) on investments	7	723	–	–	723	3,331
Net income/(expenditure)		3,179	(1,399)	64	1,844	(1,860)
Actuarial gains/(losses) on defined benefit pension scheme	12	2,194	–	–	2,194	(1,698)
Gains/(losses) on revaluation of overseas subsidiaries		45	–	–	45	52
Net movement in funds		5,418	(1,399)	(64)	4,083	214
Reconciliation of funds						
Net fund balances brought forward		9,323	8,842	51	18,216	18,002
Net fund balances carried forward		14,741	7,443	115	22,299	18,216

The statement of financial activities includes all recognised gains and losses for the year.
The notes on pages 56–79 form part of these financial statements.

Balance sheets as at 30 June 2018

	Note	Group		Institute	
		2018	2017	2018	2017
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	5	8,591	8,882	8,549	8,782
Intangible assets	6	1,234	1,903	1,234	1,903
Investments	7	26,570	26,785	27,116	28,785
		36,395	37,570	36,899	39,470
Current assets					
Stocks		17	46	–	–
Debtors	8	4,418	5,107	5,782	3,795
Cash at bank and in hand	9	5,909	4,299	3,421	1,271
		10,344	9,452	9,203	5,066
Creditors					
Amounts falling due within one year	10	(11,445)	(13,374)	(8,829)	(9,290)
Net current assets/(liabilities)		(1,101)	(3,922)	374	(4,224)
Net assets excluding pension liability		35,294	33,648	37,273	35,246
Provisions	13	(107)	(124)	(90)	(90)
Defined benefit pension scheme liability	12	(12,888)	(15,308)	(12,888)	(15,308)
Net assets including pension liability		22,299	18,216	24,295	19,848
Funds					
General fund	11	27,629	24,631	29,625	26,263
Pension liability		(12,888)	(15,308)	(12,888)	(15,308)
Net general funds		14,741	9,323	16,737	10,955
Designated funds	11	7,443	8,842	7,443	8,842
Net unrestricted funds		22,184	18,165	24,180	19,797
Restricted funds	11	115	51	115	51
Total funds		22,299	18,216	24,295	19,848

The financial statements were approved and authorised for issue by the Trustees on 6 November 2018 and were signed on their behalf by:

Louise Fisher
Chair of the Board

Shakil Butt
Honorary Treasurer

The notes on pages 56–79 form part of these financial statements.

Consolidated cash flow statement for the year ended 30 June 2018

	Note	2018 £'000	2017 £'000
Net cash flows from operating activities		877	410
<i>Cash flows from investing activities</i>			
Income from investments	2(c)	209	246
Interest received	2(c)	10	2
Proceeds from the sale of tangible fixed assets	5	–	–
Purchase of tangible fixed assets	5	(275)	(259)
Development of intangible fixed assets	6	(149)	(217)
Proceeds from sale of investments	7	4,393	7,304
Purchase of investments	7	(3,391)	(3,656)
Increase in cash deposits (investment asset)	7	(64)	(3,400)
Net cash provided by/(used in) investing activities		733	20
Change in cash and cash equivalents in the year		1,610	430
Cash and cash equivalents at the beginning of the year		4,299	3,869
Cash and cash equivalents at the end of the year	9	5,909	4,299

Notes to the cash flow statement

(a) Reconciliation of net income to net cash flow from operating activities

<i>Net income</i>		1,844	1,860
Depreciation charge – tangible assets	5	566	520
(Gains)/losses on investments	7	(723)	(3,331)
Dividend, interest and rents from investments	2(c)	(219)	(248)
Depreciation charge – intangible assets	6	818	684
Foreign exchange reserves movement		45	52
Payment to pension scheme per funding plan	12	(646)	(646)
Non-actuarial increase in pension liability	12	420	445
Decrease/(increase) in stocks		29	80
Decrease/(increase) in debtors	8	689	405
Increase/(decrease) in creditors	10	(1,929)	525
Increase/(decrease) in provisions	13	(17)	64
Net cash flows from operating activities		877	410

(b) Analysis of cash and cash equivalents

		2018 £'000	2017 £'000
Cash in hand	9	5,909	4,299
Total cash and cash equivalents		5,909	4,299

Notes to the financial statements for the year ended 30 June 2018

1 Principal accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention modified by the revaluation of investments and in accordance with the Financial Reporting Standard applicable to the UK and the Republic of Ireland (FRS102) and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FR102) – effective 1 January 2015 – and the requirements of the Charities Act 2011. The functional currency of the CIPD is considered to be GBP because that is the currency of primary economic environment in which the group operates.

