



Institute of Directors
Annual Report and Accounts
2023

**Platform for
growth**

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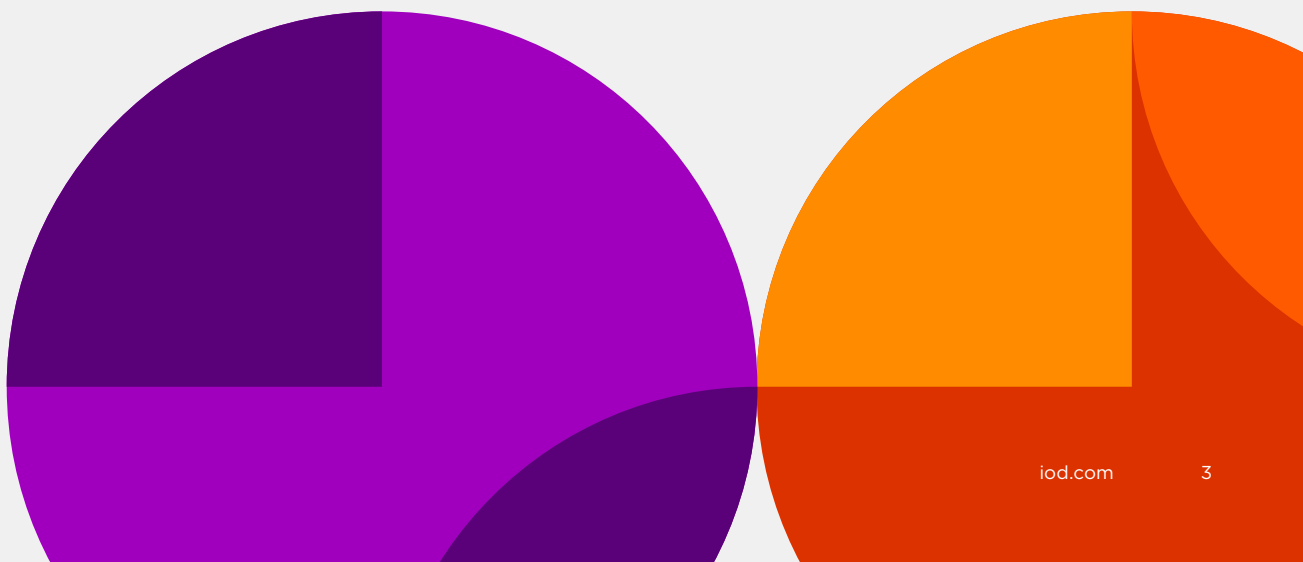
Platform for growth

2023 was a very good year for the IoD. In our 120th year, we overcame challenges and moved forward.

Our focus on members is a key strength. As an integral part of society, we've been supporting and representing directors and their equivalents for generations, always working for their benefit.

Our main priorities remain unchanged — connecting members, improving directors' skills and knowledge, and representing our members' interests.

Despite challenges, we stuck to our plan and laid a strong platform for growth. Now we're focused on staying relevant and impactful for the next 120 years.



Chair of the Institute's report



Patrick Macdonald
Chair

Your Institute enjoyed a stellar year.

We **grew our membership** for only the third time since the IoD changed its governance structure two decades ago.

And we delivered our **best-ever financial result**, underlining the tremendous progress we have made in the last three years.

It is important that we continue to rebuild our reserves after the setbacks of previous years to secure our long-term future, give us the headroom to invest in better services and deliver a greater impact on the profession of business leadership.

The record 2023 result was down to the hard, focused work of our team and the relentless delivery of value for current and prospective members. And I'm pleased to tell you that the upward trajectory has continued into the first part of 2024.

I'd like to congratulate the Executive on one of the most impactful turnarounds I have ever been a part of. Director General Jonathan Geldart and his Management Team rightly deserve praise for their perseverance and tenacity through the many challenges faced.

Extending our reach, delivering more value

As well as enhancing the value we deliver to members, using our Connect-Develop-Influence approach, we got our message out to more people, using digital channels as well as personal interactions. For example, we broadened our range of exclusive member services, including new podcasts and the Business Paper series. We upgraded our

finance and customer systems, transformed our brand and streamlined our processes and procedures. The renovation and revitalisation of 116 Pall Mall provides a facility we can all be proud of.

This is an important moment for the IoD, one which sustains our belief that our plan for the future is appropriate, one we can now execute with confidence.

We intend to further develop the value we deliver to our members and in turn raise member retention rates; build greater external awareness with a compelling case to attract new members; deliver a programme of events that brings members together; and continue to develop and produce world-class professional development programmes.

Our Board has evolved over the last three years and continues to change. John Watson's leadership as Interim Chair before I arrived, as well as Chair of the Audit and Risk Committee, laid the foundations for the success we have achieved now. I wish him well following the completion of his time on the Board.

Alex Simpson and Deborah Davis CDir also leave us having provided great service as Senior Independent Director and Chair of the Remuneration Committee respectively. I have valued their wise counsel and support throughout my term.

I thoroughly appreciate the huge efforts of all members of the Board, current and past, in bringing us to where we are today. They have been an exemplary source of support, ideas and innovation over the last three years.



Perhaps the most important change I see over the last three years is a regaining of the Institute's self-belief in its ability to set the agenda and lead the way. We all succeed when the IoD succeeds.

I'd also like to acknowledge the contribution of the Council, noting especially the Chairs during my time, Jean Church MBE and David Langworth CDir.

And our terrific volunteers have continued to lie at the heart of the organisation, underpinning the network which is one of the Institute's real strengths. Thank you all.

When I took over as Chair, we were in the foothills of our journey to modernise. We have made great strides despite intense headwinds, many from matters out of our control, some not.

Renewed self-belief

Perhaps the most important change I see over the last three years is a regaining of the Institute's self-belief in its ability to set the agenda and lead the way. We all succeed when the IoD succeeds.

This is my last report to members as Chair and as I leave, I believe we have made a great deal of progress in modernising the Institute. However, the best organisations should always ask — can we do more, go further?

At the turn of the century, the IoD's membership peaked, and the decision was taken to split responsibilities and powers within the organisation's governance structure.

In a fast-moving world, I believe that streamlining the structure now would accelerate the IoD's journey to a more modern organisation and bring it closer

to members. We have already come far and this change would build on the uplifting momentum of 2023/4, giving us a more positive and resilient future.

In closing, it has been a huge honour to serve as Chair after more than 20 years as an ordinary member. I would particularly like to thank you, the members, for your fantastic support. I am pleased that, as I leave, the Institute is in a much stronger, more confident position than when I took over. I wish my successor all the very best in leading this amazing organisation.

Patrick Macdonald
Chair



Director General's report

Jonathan Geldart
Director General

2023 marked a turning point for the Institute. We returned to growth, stabilised our finances and increased our reach among the wider business community. This achievement during our 120th anniversary is testament to our resilience, innovation and dedication to our strategic goals.

The foundation of this success was and is built on the consistent application of a strategy that the Board agreed in 2021. This is centred on ensuring the Institute's relevance for generations to come, by representing and empowering the next wave of directors, irrespective of age, gender or ethnicity.

Amidst the backdrop of global upheavals, from the enduring challenges of the COVID-19 pandemic to the economic strains of the cost-of-living crisis and geopolitical tensions associated with the war in Ukraine, we have remained committed to this strategic vision.

IoD members

18,405

As of 31 December 2023

EBITDA

£3.4m

As of 31 December 2023

Investments are paying off

Over the last couple of years, we have made significant investments to modernise and revitalise our operations, including the revamp and relaunch of the IoD branding, the implementation of a new CRM system, and the refurbishment of our flagship premises at 116 Pall Mall. These investments, though initially accompanied by short-term financial losses, have been instrumental in changing the trajectory for the Institute and providing a platform for long-term growth.

Finances are stable, membership is growing

Despite the challenging backdrop for all businesses, I am delighted that we were able to grow the membership of the Institute in 2023, closing the year at 18,405, up from 18,220 at the end of 2022.

With our membership being the core of our offer, it was important that we were able to return to growth. However, as with any business, we must also focus on ensuring the financial stability of the organisation. Therefore, I am happy to report that both revenue and EBITDA were well ahead of 2022, at £18.7m and £3.4m respectively.

Beyond our membership, our growth was underscored by our increased reach amongst the wider business community on other platforms such as LinkedIn, where our main page grew to 84,037 followers.

Number of business training delegates

5,000+

As of 31 December 2023

Director General's report

Making an impact across the UK and beyond

As custodians of the Institute's legacy, and in the face of significant political and societal changes, we have recognised the need for stability.

We have remained steadfast in amplifying the voices of our members and staying true to our core principles of Connect, Develop and Influence. Our purpose-driven ethos, enshrined in our Royal Charter, has served as our North Star as we remain focussed on creating better directors for a better world.

Throughout our 120 years of supporting and nurturing directors, we have become part of the fabric of UK society. Through our Regions, Nations and branch network, we touch the lives of individuals across the length and breadth of the UK, providing a community for members to learn, develop and grow.

Increasingly, however, we are promoting our values beyond our shores, significantly increasing our international footprint. In 2023 we were immensely proud to deliver courses in new places to new audiences, including to delegates from Australia, Canada, China, Germany, Ireland, Italy, Taipei and the UK.