There are no material uncertainties that call into doubt the CIPD's ability to continue in operation. Accordingly, the financial statements have been prepared on a going concern basis as discussed within the Trustees' Report on page 46.

(b) Consolidation

The group financial statements include the results of the CIPD, its branches and its subsidiaries, which are consolidated on a line-by-line basis. The net surplus, included in the Consolidated Statement of Financial Activities, for the Institute only is £4.6 million. Please refer to note 2(b) to the accounts for the results for the trading subsidiaries. Note 11 sets out the movements in the Institute's funds including incoming and outgoing resources.

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

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

(c) Fixed assets, depreciation and amortisation

Tangible assets

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

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

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

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

1 Principal accounting policies (continued)***Intangible assets***

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

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

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

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

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

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

(d) Income

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

Volunteers continue to be an integral part of the CIPD, working with us across the organisation in every area of our work. Their wide spectrum of skills, experience and expertise strengthens our organisation by enabling us to better support our members and engage the wider HR community in what we do. We have a network of 52 branches. On a wider community level, around 1,800 CIPD members volunteer their experience in our community investment programmes. We also have around 800 branch volunteers who use their skills to promote the CIPD and give back to the profession, and 1,020 members acted as mentors in our Steps Ahead Mentoring programme and a further 212 people were referred to the Enterprise Adviser programme run by the Careers & Enterprise Company.

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

(e) Stocks

Stocks mainly comprise books and publications and are valued at the lower of cost, using an average cost basis, and net realisable value.

1 Principal accounting policies (continued)

(f) Pension schemes

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

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

(g) Operating leases

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

(h) Expenditure

Membership services and education include the costs of administering and providing direct services to members, developing professional standards and providing educational services to members and educational centres which offer the Institute's qualifications. Commercial activities are disclosed as charitable where they are deemed to give rise to direct membership benefit.

Research includes the cost of commissioning and undertaking research and the dissemination of research and practical information to members and the public.

Branches include the central and local costs of the Institute's branch network, which offers CPD and networking events for members nationwide.

Commercial activities, through our strategic partnerships, comprise a courses and conferences programme, a publishing facility for books and training materials, and an HR consultancy business for organisations. It also manages the relationship with the publisher of the CIPD's journal, *People Management*.

Investment management costs include fees paid to the Institute's investment advisers and fund managers.

Support costs such as general management, governance, human resources, finance, information systems, strategy, performance and premises costs are allocated across the various categories of our expenditure. The basis of allocation has been explained in note 2(a) to the accounts.

(i) Taxation

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

1 Principal accounting policies (continued)

(j) Investments

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

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

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

(k) Fund accounting

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

General fund

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

Designated funds

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

- The **building fund** provides for maintenance of CIPD properties and for potential property projects.
- The **information technology fund** is for the development of systems to improve members' services and management information.
- The **research and development fund** is for the cost of research activities, on which expenditure varies from year to year, according to the Institute's strategic objectives.
- The **strategic initiatives fund** is to provide for special initiatives identified by the board – which include growing membership, meeting the needs of leading members of the HR profession, growing the CIPD's offering internationally, and engaging more directly with employers.

The outstanding balance on the building fund is expected to be used over the next ten to twenty years, though this is dependent on the nature and timing of any potential property projects. The information technology fund and the research and development fund were fully utilised during 2017/18. The outstanding balance on the strategic initiatives fund is expected to be used over the next three to five years to support the development and launch of the new Profession Map, development of the qualifications design and syllabus, website development and IT infrastructure upgrades.

Restricted funds

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

1 Principal accounting policies (continued)

(l) Financial instruments

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

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of the bad debt provision. Prepayments are valued at the amount prepaid, net of any trade discounts due. Creditors and provisions are recognised where the group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

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

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

Pension liability

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

(n) Public benefit

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

2(a) Expenditure

	Direct costs £'000	Support costs £'000	Total 2018 £'000	Total 2017 £'000
Raising funds				
Commercial activities	6,672	2,839	9,511	15,025
Investment management	48	–	48	47
Charitable activities				
Membership and education	15,152	5,517	20,669	19,753
Research	2,737	1,032	3,769	4,248
Branches	1,667	515	2,182	2,440
	26,276	9,903	36,179	41,513

Allocation of support costs

	General management £'000	IT £'000	Finance £'000	HR £'000	Premises £'000	Governance £'000	Total 2018 £'000	Total 2017 £'000
Raising funds								
Commercial activities	173	1,318	358	390	586	14	2,839	3,208
Charitable activities								
Membership and education	1,220	1,911	519	661	1,181	25	5,517	5,198
Research	201	314	85	153	273	6	1,032	1,126
Branches	141	222	60	33	58	1	515	585
	1,735	3,765	1,022	1,237	2,098	46	9,903	10,117
Total 2017	2,147	3,565	1,071	1,124	2,168	42	10,117	

Basis of apportionment:General management,
IT and finance

Apportioned across commercial activities based on estimate of actual use. Apportioned across charitable activities based on levels of total unrestricted charitable expenditure.

HR, premises and
governance

Apportioned across all direct costs, both commercial and charitable, on the basis of total headcount.

Expenditure includes:

	2018 £'000	2017 £'000
Auditor's remuneration:		
Audit fees – current year provision	52	50
Other services	5	5
Operating lease rentals:		
Plant and machinery	13	50
Other assets including land and buildings	367	337
Depreciation	1,384	1,206

2(b) Subsidiary companies

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

	CIPD Enterprises Ltd		CIPD Asia Ltd		CIPD Middle East FZ LLC¹	
Country of registration	England and Wales (company no 2921009)		Singapore		Dubai	
Immediate holding co.	CIPD		CIPD		CIPD Enterprises Ltd	
Holding	3,000,000 £1 shares		Limited by guarantee		14,800 AED 1,000 shares	
Activity	Training, Events, Publishing and the development of people via organisational training and consultancy		Promotion of membership and the management and development of people		Promotion of membership and the management and development of people	
	2018	2017	2018	2017	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Total assets	8,539	7,328	299	218	1,822	1,275
Total liabilities	5,539	5,328	205	103	947	1,014
	3,000	2,000	94	115	875	261
Represented by:						
Share capital	3,000	2,000	-	-	3,061	2,057
Reserves	-	-	94	115	(2,186)	(1,796)
Results for the year:						
Income ³	9,108	14,153	1,040	1,146	506	323
Expenditure	8,266	13,774	1,061	1,230	878	1,118
Net profit	842	379	(21)	(84)	(372)	(795)
Gift Aided to CIPD	(842)	(379)	-	-	-	-
Retained in subsidiary	-	-	(21)	(84)	(372)	(795)

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

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

³ CIPD Asia Ltd's income includes £578,000 (2017: £966,000) funding from the CIPD in the form of a grant.

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

	Transactions during the year	Balance outstanding at year end
	£'000	£'000
<i>Amounts due to the CIPD:</i>		
from CIPD Middle East FZ LLC	3	833
from CIPD Asia Ltd	162	162
from CIPD Enterprises Ltd	1,360	3,064

2(c) Investment income

	2018 £'000	2017 £'000
Bank interest	10	2
Income from investment property	46	41
Income from other investments	163	205
	219	248

3 Staffing (excluding trustees)

	2018	2017
	£'000	£'000
Salaries	13,476	14,674
Social security costs	1,337	1,456
Pension costs	1,074	1,151
Benefits in kind	195	279
	16,082	17,560

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

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

	2018	2017
	Number	Number
£60,000–£69,999	14	15*
£70,000–£79,999	11*	6
£80,000–£89,999	5	7
£90,000–£99,999	3	5
£100,000–£109,999	4	5
£110,000–£119,999	0	3*
£120,000–£129,999	0	2*
£130,000–£139,999	3	0
£140,000–£149,999	0	1
£170,000–£179,999	1	1
£180,000–£189,999	0	1
£200,000–£209,999	1	1
£220,000–£229,999	0	1*

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

The above bandings include members of the Senior Leadership Team (excluding the chief executive, whose remuneration is set out in note 4 below). Their names and roles are listed on page 49 in the Trustees' Report. The total employee benefits of the Executive Team (excluding the chief executive) was £1,088,000 (2017: £1,257,000). Of the higher-paid employees, 9 (2017: 13) were members of the CIPD Staff Retirement Scheme. The Institute contributed £295,000 into defined contribution schemes for 34 of the higher-paid employees (2017: £323,000 for 38 employees).

The average monthly number of employees during the year was 326 (2017: 364), representing a full-time equivalent of 306 (2017: 343).

The average number of employees working in charitable activities, including support and management and administration, was 224 (2017: 224), and 102 (2017: 140) employees worked in activities for generating funds.

The cost of general agency support and consultants was £674,000 (2017: £1,353,000), mainly in relation to delivery of strategic projects and IT activities.

Redundancy and termination payments from a restructuring of operations in the period to better support the strategic partnerships we are establishing totalled £358,000 (2017: £629,000).