A voluntary code of conduct for directors is taking shape

In recent years we have seen a number of corporate scandals, such as those at Carillion, P&O Ferries and the Post Office, that suggest business conduct does not always meet the standards expected by society.

There is a clear need to enhance the professionalisation of directors and responsible business in a manner which rebuilds societal trust whilst avoiding a disproportionate regulatory burden.

To address this issue, last year the Institute launched a Commission to develop a code of conduct for directors. The Commission is being chaired by Lord (Iain) McNicol of West Kilbride, supported by leading figures from the worlds of business and public affairs.

The IoD's vision is for board members from all types of corporate entity to sign up to this code of conduct on a voluntary basis. By committing themselves to the code, directors will signal their willingness to apply high ethical and behavioural standards in their governance and leadership activities.

Thank you to the Board and Management Team

Once again, I would like to thank the Board for their support over the last year. In particular, as he approaches the end of term as Chair of the Institute, I would like to take the opportunity to thank Patrick Macdonald for all that he has done over the last three years to steer the organisation and for the support he has given to me personally.

When Patrick joined in 2021, we were in the early stages of the journey to modernise the Institute. He leaves the Institute in a stronger, more confident place with increasing membership and a better financial position.

I would also like to pay tribute to the work of the Management Team and other Institute colleagues, who have all played such an integral part in the growth of the organisation. I am delighted to have welcomed Roisin Sweeney as our new Director of Membership Services last year. Roisin has a wealth of experience working for professional membership bodies and we have already significantly benefited from this expertise in her short time with the Institute.

The best is yet to come

Even as we celebrate our achievements over the last 120 years, I firmly believe that the best is yet to come for the Institute. While there is still much work to be done to further strengthen the Institute and enhance the value we provide to our members, and the path ahead may be fraught with challenges, I am confident that we are well-equipped to navigate them.

Our goal is to consistently elevate the quality of directors while staying updated on developments like the potential of AI. We will also tackle significant challenges such as those posed by climate change and assess their impact on our members and the broader business community.

My vision for the Institute, which I hope is shared by all, is that in another 120 years we will still be here as advocates for our members, serving as the rational voice of business.



Jonathan Geldart
Director General



The complexities of being a director are multifaceted and diverse. As an IoD member, I benefit from a robust support network, access to continuous professional development (CPD), and many other director-specific resources unavailable elsewhere. Achieving chartered status has significantly enhanced my skills and expertise, reaching a level essential for all directors.

Sarah Clarke CDir FABP
Co-Founder, Think Organisation



Connect

Creating connections drives growth, builds opportunities and helps deliver success. 2023 was the year when connections began to thrive again and networks opened up.

Freed from the restrictions of recent years, our Connect function saw significant growth in 2023, both in participation and impact. We expanded our reach across demographics and geographic regions, welcoming diverse voices and perspectives on to platforms and into discussions. IoD online, national, regional and Special Interest Group events in 2023 served as catalysts for learning, networking and galvanising our community of directors.

Our events served as platforms for personal and professional growth. Attendees had opportunities to connect with fellow leaders, exchange ideas, and gain valuable insights through workshops, panels and interactive sessions. From workshops and panel discussions to keynote speeches and interactive sessions, each event was thoughtfully designed to facilitate learning and development. Our volunteer-led events have also showcased emerging trends and technologies, empowering attendees to stay ahead of the curve and seize opportunities for innovation and growth. Through behind-the-scenes tours, hands-on experiences, and policy debates, participants gained valuable insights into industry developments and identified new avenues for business development.

Regional and national events provided an opportunity for members to engage with local government and business owners to share best practice and address region-specific challenges. These events cultivated a sense of camaraderie and collaboration among attendees, strengthening our member network and amplifying our collective impact across the UK. 2023 also saw the expansion of the London-based Special Interest Groups to being IoD-wide, enabling both our UK and international members with shared passions and expertise to come together and deepen their knowledge in focused areas.

The delivery of content rich digital events continued to grow and develop throughout 2023, with monthly topic-based webinars introduced on a national scale to accompany the now-established economic, governance, membership and professional development focused series. Featured speakers have covered subjects encompassing a branding masterclass and a workshop on directors' happiness, among other diverse topics.

Alongside this, increasing numbers of IoD events now offer CPD accredited hours, affording members learning opportunities as they connect.

Overall, 2023 was marked by meaningful achievements and milestones for our Connect programme. Through our unwavering commitment to growth, opportunity, and investment, we have strengthened our community, empowered our members, and positioned ourselves for a future with potential. As we embark on 2024 and the next chapter of our journey, we remain dedicated to serving our members and advancing our shared mission of better directors and collective success.

LinkedIn followers

84,037

As of 31 December 2023



Event highlights from
our nations





Event highlights from our nations

Connect

Snapshots from across our nations

England

2023's national programme of in-person events included a showcase marking the IoD's 120 year anniversary at London hub 116 Pall Mall, the first all-England Director of the Year Awards and a gathering of the Chartered Director community at Aerospace Bristol. The latter event paves the way for an increased focus on the CDir alumni activity, which we will build on in 2024.

Across the year, we ran a total of 145 events. Further highlights included:

- the Japan Symposium at Japan House, celebrating the 125th anniversary of a trade mission to Japan, with attendees including five ministers, the Japanese ambassador and the future Lord Mayor of London;
- the inaugural dinner for the British Asian Business Group at the House of Lords in celebration of Eid;
- a Solent Freeport event in Southampton;
- a South West webinar on Demystifying AI; and,
- a Glass Ceiling Group event on Diversity in STEM.

Scotland

Our Scotland team delivered over 60 hugely successful events across all of Scotland's regional branches in-person and online, including the Director of the Year Awards in June.

In November, we introduced the Director Shorts lunch event at Gleneagles which sold out within days, and we hope for the event to return in 2024.

Wales

Over 30 Connect events were held across Wales in 2023, including the Access All Areas suite of behind-the-scenes events at local businesses and organisations, and important roundtables and events held with the Bank of England, the Welsh Government and the Department for Business and Trade.

More than 300 leaders gathered at the most diverse Wales Director of the Year Awards yet, with 7 out of 10 categories won by women – a record number for the region.

Northern Ireland

Director-led events programme saw 41 events delivered, reaching 2,200 delegates. These included the Women's Leadership Conference with over 500 attending and the IoD NI Annual Dinner with over 450 attendees.

Charitable collections at these flagship events raised £14,500, allocated across charity members, NI Hospice, Young Enterprise and Positive Life.

Connect

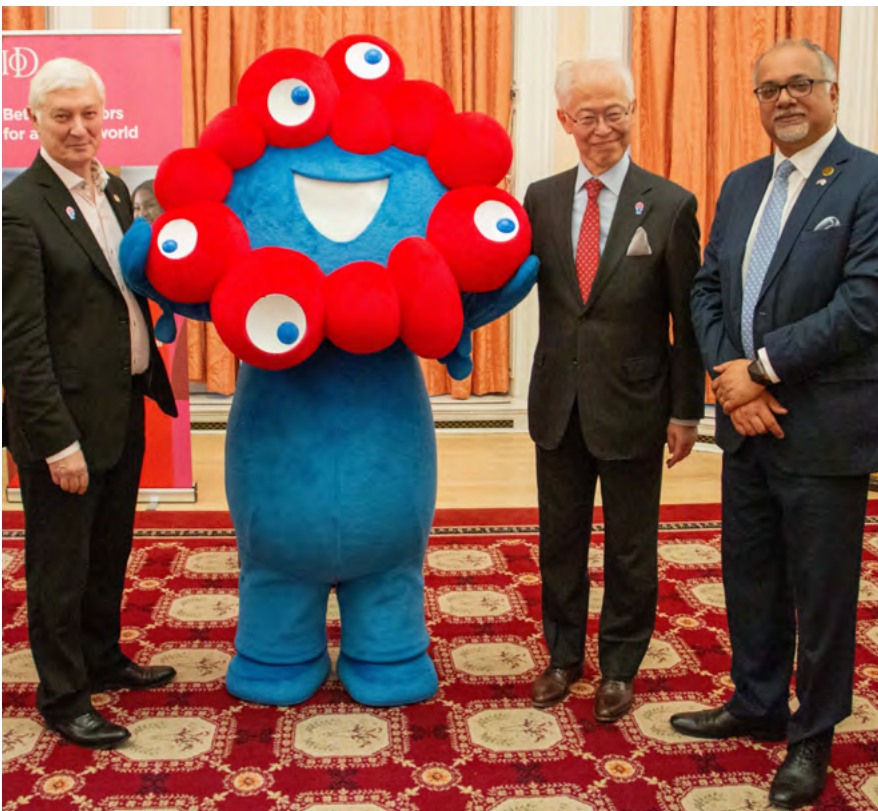
Special Interest Groups

Building on the national relaunch of Special Interest Groups (SIGs) in 2022, their number has increased to 14 over the course of the year, including China Business, Japan Business, Education, Marketing Communications and Sustainability groups.

Each group is driven by a leadership team of IoD members who are passionate about their area of business, building each group into a centre of excellence through over 50 Connect and Develop events throughout the year. Through the agility of our group leadership teams, and in response to member interest, event topics have ranged from trade relations to the adoption of AI in business. With the variety of topical discussions that take place across the country, collaborations with SIGs will only continue to build.

Active Groups

Africa	India
ASEAN	Insurance
British Asian Business	International Trade
China Business	Japan Business
Education	Marketing Communications
Emerging NEDs	Natural Resources
Finance and FinTech	Property and Built Environment
Glass Ceiling	Sustainability



As an entrepreneur who launched my business five years ago, the Institute of Directors (IoD) has played a pivotal role in shaping my career. The IoD has been my go-to resource for guidance, mentorship, and networking opportunities. Whether seeking advice or connecting with fellow founders, the IoD has consistently provided valuable expertise, information and a trusted network. Additionally, volunteering with the IoD has been personally rewarding, especially through my involvement with the Glass Ceiling Group, where we advocate for increased representation of women in leadership roles.

Vanessa Dal Busco
Chair, IoD Glass Ceiling Group



Develop

In today's uncertain global economy, investing in professional development is crucial for directors. In 2023, over 5,000 business leaders experienced the IoD's world leading director development programmes, helping to improve governance standards in the UK and beyond.

We are the only Institute in the world to offer the internationally recognised Chartered Director Qualification, underpinned by our Royal Charter.

Our expert facilitators and course tutors hold a wealth of experience in an array of board roles across a range of sectors and organisations.

Open courses

The IoD's open courses focus on the essentials needed to successfully steer an organisation and, in 2023, we were able to deliver a total of 127 courses to 2,467 delegates.

This includes 1,958 delegates who attended the courses that form part of the Certificate in Company Direction qualification – Role of the Director and the Board, Leadership for Directors, Strategy for Directors and Finance for Non-Finance Directors. As part of this we delivered 16 five-day residential Accelerated Certificate in Company Direction programmes across the different regions of the UK, enabling 229 delegates to fast-track their director development.

In 2023, we strengthened the team with the appointment of two client experience roles to ensure we are delivering a premium service to all of our delegates and supporting delegates through the chartered director journey. The team have successfully achieved an 86% Customer Satisfaction rating for our open course delivery in 2023.

Qualifications and examinations

In support of our Royal Charter object of promoting high levels of skill, knowledge, professional competence and integrity amongst directors, the Institute's flagship Chartered Director Qualification represents the gold standard. In continuing to strive to develop and increase the number of chartered directors, we saw an increase in the number of exams being undertaken in 2023 in both the certificate, from 2,406 in 2022 to 3,255 in 2023, and the diploma, from 340 to 367. The introduction of three new assessment platforms enabled us to scale without the requirement for additional resources.

Whilst we did see a slight reduction in successful candidates for CDir in 2023 – 95 down from 102 in 2022 – the introduction of Chartered Director Masterclasses is proving to be a real success in motivating candidates to complete the final stage of the qualification and become chartered director. We also increased the sizes of the diploma marking team and the chartered director assessor team, thus creating a strong platform for growth in 2024.

In 2023, we launched our chartered director newsletter to announce and celebrate our new CDirs, as well as reintroducing the issue of hard copy chartered director certificates to newly qualified directors.

Following recognition by the Department for Education (DfE) that governance professionals in the further education and sixth form college sectors were operating at a wide variety of competence levels, the Institute was contracted to develop a set of qualifications for the sector. In 2023, a three-level qualification (Award, Certificate and Diploma for Further Education Governance Professionals) was launched. We are pleased to say that the qualifications have been accredited by the Scottish Qualification Authority (SQA) at undergraduate, bachelor's, and master's levels, respectively.

IoD Chartered Director Programme

Stage 1 Certificate in Company Direction Bachelor's level (SCQF) qualification	CPD hours (course length)	Face to face	Virtual	Assessment
Role of the Director and Board (RDB)	14 CPD (2 days)	✓	✓	45-minute exam with 16 multiple choice questions
Finance for Non-Finance Directors (FFD)	21 CPD (3 days)	✓	✓	45-minute exam with 16 multiple choice questions
Strategy for Directors (SFD)	21 CPD (3 days)	✓	✓	45-minute exam with 16 multiple choice questions
Leadership for Directors (LFD)	14 CPD (2 days)	✓	✓	45-minute exam with 16 multiple choice questions
Stage 2 Diploma in Company Direction Master's level (SCQF) qualification	CPD hours (course length)	Face to face	Virtual	Assessment
Developing Board Performance (DBP) Practical, simulated boardroom challenges.	21 CPD (3 days)	✓	✓	3-hour 15-minute written exam on case study
Stage 3 Chartered Director Qualification	CPD hours (course length)	Face to face	Virtual	Assessment
Chartered Director Masterclass Chartered director status signals that you're committed to your role and the contribution you make as a director or leader of your organisation.	4 CPD (0.5 day)	-	✓	Experienced-based interview



It has been an intense programme and a great opportunity to combine experience from practice together with theory under the careful watch of Janhavi Dadarkar and her colleagues, the subject matter experts at the Institute of Directors.

Richard Knight
MD, Equitix

Develop

Professional Director Series

Free to full members, our Professional Director Series enables directors to keep up-to-date through regular events where business leaders share insights on a wide range of current, relevant topics.

In 2023, 656 delegates joined 36 Professional Director Series sessions, covering issues including leading from the chair, practical tips for becoming a non-executive director, as well as company purpose and ESG.

Launching new courses

We launched a number of new courses and Professional Director Series sessions for directors in 2023:

- The new Role of the Trustee course equips delegates with the latest information on governance and best practice in the charity sector.
- The Business Model Canvas course which provides delegates with a tool for describing existing business models and creating new ones.
- Our new Leading Sustainability for Directors course, produced in partnership with IoD Ireland, provides directors with the knowledge and skills to strengthen their organisation's orientation towards sustainability.

In-company courses

During 2023 we saw a high demand for the continuing professional development of directors via in-company courses, delivered to 66 unique clients worldwide. 20 of these clients were based outside of the UK, including in the United Arab Emirates, Kenya, Channel Islands, Bermuda, China and Brazil. We had 3,362 delegates attend 273 days of learning, demonstrating organisations' continued interest in professional development and developing best practice across their boards

Sellafield (which is part of UKGI) has now stated in its [2022/2023 annual report](#) that the company requires its directors to undertake formal training with regards to the role of a director, either through the Institute of Directors or other equivalent body.



Cohort of delegates attending International Role of the Director and the Board in Beijing, China in 2023



The Chartered Director Programme combines professional development with access to a network and the assurance of a recognised qualification. It has been one of the best learning experiences I have been through, and I was able to progress at my own pace. I was also part of a cohort of talented individuals which allowed me to tap into a diverse range of perspectives and experiences. Everyone's chartered director journey is different and mine helped me focus on my career development, strengthen board level skills, build a wide network of contacts and inspire others to do the same.

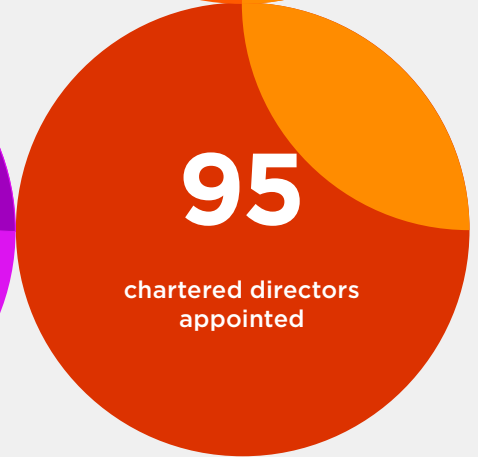
Noyona Chundur CDir

Chief Executive of the Consumer
Council for Northern Ireland



Develop

Professional Development 2023 in numbers



Chartered Directors 2023

We celebrate the directors who achieved the gold standard in director-level accreditation this year.

Eldar Abdrazakov
Fehintola Akinlose
Waddah S. Al Hashmi
Saqlain Ali
Philip Atkinson
Andrew Avanesian
Wayne Baker
Deirdre-Ann Barr
Gemma Barrett
James Beldon MBE
Sara Bendel
Tom Boardman-Weston
Martin J Bourke
Ian Brady
Simon Byrne
Ian Cadby
David Cadogan

Simon Clague
Sarah Clarke
David Clouston MBE
Imogen Coggan
Joseph Coleman
Catherine Cooke
Sean Crowe
Paul Dixon
Brian Donohoe
Fergal Doyle
Patrick Ferris
Petros Florides
Lucy Franks
Stephen Gee
Laurence Gordon
Victoria Grant
Chris Gray
Mark Grinonneau
Mark Hadfield
Luke Hanlon
Mary Harrison
Gerry Hassett
Thia Hennessy
Julie Herlihy
Barry Hextall
Katy Hodgetts
Claire Hook
Emma Horgan
Jane Howard
Tokunboh Ishmael
Matthew Jordan
Ghassan Kebbe
Steven Keeton
Jacinta Kelly
Antony Kelsey
Sasha Kerins
Mark Killick
Pablo Lledó
Kathleen Lombard

Mick Long
Osborne Majuru
Shervin Maleki
Hugh McDermott
Cathy McGennis
Sharon McGuinness
Jackie McMahon
Declan Mohan
Terri Moloney
Eileen Montgomery
Joe Morley
Alison Moullin
Khomila Devi Muttylall
Anne Nallen
Richard Nevares
Liam O'Brien
Aidan O'Carroll
Barry O'Sullivan
Simon Phillips
Brian Power
Mary Ryan
William Scrimshire
Guy Shepherd
Chioma Sideso
Valentina Skachkova
Luke Smith
David Soutter
Adele Spillane
Kathryn Thomson
Kieran Trasler
Sven Tummers
Patricia Quane
Sarah Waddington CBE
Damian Wallace
Sarah Walker-Smith
Sharon Whitehead
Jonathan Williamson
Ian Wilson
Jim Wright

“

I would encourage colleagues to take the chartered director journey as it not just an academic exercise but provides self-reflection and personal growth opportunities. It certainly positively shaped the next phase of my career.