4 Trustees' emoluments

	2018	2017
	£'000	£'000
Chief executive (only paid trustee)		
Salary	259	258
Variable performance bonus	-	-
Pension contributions	-	-
Benefits in kind	6	5
<i>Emoluments</i>	265	263

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

The other members of the Board of Trustees receive no remuneration for their services or for volunteering their time. During the year, a total of £9,566 (2017: £8,975) out-of-pocket expenses were reimbursed to 8 (2017: 12) trustees or paid directly on their behalf.

5 Tangible fixed assets

Group	Freehold land £'000	Freehold property £'000	Leasehold properties £'000	Assets under construction £'000	Office equipment £'000	Total £'000
Cost						
At 1 July 2017	3,884	9,163	325	15	2,032	15,419
Additions	–	9	192	–	74	275
Transfers	–	–	15	(15)	–	–
Disposals	–	–	–	–	(885)	(885)
Foreign exchange	–	–	–	–	–	–
<i>At 30 June 2018</i>	3,884	9,172	532	–	1,221	14,809
Depreciation						
At 1 July 2017	–	4,483	272	–	1,782	6,537
Charges for the year	–	375	41	–	150	566
Disposals	–	–	–	–	(885)	(885)
Foreign exchange	–	–	–	–	–	–
<i>At 30 June 2018</i>	–	4,858	313	–	1,047	6,218
Net book value						
At 1 July 2017	3,884	4,680	53	15	250	8,882
At 30 June 2018	3,884	4,314	219	–	174	8,591

Institute	Freehold land £'000	Freehold property £'000	Leasehold properties £'000	Assets under construction £'000	Office equipment £'000	Total £'000
Cost						
At 1 July 2017	3,884	9,163	227	15	1,908	15,197
Additions	–	9	192	–	75	276
Transfers	–	–	15	(15)	–	–
Disposals	–	–	–	–	(885)	(885)
<i>At 30 June 2018</i>	3,884	9,172	434	–	1,098	14,588
Depreciation						
At 1 July 2017	–	4,483	227	–	1,705	6,415
Charges for the year	–	375	18	–	116	509
Disposals	–	–	–	–	(885)	(885)
<i>At 30 June 2018</i>	–	4,858	245	–	936	6,039
Net book value						
At 1 July 2017	3,884	4,680	–	15	203	8,782
At 30 June 2018	3,884	4,314	189	–	162	8,549

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

The leasehold properties are in respect of our central London office in Victoria as well as our offices in Singapore and Dubai.

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

6 Intangible fixed assets

Group	Assets under construction £'000	IT software £'000	Website development £'000	Total £'000
Cost				
At 1 July 2017	79	2,971	5,577	8,627
Additions	–	–	149	149
Transfers	(62)	–	62	–
Disposals	–	–	(491)	(491)
At 30 June 2018	17	2,971	5,297	8,285
Depreciation				
At 1 July 2017	–	1,620	5,104	6,724
Charges for the year	–	597	221	818
Disposals	–	–	(491)	(491)
At 30 June 2018	–	2,217	4,834	7,051
Net book value				
At 1 July 2017	79	1,351	473	1,903
At 30 June 2018	17	754	463	1,234

Institute	Assets under construction £'000	IT software £'000	Website development £'000	Total £'000
Cost				
At 1 July 2017	79	2,971	5,086	8,136
Additions	–	–	149	149
Transfers	(62)	–	62	–
At 30 June 2018	17	2,971	5,297	8,285
Depreciation				
At 1 July 2017	–	1,620	4,613	6,233
Charges for the year	–	597	221	818
At 30 June 2018	–	2,217	4,834	7,051
Net book value				
At 1 July 2017	79	1,351	473	1,903
At 30 June 2018	17	754	463	1,234

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

7 Investments

	Group 2018 £'000	Group 2017 £'000	Institute 2018 £'000	Institute 2017 £'000
Investments at market value				
Managed funds:				
Unit trusts and direct holdings in listed UK equities and bonds	6,489	4,225	6,489	4,225
Overseas unit trusts and direct holdings in listed UK equities and bonds	103	92	103	92
Overseas unit trusts and direct holdings in listed overseas equities and bonds	13,532	15,873	13,532	15,873
UK bank deposits	3,464	3,400	1,010	3,400
Property unit trusts	1,635	1,821	1,635	1,821
UK investment properties	1,347	1,374	1,347	1,374
Investments in subsidiaries (note 2b)	–	–	3,000	2,000
Total market value at 30 June	26,570	26,785	27,116	28,785
Total cost at 30 June	20,214	20,091	20,760	22,091

The fair values of the UK investment properties are determined by adjusting the 2015 market values by the Nationwide House Price Index for the relevant area. The 2015 valuations were carried out by an independent valuer and Fellow of the Royal Institution of Chartered Surveyors.