Joanne Kennedy-Reardon CDir FIOD
Founder, Rock DJ Consulting Limited



“

As an aspiring director the IoD has provided me the opportunity to network with other established directors, informing my own practice and providing a platform for collaboration and growth across Greater Manchester.

Calum Gaskell
Strategy and Policy Manager,
Bolton Council

Influence

In another challenging year, where businesses remained cautious, the IoD demonstrated its continued influence with evidenced-based key policy wins on behalf of members.

Prime Minister Rishi Sunak restored some political stability in the first half of the year – after the tumultuous experience of Liz Truss’s short-lived premiership. However, business sentiment, as measured by the IoD’s Directors’ Economic Confidence Index, remained at low levels as profitability continued to be squeezed by rising business costs and high interest rates. Over the year as a whole, the economy went sideways.

Throughout 2023, the IoD sought to provide an evidence-based voice for its members. Our monthly Policy Voice surveys supplied the IoD policy team with a clear picture of member concerns and challenges. The Director General had regular meetings with the Secretary of State for Business, the Chancellor of the Exchequer, and the Opposition front bench. The policy team engaged with senior officials in government departments and regulatory bodies. The IoD maintained a high profile in the media, submitted numerous consultation responses, and was regularly cited in parliamentary debates.

In 2023, the IoD exerted influence over some key policy developments. In February, IoD Northern Ireland played a role in the negotiation of the Windsor Framework, which improved the UK’s fractious relationship with the EU. The Spring Budget saw the introduction of “full expensing” into the UK’s capital allowances regime – an investment-promoting measure that the IoD had advocated. Although initially only introduced for three years, the IoD pressed the government to make full expensing permanent,

and the Chancellor confirmed that this would happen in his Autumn Statement. In May, the government agreed to scale back its Retained EU Law (Revocation and Reform) legislation. The IoD argued that the original Bill would have created significant business uncertainty and provide insufficient time for business and other stakeholders to be properly consulted on the changes.

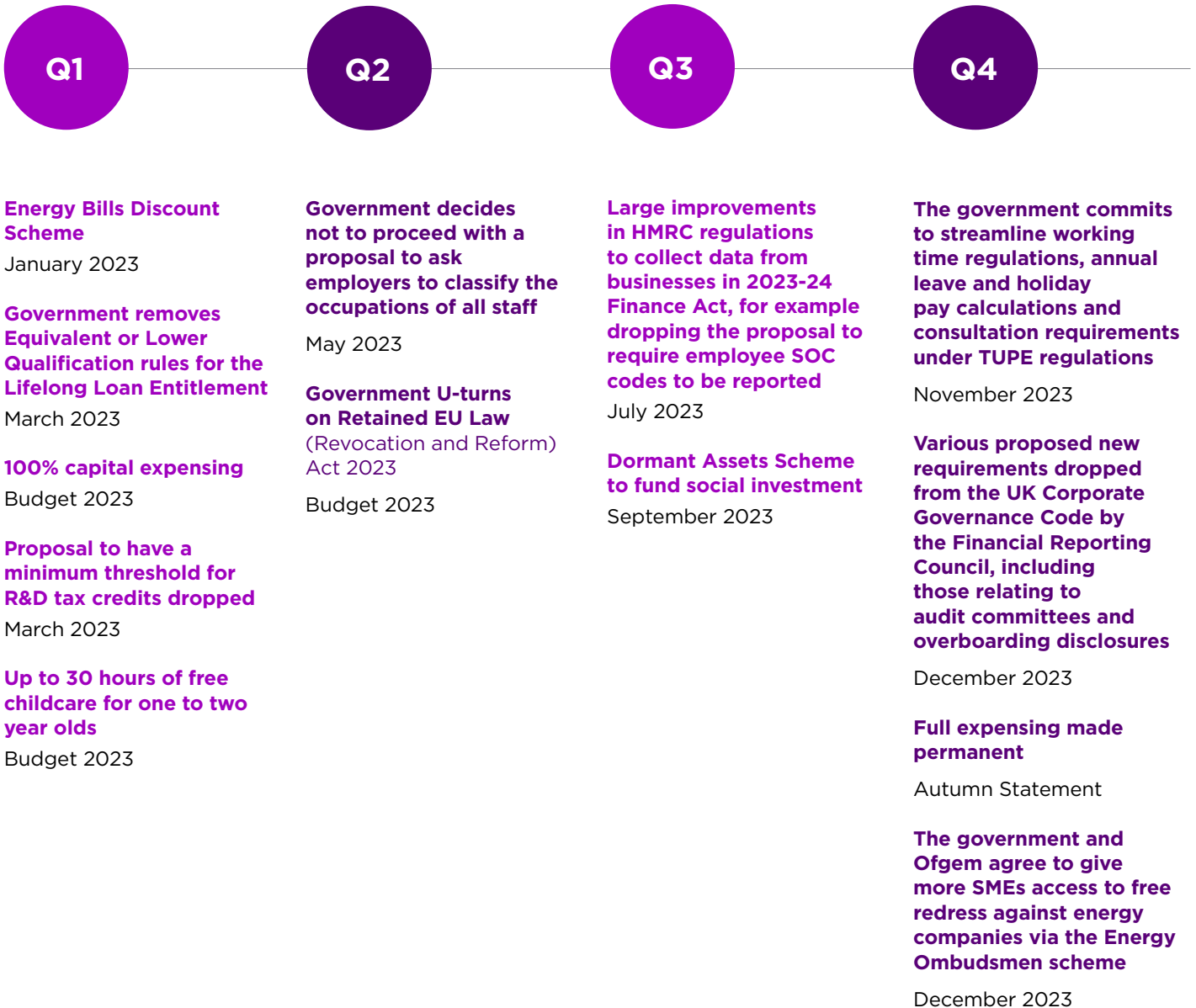
In Scotland, our State of the Nation survey was published in April 2023 and formed the basis for political and wider stakeholder engagement on policy issues including skills and net zero at a local and national level. The report was widely referenced across the Scottish Government and opposition parties. This included within the New Deal for Business group, which First Minister Humza Yousaf announced days into being Scotland’s First Minister as he sought to reset the Scottish Government’s relationship with business.

A key focus of the IoD policy team in 2023 was to keep members up-to-date with business intelligence and analysis. A new quarterly Director’s Update report and event was launched and well-received by members. In addition, the IoD generated numerous publications, explainers and podcasts on business and policy issues. Highlights included major reports on corporate governance, ESG, artificial intelligence, exporting, staff shortages and net zero. The IoD Centre for Corporate Governance remained active, and published a provocative new study – ‘Are boards losing control?’ – which reasserted the central role of directors in organisational governance.

A key focus of the IoD policy team in 2023 was to keep members up-to-date with business intelligence and analysis.

Influence

A snapshot of key policy wins in 2023



Current IoD policy priorities

IoD members continue to express their views to us through their responses to our monthly Policy Voice surveys and by direct engagement with the policy team. These form the basis for the policy priorities on which we are actively engaging with government and opposition parties as we approach the upcoming General Election.

Policy topic	What's the issue?	What needs to happen?
Rebuilding confidence in trade	The trading environment continues to be challenging for businesses. Primary issues include the trading relationship with the EU, intensifying geopolitical risk factors, supply chain disruptions and a lack of confidence in global economic growth prospects. Smaller businesses often don't feel they have the knowledge or resource to export.	A thorough review of the UK-EU Trade and Cooperation Agreement (due to happen in 2026) is needed, with a focus on removing barriers to EU trade, in particular customs arrangement and mobility requirements. The IoD is also calling on the government to set a meaningful export target — to provide a meaningful KPI for export promotion efforts.
Skills shortages	Skills shortages consistently rank in the top three negative factors influencing members' businesses. Sustained low levels of unemployment due to increasing economic inactivity, driven by long-term sickness, are hampering business' ability to recruit and retain the talent they need. Migration as a means of meeting labour shortages is increasingly politicised.	Establish an independent, technocratic Shortage Occupations Agency to advise on likely skills shortages. Sharper business tax incentives to invest in training in skills shortage areas, including for sole traders. Greater flexibilities in the use to which Apprenticeship Levy funds can be put. An expansion of existing government skills programmes to include all people looking to retrain in shortage skills areas.
Better directors	There is a clear need to enhance the professionalisation of directors and responsible business in a manner which rebuilds societal trust whilst avoiding a disproportionate regulatory burden. The Post Office Horizon scandal has raised major questions about the effectiveness of boards.	A voluntary code of conduct for directors, which frames best practice for directors and highlights the need for continuing professional development. The revision of section 172 of the Companies Act 2006 to reflect more of a stakeholder orientation.
Help to get to net zero	Businesses — particularly SMEs — need appropriate support to meet the government's net zero targets and associated upcoming legislative and regulatory changes.	A combination of financial incentives, workable transparency requirements, corporate governance changes, and toolkits to support businesses to transition to net zero. A lower corporation tax for net zero firms.
Equity, Diversity and Inclusion	Inclusive boards and workplaces are smarter and more productive. There is a need to open up boards and workplaces to talented people from all backgrounds, and create conditions in which they can flourish.	Enhance the quality of information published by large employers around ethnicity and disability. Add equity of opportunity in the workplace as a specific responsibility within an existing Ministerial portfolio in the Business Department.
Audit and corporate reporting	The post-Carillion reforms of audit and corporate governance have yet to be fully implemented.	The government should move ahead with the establishment of its proposed new regulatory body, ARGA, as a key means of rebuilding trust in the UK's corporate governance regime.