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

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

	Group 2018 £'000	Group 2017 £'000	Institute 2018 £'000	Institute 2017 £'000
Managed funds:				
Market value at 1 July 2017	26,785	23,702	28,785	24,202
Money withdrawn	(4,393)	(7,304)	(4,393)	(7,304)
Money invested	3,274	3,500	3,274	3,500
Movement in cash deposits	64	3,400	(2,390)	3,400
Reinvested income (net of fees)	117	156	117	156
Net gains/(losses)	723	3,331	723	3,331
Market value at 30 June 2018 – Group	26,570	26,785	26,116	27,285
Investment in subsidiary	–	–	1,000	1,500
Market value at 30 June 2018 – Institute	26,570	26,785	27,116	28,785

8 Debtors

	Group		Institute	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	1,649	2,552	286	236
Amounts due from subsidiaries	–	–	4,059	2,328
Other debtors	540	499	442	301
Prepayments and accrued income	2,229	2,056	995	930
	4,418	5,107	5,782	3,795

Included within the Institute's debtors are amounts owed from CIPD Enterprises Ltd of £842,000 (2017: £379,000) relating to Gift Aid payable for the period.

9 Cash at bank and in hand

	Group		Institute	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank current accounts and cash in hand	5,909	4,299	3,421	1,271
	5,909	4,299	3,421	1,271

10 Creditors: amounts falling due within one year

	Group	Group	Institute	Institute
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	1,674	2,146	882	997
Amounts received in advance	6,544	6,950	6,444	6,913
Taxation and social security costs	552	439	350	414
Other creditors	312	345	192	181
Accruals	1,286	1,288	961	785
Deferred income	1,077	2,206	–	–
	11,445	13,374	8,829	9,290

Amounts received in advance at 30 June 2018 will all be released in the year to 30 June 2019 and mainly relate to member and organisation subscriptions.

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

	Group	Group
	2018	2017
	£'000	£'000
Deferred income at start of year	2,206	2,267
Amounts released during year	(2,205)	(1,839)
Amounts deferred during year	1,076	1,778
Deferred income at end of year	1,077	2,206

11 Funds

Group	Balance at 1 July 2017 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Gains and losses £'000	Balance at 30 June 2018 £'000
General fund	24,631	37,151	(34,275)	(646)	768	27,629
Pension reserve	(15,308)	-	(420)	646	2,194	(12,888)
Net general funds	9,323	37,151	(34,695)	-	2,962	14,741
Designated funds						
Building	250	-	-	-	-	250
Information technology	178	-	(370)	192	-	-
Research and development	9	-	(283)	274	-	-
Strategic initiatives	8,405	-	(746)	(466)	-	7,193
Total designated funds	8,842	-	(1,399)	-	-	7,443
Total unrestricted funds	18,165	37,151	(36,094)	-	2,962	22,184
Restricted funds						
People Skills	-	22	(22)	-	-	-
Steps Ahead	23	-	(16)	-	-	7
Timewise Mentor	4	3	(4)	-	-	3
Careers & Enterprise Company	24	97	(43)	-	-	78
FSF	-	27	-	-	-	27
Total restricted funds	51	149	(85)	-	-	115
Total funds	18,216	37,300	(36,179)	-	2,962	22,299

Institute	Balance at 1 July 2017 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Gains and losses £'000	Balance at 30 June 2018 £'000
General fund	26,263	27,858	(24,573)	(646)	723	29,625
Pension reserve	(15,308)	-	(420)	646	2,194	(12,888)
Net general funds	10,955	27,858	(24,993)	-	2,917	16,737
Designated funds						
Building	250	-	-	-	-	250
Information technology	178	-	(370)	192	-	-
Research and development	9	-	(283)	274	-	-
Strategic initiatives	8,405	-	(746)	(466)	-	7,193
Total designated funds	8,842	-	(1,399)	-	-	7,443
Total unrestricted funds	19,797	27,858	(26,392)	-	2,917	24,180
Restricted funds						
People Skills	-	22	(22)	-	-	-
Steps Ahead	23	-	(16)	-	-	7
Timewise Mentor	4	3	(4)	-	-	3
Careers & Enterprise Company	24	97	(43)	-	-	78
FSF	-	27	-	-	-	27
Total restricted funds	51	149	(85)	-	-	115
Total funds	19,848	28,007	(26,477)	-	2,917	24,295

11 Funds (continued)

At 30 June 2018 cumulative unrealised gains on investment assets of £6,356,000 (2017: £6,694,000) were included in the general fund.