Equity, diversity and inclusion

Our commitment to ED&I, which we first published in 2021, is central to our Institute today. Every director and leader has a responsibility to foster an inclusive workplace culture. The IoD is dedicated to promoting equity, diversity and inclusion across the economy as a whole — through engagement with directors, influencing government policies, and in our professional development programmes.

In 2023, we established an ED&I committee to oversee our progress within the IoD. The committee is composed of board and Management Team members, colleagues from each of the IoD's functional areas and an IoD member representative. The ED&I Committee meets on a quarterly basis and ensures that the full range of IoD activities are considered from an ED&I perspective.

A number of the IoD's Special Interest Groups have a strong focus on ED&I. The British Asian Business Group was founded in 2022, and now has more than 300 members. In June 2023, it hosted a high-profile Eid event at the House of Lords. The Glass Ceiling Group advocates for more women in leadership positions. In September 2023, it hosted the Diversity in STEM event at 116 Pall Mall with leading speakers from the sector.

In 2023, the IoD worked with government to advance a number of ED&I related policy changes. In particular, we were supportive of making the right to request flexible working a day one employment right. This came into effect in April 2024. We also pushed the government to provide greater support with childcare costs as a means of facilitating the return of more parents into the labour market. The government launched a new funding scheme in the March 2023 Budget, and it made further improvements in March 2024.

In October 2023, the IoD hosted the first of its Better Director Series with a major event held at 116 Pall Mall. The event continues the work of the IoD's Commission on the Future of Business (The Shinkwin Review, 2022), which provided a comprehensive framework for businesses seeking to develop an inclusive business culture. We continued to disseminate the findings of the commission to the UK business community in 2023.

In 2023, the IoD achieved Good Business Charter Accreditation for the second year in a row. This is a simple but powerful accreditation which organisations of all sizes in the UK can apply for in recognition of responsible business practices. Achieving accreditation involves committing the IoD to ten components of good business practice, such as prompt payment of suppliers, environmental responsibility, and paying the Real Living Wage.

...the IoD worked with government to advance a number of ED&I related policy changes. In particular, we were supportive of making the right to request flexible working a day one employment right.



The IoD's invaluable guidance saves time and money. As a blind director, accessing information is challenging, but the IoD Information and Advisory Service ensures quality responses to complex queries. Highly recommended for all.

Cindy Williams-Findlay

Director, C4I Solutions Ltd and board member, Access to Business Ltd



Joining the Institute of Directors has been a game-changer for me. The wealth of resources, networking opportunities, and insightful events have empowered my leadership journey immensely. Highly recommend for any aspiring or seasoned director.

Edward Obi (FCIPD, MIRP, CertRP)
Director, HR Hub Plus Limited



Our people and culture

Our people are central to everything we do and at the core is a culture designed to help them succeed. Our organisation continues to evolve and improve by listening to our employees to understand what works and what does not.

Recruitment and retention

For any organisation, having the right people in place is paramount to success. And having stability in that workforce enables the business to build on that success. During 2023 we made some high-level organisational changes, to ensure that the business was fit for purpose, bringing in new members to the Management Team to lead Membership and Finance functions, whilst also providing further clarity to roles of existing Management Team members.

Consistency is achieved through retention of employees, the retention of corporate knowledge and ultimately, a strong and steady culture. We have spent the last few years working on the structure of the organisation, and looking at how to attract the best talent and develop a culture that inspires them to stay with us. 2023 has shown that we are getting things right, with a voluntary turnover rate for staff of 11.2%, down from 38.8% across 2022.

Our recruitment practices have matured during 2023, continuing the work we have already completed, ensuring we have a robust and inclusive recruitment process. For each role recruited, we have ensured that our job advertisements appeal equally to all with the correct skill set and experience regardless of background. We have also introduced diverse interviewing panels to ensure that all candidates are treated equally. Our recruitment has been successful with most roles filled within two months of initiating the recruitment process, resulting in the recruitment of 21 new joiners across all areas of the business, as well as 11 internal promotions for existing colleagues.

Great Place to Work® Certification™

We remain committed to making the IoD an attractive employer, and to understand our progress, we have conducted annual Great Place to Work® surveys since 2021. These surveys are our colleagues' opportunity to let us know, in an anonymous and confidential way, how they feel about working at the IoD and how we could improve their working lives.

The results of these surveys have led to the implementation of a number of changes across the IoD, including organisation-wide salary increases to support colleagues through the cost-of-living crisis, improved communications, better allocation of resources, and a focus on internal career progression and development. We have made the Management Team more accessible for colleagues and continue to host monthly All Colleague Calls and bi-annual All Colleague Away Days to bring the whole Institute together.

Great Place to Work Certification is awarded to organisations achieving a Trust Index™ score of 65% and above – calculated through annual employee satisfaction surveys and independently verified. The IoD carried out its first Great Place to Work survey in 2021 to gauge colleague happiness, safety and understanding of our strategy, and we are pleased to announce that in 2023 we achieved Great Place to Work Certification. Following improvements to workplace culture and communications based on feedback from previous surveys, in 2023 90% of employees completed the survey and we achieved a Trust Index score of 67%. Though we are proud of this achievement, we see this as merely the start, and our ambition continues to be to build the IoD into a truly Great Place to Work.



Great Place to Work® Trust Index™ Score

67%

Our people and culture

● Male
● Female

Number of employees
(full time equivalent)

81

As of 5 April 2023

Gender composition of our employees across our organisation

32.1%

67.9%

Management Team (MT)

66.7%

33.3%

Senior Function Lead (SFL)

57.1%

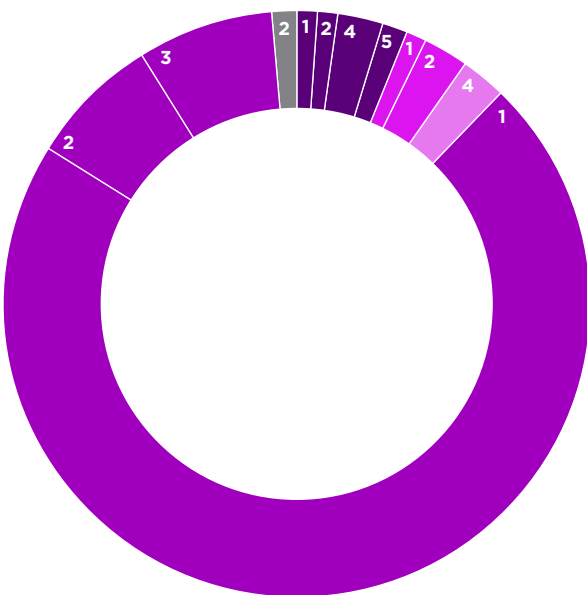
42.9%

Experienced Lead (EL)

40%

60%

Ethnic origin



Ethnic origin	MT	SFL	EL	All colleagues
Asian / Asian British				5
1 Indian				1
2 Pakistani				1
3 Bangladeshi				
4 Chinese				2
5 Other Asian				1
Black / African / Caribbean / Black British				3
1 African				1
2 Caribbean				2
3 Other Black / African / Caribbean				
Mixed / multiple ethnic groups				2
1 White and British Caribbean				
2 White and Black African				
3 White and Asian				
4 Other mixed / multiple				2
Other mixed / multiple ethnic groups	6	7	5	52
1 White British	5	6	4	43
2 White Irish	1		1	4
3 Other White		1		5
Other ethnic groups				1
1 Arabic				
2 Any other ethnic group				1

Executive Summary

As an employer with fewer than 250 employees, the IoD does not fall within the scope of legislation on gender and ethnicity pay gap reporting, however this information is published annually in the interests of transparency.

Gender pay gap review

The mean gender pay gap rose between 2022 and 2023 from 30.4% to 33.4%, with the median pay gap reducing from 26.7% to 20.6%. When looking at the mean figure, if the Director General (the only Executive Board Member) is removed from the calculation, the mean gender pay gap for the organisation reduces to 24.9%.

We have made some structural changes to the Management Team during 2023 along with some internal promotions to individuals, all of which will result in a reduction to the gender pay gap when reported in April 2024. For 2023, no employees received a bonus payment. During 2023 we have introduced an employee-wide bonus scheme, which will impact the gender pay gap at the snapshot point of 5 April 2024.

The mean gender pay gap has increased year on year since 2019. This trend can be seen when looking at the gender mix of our Management Team. Following the restructure of the Management Team this trend has been reversed and we are forecast to see a reduction in the mean gender pay gap when reporting the 2024 data.

When comparing 2023 to 2022 we see a positive overall shift in the gender pay gap across the organisation. We will be continuing this balancing shift over the next few years and this will have a clear and direct impact on the gender pay gap going forward.

The median gender pay gap has seen a decrease from 2022 to 2023 which is another indicator that positive changes are happening at the core of our business where we have the highest turnover of employees.

We will continue to advertise our vacancies with transparent pay ranges, inclusive language and where possible, an openness to flexible and remote working arrangements, through which we have seen an increased number of female candidates applying for more senior roles.



Mean gender pay gap
(hourly pay relevant employees)

33.4%

Median gender pay gap
(hourly pay relevant employees)

20.6%

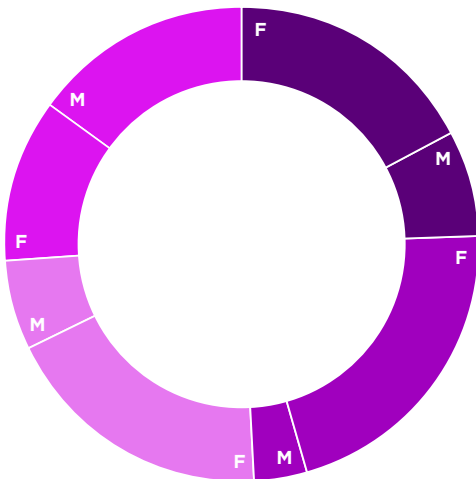
IoD colleagues at the Alumni
Conference for Chairs and
Governance Professionals in FE

Our people and culture



All Colleague Away Day
April 2024 at 116 Pall Mall

2023 Proportion of males and females in each pay quartile Lower quartile, lower middle quartile, upper middle quartile and upper quartile



Quartile	Gender	Count of gender	Count of gender %
● Lower	F	14	70.0%
	M	6	30.0%
Lower total		20	24.7%
● Lower middle	F	17	85.0%
	M	3	15.0%
Lower middle total		20	24.7%
● Upper middle	F	15	75.0%
	M	5	25.0%
Upper middle total		20	24.7%
● Upper	F	9	42.9%
	M	12	57.1%
Upper total		21	25.9%
Grand total		81	100%

Ethnicity pay gap review

We have seen a large increase in the mean ethnicity pay gap from 2022 to 2023, due to two factors. Firstly, a senior member of our Management Team left the organisation and was not replaced and secondly, our main recruitment has been at more junior levels, where we have seen an increase in ethnic diversity.

With such a small staff base (81 as at 5 April 2023), to make changes to our ethnicity pay gap will take time, however, we are aware of our current position and are working to improve this. When comparing 2023 to 2022, the percentage of those from Other Ethnic Groups has increased when looking at the two upper quartiles and the percentage of White British/Irish individuals in the lower two quartiles has increased. In contrast to this, the percentage of White British/Irish employees across the business has remained the same (79%) from 2022 to 2023.

Throughout 2023 we have instigated a number of initiatives when recruiting to ensure a wider range of candidates from all backgrounds, such as flexible working, a change in the tone of our job advertisement, along with a diverse recruiting panel. We are starting to see the benefits of this approach, however, will need to continue this work to ensure the positive changes we have seen continue and become embedded in our organisation.

Mean ethnicity pay gap (hourly pay relevant employees)

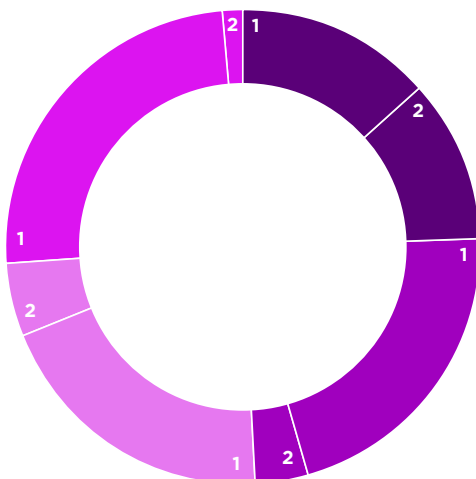
29.3%

Median ethnicity pay gap (hourly pay relevant employees)

22.1%

2023 Proportion of ethnicity in each pay quartile

Lower quartile, lower middle quartile, upper middle quartile and upper quartile



Quartile	Ethnicity	Count of ethnicity	Count of ethnicity %
● Lower	1 White British / Irish	11	55.0%
	2 Other ethnic groups	9	45.0%
Lower total		20	24.7%
● Lower middle	1 White British / Irish	17	85.0%
	2 Other ethnic groups	3	15.0%
Lower middle total		20	24.7%
● Upper middle	1 White British / Irish	16	80.0%
	2 Other ethnic groups	4	20.0%
Upper middle total		20	24.7%
● Upper	1 White British / Irish	20	95.2%
	2 Other ethnic groups	1	4.8%
Upper total		21	25.9%
Grand total		81	100%

International community

Our seven international branches saw membership growth, building on our benefits and value proposition for senior managers and directors. Driven by our volunteer network and branch officers, these branches are shaping their local economies, encouraging members to broaden their networks and building their careers through continued lifelong learning to strengthen their organisations.

International business events are designed to help directors and business leaders' network, share ideas and build their business community. They offer a variety of key topics for discussion and invite influential key guests to drive the conversation in their markets. The Director of the Year Awards is the most prestigious event in the annual calendar, celebrating success for the best international business leaders and rewarding and recognising them in front of their peers.

Changes within the volunteer network has demonstrated a high commitment to good governance and professionalism to drive director development. They play a vital role in the development of the IoD offering to our members, ensuring everything the IoD does places the member first. The branch volunteer activities have a significant influence, not just on the membership but on the stature, image and reputation of the Institute and its global community.

Growth areas

Growth areas in 2023 also identified key areas worldwide to enter new emerging markets. Building on this relationship to identify the need for director training and connecting business leaders we successfully have partnerships in four countries. We recognised and listened to our international members' business changes and challenges, and the impact it had on their sectors and local communities.

Our commitment to lifelong learning is at the heart of the IoD values, and we have successfully delivered our professional development courses in new and emerging markets across the globe. This has resulted in a significant increase in demand for our courses and the need for corporate governance training both through our branches and our reseller agreements, which have positively supported our members in various markets and business sectors. Our reseller agreements have opened opportunities for director training through large corporations and universities we have built long standing relationships with across the globe. 2023 saw an increase in international Chartered Director Qualifications – a community that will only continue grow through our networks.

IoD International members

3,550

As of 31 December 2023

Number of countries

90



IoD International
event highlights

116 Pall Mall and partners

In 2023 our flagship venue came into its own as we hosted an ever-expanding range of events and professional development, for members, delegates and guests, supported by high quality hospitality.

The iconic 116 Pall Mall building has been a unique asset for the Institute for many years. Over the course of 2023, 191,831 members, delegates and guests visited 116 to work, learn and connect — an increase of over 25,000 from the previous year, highlighting the benefits of our diversified range of events, member only and public spaces and improved standards across catering, professional development and corporate and private events.

In 2023, in collaboration with our official catering partner, Searcys, the building hosted 1,380 meetings, 88 conferences, 108 drinks receptions, 78 dinners, 24 Christmas parties and 20 weddings. This commercial partnership with Searcys resulted in related income of £2m for the IoD over the course of 2023, up from £1.3m in 2022.

Many large-scale events were delivered, including Good Housekeeping Live — a two-day extravaganza consumer show welcoming over 3,000 guests and speakers including Mary Berry, Sir Michael Palin and Shirley Ballas. The building also opened its doors to celebrate the Coronation, with events including a unique London Chamber Orchestra concert of music associated with the Royal Occasions, transporting attendees into a world of regal charm on such a historic occasion.

2023 ended with another win, as 116 Pall Mall secured Gold for 'Best Historic Venue or Livery Hall - 300 Attendees Reception Style' at the London Venue Awards.

116 Pall Mall guests in 2023

191,831





116 Pall Mall
event highlights



Sustainability and ESG

Helping businesses to operate more sustainably was another key part of the IoD's work in 2023. We provided members with information and guidance on sustainable business and worked with national and regional governments to create a policy environment conducive to a managed transition to a net zero economy.

At the end of 2023, the IoD launched the Sustainability Special Interest Group, with the aim of supporting, collaborating with, and connecting business leaders across all industries in order to maximise business positive impact and influence on employees, society, and the environment.

In January 2024, the IoD published a new business paper, 'Grasping the Net Zero Opportunity'. The paper contains advice and guidance for businesses on how they can take meaningful steps to reduce their carbon footprints, from carbon measurement to energy efficiency measures and decarbonising transport. Case studies from eight businesses, representing a range of sizes and industries, provide further insight into how businesses across the country are already reaping the benefits of becoming more sustainable. In Q4 2023, the IoD also arranged a series of roundtables with IoD members and the Department of Energy Security and Net Zero, to inform the government's upcoming strategy on green jobs.

In June 2023, the IoD Centre for Corporate Governance published a major piece of thought leadership — 'ESG: Where Do We Stand? The paper argued that, although the term 'ESG' is becoming increasingly politicised, its underlying components are more important than ever. In particular, the Governance component of ESG should not be neglected, and is a pre-requisite for progress in other areas.