Each of the designated funds is described in note 1(k).

During the year £646,000 was transferred from the general fund to the pension reserve.

Expenditure incurred promoting the interests of CIPD members and the wider HR community working in Asia was funded during the year via grants totalling £578,000 (2017: £966,000) from the CIPD to CIPD Asia Ltd. The funding in this and the prior year reflects the amount incurred to date in promoting CIPD activities in the region and is in accordance with expenditure authorised by the trustees under the existing grant approval policy.

Analysis of group fund balances

	General £'000	Pension £'000	Designated £'000	Restricted £'000	Total £'000
Tangible fixed assets	8,591	–	–	–	8,591
Intangible fixed assets	1,234	–	–	–	1,234
Investments	19,127	–	7,443	–	26,570
Current assets	10,229	–	–	115	10,344
Current liabilities	(11,445)	–	–	–	(11,445)
Long-term liabilities	–	(12,888)	–	–	(12,888)
Provisions	(107)	–	–	–	(107)
Fund balances at 30 June 2018	27,629	(12,888)	7,443	115	22,299

12 Pension commitments

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

(a) CIPD Staff Retirement Scheme

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

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

The most recent full actuarial valuation of the scheme was carried out as at 1 October 2014, and revealed an actuarial deficit of approximately £5.7 million. In accordance with the schedule of contributions agreed as part of that valuation, the CIPD contributed £646,000 (2017: £646,000) to the scheme in September 2017 to address the past service deficit. Further contributions of £646,000 are due by September in each of the years 2018 to 2021 inclusive.

As of 30 June 2018 a further full actuarial valuation of the scheme, with an effective date of 1 October 2017, was under way.

In 2012, the CIPD granted the scheme a charge over the freehold property at 151 The Broadway to act as a contingent asset for the scheme.

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

	2018 £'000	2017 £'000
The amounts recognised in the balance sheet were:		
Present value of funded liabilities	56,337	57,339
Fair value of scheme assets	(43,449)	(42,031)
Net pension liability at 30 June	12,888	15,308

The amounts disclosed in the balance sheet were:		
Liabilities	12,888	15,308
Assets	–	–
Net pension liability at 30 June	12,888	15,308

The amounts recognised in the Statement of Financial Activities were:

Interest on liabilities	1,591	1,699
Interest on assets	(1,171)	(1,254)
Total	420	445

Changes in the amounts recognised within other recognised gains and losses were:

Actuarial (gain)/ loss	(2,194)	1,698
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Changes in the present value of the defined benefit liability were:

Opening defined benefit liability	57,339	52,141
Service cost	–	–
Interest cost	1,591	1,699
Actuarial losses due to changes in assumptions	(1,050)	5,024
Actuarial gain due to experience	(473)	(220)
Benefits paid	(1,070)	(1,305)
Closing defined benefit liability at 30 June	56,337	57,339

Changes in the fair value of the scheme assets were:

Opening fair value of scheme assets	42,031	38,330
Interest on assets	1,171	1,254
Actuarial gains/(losses)	671	3,106
Employer contributions	646	646
Benefits paid	(1,070)	(1,305)
Administration costs	–	–
Closing fair value of scheme assets at 30 June	43,449	42,031

12 Pension commitments (continued)

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

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

	30 June 2018	30 June 2017
Equities	56%	56%
Bonds	32%	32%
Hedge funds	4%	4%
Annuities	3%	3%
Property	5%	5%
Cash	–	–

The returns on the scheme's assets over the years to 30 June 2017 and 30 June 2018 were £4,360,000 and £1,842,000 respectively.

The principal actuarial assumptions used by the actuary were:

	at 30 June 2018	at 30 June 2017
Rate of increase for pensions in payment	3.10%	3.20%
Discount rate for scheme liabilities	2.80%	2.80%
Rate of inflation (RPI)	3.20%	3.30%
Mortality table	101% of S2NMA table for males and 95% of S2NFA table for females with CMI_2017 projections	50% of S2NMA table plus 50% of S2NMA_L table for males and 100% of S2NFA table for females with CMI_2016 projections
Long-term rate of mortality improvement	1.25%	1.25%
Life expectancy at age 65 (of male aged 65)	22.1	22.8
Life expectancy at age 65 (of male aged 45)	23.5	24.2
Allowance for cash commutation	10% of pension taken as tax-free cash	10% of pension taken as tax-free cash

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

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on scheme liabilities</i>
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 11%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 7%
Life expectancy	Increase by one year	Increase by 3%

12 Pension commitments (continued)

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

The pension cost charge for the year for this scheme was £1,039,000 (2017: £1,125,000).