The IoD conducted a survey in August 2023 which found that around 15% agree with the statement "we have increased overall investment spending mainly in order to implement the organisation's policy on climate change". However, members cited the "lack of clear business case to invest in net zero measures" as one of the biggest obstacles in reducing their carbon footprint. As a result, the IoD advocated for a lower corporation tax for organisations that have achieved net zero compared to those that have not. We also threw our support behind the recommendations of the Skidmore Review, which included offering SMEs greater information and financial support so that they could invest in the green transition.

In 2023, the IoD launched a new professional development programme, Leading Sustainability for Directors. The two-day course, spread over four half-day sessions, equips directors with the practical knowledge and skills to strengthen their organisation's orientation towards sustainability.

The IoD's carbon footprint was certified by PlanetMark for the fifth consecutive year in March 2024. The total carbon emissions reported within the agreed Scopes of Measurement were 317.5 tons of CO₂ equivalent (tCO₂e) emissions. This represented a year-on-year decrease in emissions of 4.8%. The IoD's 2023 carbon footprint represents a 42.8% decrease from its 2019 carbon footprint. The biggest challenge for the IoD in terms of reducing its own emissions arises from our landmark premises at 116 Pall Mall. This is a 200-year-old Grade 1 listed building and presents challenges in terms of improving energy efficiency. However, in 2023 we began discussions with our landlord, The Crown Estate, to consider how the challenges may be addressed.

Decrease in emissions

42.8%

From 2019 carbon footprint



For me, sustainability is about delivering sustainable economic development by combining ecological boundaries with the concept of social, technological, and financial boundaries. The IoD has been fundamental in providing me with the network of brains and relationships to further advance this model for local government.

Jens Gemmel von Döllinger
Public Sector Reformist and
Founder, The Local Zeitgeist



Governance structure

Our governance structure is an integral part of the way the Institute of Directors delivers its Royal Charter obligations and strategy, supporting effective decision-making. This enables the right people to have access to the right information at the right time.

We are immensely proud of the diversity and depth of experience contained in our Board and Council, which are responsible for the Institute's strategic direction and sustainability.

Board

Sets the strategy and holds Management Team to account for its delivery, while also providing them with support and guidance

Non-executive chair

Leads the Board and ensures it operates effectively.

Non-executive directors

Work with and challenge executive directors.

Director General and executive directors

Day-to-day management of the business and implementation of strategy.

Council

Guardian of the constitution to make sure that the Charter Objects are being delivered. Critiques and provides opinion to the Board on the overall progress of the IoD.

Committee of the Board and Council

Nomination Committee

Leads process for Board and Council appointments.

Committees of the Board

Audit and Risk Committee

Oversees financial reporting, internal control, risk management systems and audit processes.

Remuneration Committee

Advises on the Institute's remuneration framework and policy and terms of employment for senior members of staff and executive directors.

Membership Committee

Advises on membership conduct matters.

Accreditation and Standards Committee

Approves standards and competencies required by directors and boards and the methods for assessing directors.

Management Team

Executive remit

Is responsible for the ongoing management of the Institute. It considers day-to-day operational matters for running the business and reviews performance of the Institute, in line with the strategic plan.

Region, Nation and branch chairs

Work closely with all staff and volunteers in the IoD to promote the ethos of 'OneIoD'.



Understanding that ‘environment dictates performance’, being an IoD member – and currently, Surrey Chair – ensures I keep the right company; accessing inspiration, best practices, key resources, development and accountability. The IoD community provides the environment for excellence standards supporting success.

Jarmila Yu

Founder, MD and Consulting CMO,
YUnique Marketing Ltd and
Regional Chair, IoD Surrey

Governance of the Institute

The Institute is dedicated to a high standard of governance and follows best practice for guidance.

The Institute of Directors was established in 1903 and became a body corporate under Royal Charter in 1906. The IoD's constitution comprises the charter, by-laws and regulations.

The Board is responsible for all of the affairs of the Institute and the Council is the forum in which the Board is held directly accountable to the charter.

As a chartered organisation, initial control of the Institute is vested in the members and the Institute is fundamentally controlled by the Privy Council and in turn the King in Council. The Institute does not have owners and is not subject to the normal laws and regulations relating to the operation of registered companies. The Institute, however, is accountable to the public as well as its members, and must therefore meet the public interest test in the pursuit of its objects.

Our governance structure shapes the way that information flows throughout the Institute, and we constantly strive to improve our own governance procedures and processes.

The relationship between the Board, Council and committees as defined in the Institute's constitution are:

- The King in Council and Privy Council granted the Institute its Royal Charter and by-laws.
- The membership approves any changes to the Royal Charter prior to submission to the King in Council and Privy Council, who approve any changes to the charter and by-laws.
- The Council holds the Board to account for delivery of the Royal Charter Objects and provides critique and opinion on the Institute's overall progress. Council is the guardian of the constitution and considers any changes to the constitution before they are proposed to members.
- The Council also appoints Board members, via the recommendations of the Nomination Committee (the joint committee of the Board and Council). Council member appointments are approved by members at the Annual General Meeting.
- The Board is responsible for the overall leadership of the Institute and for holding the executive to account. The Board approves the strategy and is responsible for setting the Institute's values, standards, aims and objectives and delivering them in line with the Charter Objects. The Board has a number of committees that support its decision-making across the Institute. The committees of the Board are: the Audit and Risk Committee, Remuneration Committee, Membership Committee and the Accreditation and Standards Committee. There is also an established geographic network, which reports to the Board via the regional chairs.

The Institute is accountable to the public as well as its members, and must therefore meet the public interest test in the pursuit of its objects.



Having benefited from the professional development offered by the IoD and becoming a chartered director, I have subsequently found the IoD community to be one of the main benefits of membership. The networking events are always first class, both in terms of topics and speakers, and also the opportunity to meet with peers from a wide range of sectors. It is a very supportive environment and one that any director (or aspiring director) should be part of.

Roger Wilson CDir

Chief Executive, Armagh City, Banbridge and Craigavon Borough Council

Council report



David Langworth CDir
Chair, IoD Council and
SICM

After completing my first full year as Senior Independent Council Member (SICM) and Council Chair, I want to pay tribute to the significant efforts of the entire Board, and everyone involved in improving the Institute's membership numbers and financial well-being.

It's clear that the Institute has successfully negotiated some real challenges as the business landscape for our members has changed enormously and continues to do so.

As Council, our formal interface is with the Chair of the Board and Director General, and occasionally with the whole Board, with whom we probe the progress of the Institute against its obligations under our Royal Charter. Whilst we do provide critique, we note the professionalism and leadership of the Board's directors as being exemplary. Some will be leaving in 2024 including Patrick Macdonald who steps down as Chair of the Board at our AGM having contributed enormously to the Institute regaining some positive momentum. Deborah Davis and John Watson also stood down having made important contributions in recent years.

As for our duties as Council, they are actually enshrined in the Institute's governance but, in simple language, we;

- appoint and remove non-executive directors to the IoD Board;
- report to the membership on the Council's opinion on IoD strategy and Board performance at the AGM;
- monitor stakeholder engagement by taking the pulse of IoD membership and wider stakeholders, relaying key themes back to the Board;
- hold the IoD Board to account for delivery of the Royal Charter Objects and by-laws, acting as guardian of the Institute and providing the Board with critique and opinion on the Institute's overall progress. To that end we put questions to the Board and promote constructive debate. Rather like an active shareholder would and that's how we should be seen.

To carry this out we have an extremely diverse and experienced team of volunteer Council members that I am proud to work alongside. They have been deliberately drawn from different professions and geographies, both here and abroad, and we no longer have any regional chairs or other postholders appointed by the Board, hence we've removed any danger of circular governance.

Looking forwards, we will take great interest in the priorities for investment as funds become available and will seek dialogue with the Board on how we will jointly measure the Institute's progress against our Royal Charter. We should also never forget that the Charter gives us an obligation to represent the business community, including our membership and beyond, and the need to strive for 'better directors' only ever grows. With the pace of change facing business and directors, your Institute remains more relevant than ever.

Finally, as Council members, we seek to be 'out there' as much as possible; either on our own account to touch base with businesses and the membership but also to support the Executive whenever possible to provide an IoD presence at internal and external events, both in the UK and overseas to do our part in raising the most positive profile for the Institute.

IoD Council

Chair of Council and Senior Independent Council Member (SICM)

David Langworth CDir

Council members

Mehrdad Mansourpour
Prof Marie McHugh OBE
Anneliese Reinhold
Andrew Griffiths
Dr Eelco Fiole CDir
Kahumbya Bashige CDir
Robert Stansbury CDir
Derek McIntyre

Elected Council member departures

Brian Hall CDir
(September 2023)
Paul Terrington CBE
(September 2023)
Rick Denton
(September 2023)

Objects of the Institute of Directors' Royal Charter

To promote for the public benefit high levels of skill, knowledge, professional competence and integrity on the part of directors, and equivalent office holders however described, of companies and other organisations.

To promote the study, research and development of the law and practice of corporate governance, and to publish, disseminate or otherwise make available the useful results of such study or research.

To represent the interests of members and of the business community to government and in the public arena, and to encourage and foster a climate favourable to entrepreneurial activity and wealth creation.

To advance the interests of members of the Institute, and to provide facilities, services and benefits for them.