- (c) In addition to the above schemes, Personal Retirement Savings Accounts exist for staff working for the CIPD in Ireland. The pension cost charge for the year for these accounts was £35,293 (2017: £25,471).

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

13 Provisions for liabilities and charges

Group		Institute	
2018 £'000	2017 £'000	2018 £'000	2017 £'000
107	124	90	90

The Institute provision is for dilapidations which represent the estimated costs of payments required to make good leased property under the termination of the lease relating to our property in Grosvenor Gardens. The provision amount relating to individual property is released on termination of the lease.

The group also includes a provision for end of service gratuity relating to CIPD Middle East FZ LLC.

14 Obligations under operating leases

Group	2018 £'000	2017 £'000
The future minimum operating lease payments for land and buildings are as follows:		
Within one year	323	417
Between two and five years	628	1,206
Over five years	–	591
	<u>951</u>	<u>2,214</u>
In respect of other operating leases with commitments expiring:		
Between two and five years	19	11
Over five years	22	–
	<u>41</u>	<u>11</u>
Institute	2018 £'000	2017 £'000
The future minimum operating lease payments for land and buildings are as follows:		
Within one year	236	262
Between two and five years	628	1,011
Over five years	–	591
	<u>864</u>	<u>1,864</u>
In respect of other operating leases with commitments expiring:		
Within one year	18	11
Between two and five years	18	–
	<u>36</u>	<u>11</u>

15 Related party transactions

Peter Cheese, Chief Executive of the Institute and Board Trustee, is a Board member of BPP University, a CIPD qualification centre. During the year, the Institute invoiced BPP University £nil (2017: £1,230) for licence fees and related costs. £nil (2017: £nil) was outstanding at the end of the year. Peter also is Chair of Engage for Success Foundation, to which the CIPD granted £65,000 (2017: £100,000) to support and sponsor its work on employee engagement. £nil (2017: £nil) was outstanding at the end of the year.

Cary Cooper, President of the Trustee Board, is a director of Robertson Cooper Ltd, a company which partners with businesses to improve employee culture and well-being. During the year, Robertson Cooper invoiced the CIPD £nil (2017: £557) for expenses in relation to the CIPD's conferences.

Tanith Dodge, who was a CIPD Board Trustee until 22 May 2018 was also a member of Engage for Success Foundation Board until 12 June 2018.

Yetunde Hofmann is a Board Member of Tomorrow's Company to which the CIPD paid £30,000 (2017: £nil) to support its goal of inspiring and enabling business to be a force for good.

Anna Kyprianou, Vice President Membership and Professional Development and Board Trustee is Dean and Pro Vice Chancellor of Middlesex University Business School, which runs student programmes that lead to the CIPD qualification. During the year, the Institute invoiced Middlesex University Business School £38,572 (2017: £21,826) for licence fees and related costs for the student programmes and exhibition fees. £nil (2017: £nil) was outstanding at the end of the year.

William Morton, a director of CIPD Enterprises Ltd, provides consultancy services to the Group through ODHRM Consultants Limited. During the year, ODHRM Consultants Limited invoiced the group £48,236 (2017: £52,291) of which £782 (2017: £7,481) was outstanding at the end of the year.

Alan Price, CIPD Board Trustee, is a non-executive director of Croner Group Limited, which provides the CIPD's HR-inform Platform and telephone support line providing members and subscribers with employment law, tax and health and safety information. Alan was formerly the interim Managing Director of Croner Group Limited to 30 June 2017. He stood down from the CIPD Board on 30 March 2017 prior to the tender and resulting decision to contract with Croner Group Limited and rejoined the CIPD Board on 4 August 2017, once the trustees were satisfied there was no actual or potential conflict of interest or loyalty. The revenue commission due to CIPD Enterprises Ltd (our trading subsidiary) from Croner for the financial year to 30 June 2018 was £270,000 of which a balance of £90,000 was outstanding at the year end. £90,000 for the provision of the advice line was invoiced from Croner to the CIPD in the year, of which £30,000 was outstanding at the year end.

Anne Sharp, Board Trustee, is Chief Executive of ACAS. During the year, the CIPD invoiced ACAS £4,175 (2017: £8,184) in relation to training. £nil (2017: £nil) was outstanding at the end of the year.

16 Indemnity insurance

Funds are provided to protect the charity from loss arising from the neglects or defaults of its trustees, employees and agents. The cost of indemnity insurance in the year was £11,298 (2017: £13,202).

17 Incorporation

The Institute is incorporated by Royal Charter and therefore has no company registration number. The Institute is a charity registered in England and Wales, Scotland and Ireland. Its charity registration numbers are 1079797, SC045154 and 20100827 respectively.

18 Prior year funds

Group	Balance at 1 July 2016 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Gains and losses £'000	Balance at 30 June 2017 £'000
General fund	20,859	39,751	(38,664)	(646)	3,331	24,631
Pension reserve	(13,811)	-	(445)	646	(1,698)	(15,308)
Net general funds	7,048	39,751	(39,109)	-	1,633	9,323
Designated funds						
Building	250	-	-	-	-	250
Information technology	1000	-	(822)	-	-	178
Research and development	250	-	(241)	-	-	9
Strategic initiatives	9,380	-	(975)	-	-	8,405
Total designated funds	10,880	-	(2,038)	-	-	8,842
Total unrestricted funds	17,928	39,751	(41,147)	-	1,633	18,165
Restricted funds						
People Skills	-	186	(186)	-	-	-
Steps Ahead	56	-	(33)	-	-	23
Team London	4	-	(4)	-	-	-
Timewise Mentor	14	10	(20)	-	-	4
Careers & Enterprise Company	-	95	(71)	-	-	24
Total restricted funds	74	291	(314)	-	-	51
Total funds	18,002	40,042	(41,461)	-	1,633	18,216

Institute	Balance at 1 July 2016 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Gains and losses £'000	Balance at 30 June 2017 £'000
General fund	21,525	25,492	(23,439)	(646)	3,331	26,263
Pension reserve	(13,811)	-	(445)	646	(1,698)	(15,308)
Net general funds	7,714	25,492	(23,884)	-	1,633	10,955
Designated funds						
Building	250	-	-	-	-	250
Information technology	1,000	-	(822)	-	-	178
Research and development	250	-	(241)	-	-	9
Strategic initiatives	9,380	-	(975)	-	-	8,405
Total designated funds	10,880	-	(2,038)	-	-	8,842
Total unrestricted funds	18,594	25,492	(25,922)	-	1,633	19,797
Restricted funds						
People Skills	-	186	(186)	-	-	-
Steps Ahead	56	-	(33)	-	-	23
Team London	4	-	(4)	-	-	-
Timewise Mentor	14	10	(20)	-	-	4
Careers & Enterprise Company	-	95	(71)	-	-	24
Total restricted funds	74	291	(314)	-	-	51
Total funds	18,668	25,783	(26,236)	-	1,633	19,848

18 Prior year funds (continued)**Analysis of group fund balances**

	General £'000	Pension £'000	Designated £'000	Restricted £'000	Total £'000
Tangible fixed assets	8,882	-	-	-	8,882
Intangible fixed assets	1,903	-	-	-	1,903
Investments	26,785	-	-	-	26,785
Current assets	376	-	8,895	181	9,452
Current liabilities	(13,191)	-	(53)	(130)	(13,374)
Long-term liabilities	-	(15,308)	-	-	(15,308)
Provisions	(124)	-	-	-	(124)
Fund balances at 30 June 2017	24,631	(15,308)	8,842	51	18,216

19 Consolidated statement of financial activities for the year ended 30 June 2017

	General fund £'000	Designated fund £'000	Restricted fund £'000	Total 2017 £'000
Income from:				
Charitable activities				
To advance the management and development of people through:				
Membership services and education	23,985	–	–	23,985
Research	17	–	291	308
Branches	545	–	–	545
Other trading activities				
Commercial income	14,956	–	–	14,956
Investments	248	–	–	248
Total income	39,751	–	291	40,042
Expenditure on:				
Raising funds				
Commercial expenditure	(14,973)	–	–	(14,973)
Investment management costs	(47)	–	–	(47)
Charitable activities				
Membership services and education	(18,158)	(1,595)	–	(19,753)
Research	(3,576)	(358)	(314)	(4,248)
Branches	(2,355)	(85)	–	(2,440)
Total expenditure	(39,109)	(2,038)	(314)	(41,461)
Net gains/(losses) on investments	3,331	–	–	3,331
Net income/(expenditure)	3,973	(2,038)	(23)	(1,912)
Actuarial gains/(losses) on defined benefit pension scheme	(1,698)	–	–	(1,698)
Net movement in funds	2,275	(2,038)	(23)	214



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