Looking forwards, we will take great interest in the priorities for investment as funds become available and will seek dialogue with the Board on how we will jointly measure the Institute's progress against our Royal Charter.

IoD Board

The Board's responsibility for leading the Institute and overseeing the governance of the organisation continues to be supported by a robust structure which allows for constructive debate and challenge.

This approach enables the members of the Board to make effective decisions at the right time and based on the right information.

Leadership

As at 31 May 2024, the Board comprised the Chair, the Director General and eight other independent Non-Executive Directors. We continue to have a strong mix of experienced individuals on the Board. The majority are independent non-executive directors who are not only able to offer an external perspective on the business, but also constructively challenge executive directors, particularly when developing the Institute's strategy and in their performance. Our governance structure is designed to ensure that decisions are taken at the appropriate level and with the proper degree of oversight and challenge. Elements of our business require quick decision-making and this is enabled by an agile Board and Management Team that collaborate effectively on complex issues.

Strategy days

The Board was able to hold its annual strategy day in London in November 2023. The event was attended by the Board and Management Team and was structured to allow for the critical evaluation of the organisation's strategy against the context of a sustained periods of higher inflationary environment.

The Director General and senior executives delivered presentations to attendees, providing in-depth analysis on aspects of the business and the external environment before a deep dive into each of our strategic priorities.

The day was carefully structured to achieve a balance between presentations, debate and discussion. Areas focused on at the 2023 strategy day included: membership model, value proposition, retention, growth and creating sustainable long-term value for members.

Role of the Board

The Board has reserved key decisions and matters for its own approval, including its core responsibilities of setting the Institute's strategic direction, overseeing the delivery of the agreed strategy, managing risk and establishing the culture, values and standards of the Institute as a whole. Matters below the financial limit set by the Board are delegated to the Management Team. The board culture is one of openness and constructive debate; when running board meetings, the Chair maintains a collaborative atmosphere and ensures that all directors have the opportunity to contribute to the debate.

The directors are able to voice their opinions in a calm and respectful environment, allowing coherent discussion. There are regular informal meetings and events throughout the year to help build constructive relationships between Board members and the Management Team.

The Senior Independent Director provides a sounding board to the Chair, as well as being available to other Non-Executive Directors and Council members should they have any concerns. The Director General is responsible for the Institute's strategy, promoting our culture and sharing key member views with the Board.

Division of responsibilities

There is a clear written division of responsibilities between the Chair (who is responsible for the leadership and effectiveness of the Board) and the Director General (who is responsible for managing the Institute's business). The Board has delegated authority for the day-to-day management of the business to the Director General, with specific areas of the business being managed by the other members of the Management Team. The Management Team has been given delegated authority by the Board to make decisions within specified parameters. Decisions outside of these parameters are reserved for the Board, although management will often bring decisions within their delegated authority to the Board for scrutiny and challenge.

Operations of the Board

Our governance structure set out on page 42 ensures that the Board is able to focus on strategic proposals, major transactions and governance matters which affect the long-term success of the business. Regular board and committee meetings are scheduled throughout the year. Ad hoc meetings may be held at short notice when board-level decisions of a time-critical nature need to be made or for exceptional business. Care is taken to ensure that information is circulated in good time before board and committee meetings, and that papers are presented clearly and with the appropriate level of detail to assist the Board in discharging its duties. The Institute Secretary assists the Board and Committee Chairs in agreeing the agenda in sufficient time before the meeting to allow for input from key stakeholders and senior executives. Chairs of Committees are also sent draft papers in advance of circulation to committee members to give time for input.

Papers for scheduled meetings are circulated one week prior to meetings and clearly marked as being 'For decision', 'For information' or 'For discussion'. To enhance the delivery of board and committee papers, the Board uses a board portal which provides a secure and efficient process for meeting pack distribution.

Under the direction of the Chair, the Institute Secretary facilitates effective information flows between the Board and its committees, and between senior management and non-executive directors.

Each scheduled meeting includes a director general report delivered by the Director General and a finance report, as well as regular updates on the activities of various standing committees. Discussions also take place on strategic proposals, risk management, legal and governance matters.

The Board held a combination of monthly, virtual and face-to-face, meetings in the first half of 2023. As confidence in the performance and financial results of the business improved in the first quarter, the Board reverted to the standard annual schedule from July. The Board has responded swiftly to the external environment, focusing on the financial stability of the organisation, adjusting costs to address the impact of the economic challenges, while continuing to invest in improved systems, processes and membership growth strategies. The Board has reviewed topics related to the organisational values, culture and related policies of the Institute. The whistleblowing arrangements including the external provider of the independent line have been updated, the Board continues to receive reports on complaints as appropriate.

During the year, substantial work has continued with a focus on the integration of the customer relationship management systems, review of internal control effectiveness, membership and professional development.

IoD Board

Board committees

Four standing committees have been operating throughout the year: Audit and Risk Committee, Remuneration Committee, Accreditation and Standards Committee and Nomination Committee (joint Board and Council), to which certain powers have been delegated. Membership of each of these committees is comprised of independent non-executive directors. The reports of these standing committees are set out in the following pages. The terms of reference of each committee and the matters reserved for the Board are reviewed regularly.

Conflicts of interest

The directors are required to avoid a situation in which they have, or can have, a direct or indirect conflict with the interests of the Institute. The Institute has established a procedure whereby directors submit annual declaration of interest forms and are required to notify the Chair and the Institute Secretary of all new outside interests and actual or perceived conflicts of interest that may affect them in their roles as directors of the IoD.

Board non-executives

Chair

Patrick Macdonald

Senior Independent Director

Alexander Simpson

Members

Femi Bamisaiye
Amaechi Nsofor
Ieda Gomes Yell
Robin Watson CBE
Graeme Jenkins

New members

Beth Ahlering (September 2023)
Julia Marsh (September 2023)

Departed members

John Watson (January 2024)
Deborah Davis CDir (April 2024)

Board executive directors

Jonathan Geldart



“

The IoD is a global brand with prestigious Royal Charter; and membership certainly has its privileges. The membership has opened a network of like-minded individuals and businesses on similar growth journeys to ours which in turn provides a great forum to learn, share and inspire.

Harpal Mattu

Managing Director, Agilyx Group
and Tech Ambassador, IoD Central

Nomination Committee

The Nomination Committee supports the Board and Council on composition, succession and diversity matters.

The development and execution of our long-term strategic objectives, embedding of our culture and values and promotion of the interests of our stakeholders all depend upon effective leadership at board, council and executive level.

Our rigorous and transparent procedures for appointing office holders are led by the Nomination Committee. It is the Committee's responsibility to maintain an appropriate combination of skills and capabilities amongst the directors and council members. The Committee regularly reviews the structure, size and composition of the Board and Council to ensure it is made up of the right people with the requisite skills and experience including diversity of thought and approach, who can provide strong and effective leadership to the business and support the delivery of the Institute's strategy and Charter Objects.

Succession planning at Board and Council level continues to be a priority for the Committee. The Committee is mindful of office holders approaching six years in post and the search process for appropriate successors is ongoing.

As office holders approach their end of term limits, the Committee has an opportunity to consider more broadly the skillset and diversity of the Board and Council as a whole. It is a key consideration for all office holder roles that, alongside appropriate knowledge and expertise, directors and council members will embody and demonstrate our values and aim to strengthen our commitment to sustainability and diversity.

In the year ahead, the Committee will continue to focus on the medium to long term succession of the Board and Council.

The Committee is a joint committee of the Board and Council consisting of eight members, four Board and four Council representatives. The Senior Independent Council Member chairs the Committee.

Board and Council membership

The Committee's principal responsibilities remain:

To approve the appointment principles for all IoD office holders and the processes by which the principles will be delivered.

To ensure that the appointment of all Board and Council members delivers a balance of skills, knowledge, experience, diversity and geographical spread.

To annually review the effectiveness of governance across the Institute and to make recommendations regarding the structure, size and composition of the Board and Council. Effectiveness reviews are carried out by Board and Council separately.

Succession planning

The Committee is responsible for reviewing the succession plans for the Board and Council. The succession plans for the executive directors are prepared on an immediate, medium and long-term basis, while those for non-executive directors and council members reflect the need to regularly refresh the Board and Council. Such plans take account of the tenure of individual members.

The Board and Council complete a skills matrix periodically to determine which skills and expertise are held by the governance body members and where we can strengthen our skillset for current and future strategic needs. We also seek to ensure succession for the Board's expertise in audit, finance, remuneration and governance over the long term.

The Director General, with the support of the People and Culture team, is responsible for developing succession plans for senior management.

Role and responsibilities

The Committee oversees the search, selection and appointment process for Board and Council appointments which is summarised below.

1

Role brief

The Committee works only with external partners who have adopted the voluntary code of conduct for executive search firms on gender diversity and best practice.

The Committee and agency work together to develop a comprehensive role brief and person specification, aligned to the Institute's values and culture. This brief contains clear criteria against which prospective candidates can be objectively assessed.

2

Longlist review

The external search agency is challenged to use the objective criteria for the role to produce a longlist of suitably qualified candidates from a broad range of potential sources of talent.

The candidate's skills are scored against a skills matrix developed specifically for Board and Council. This process supports creation of a diverse longlist. The Nomination Committee selects candidates from this list to be invited for interview.

3

Interview

A formal, multi-stage interview process is used to assess the candidates. For each appointment the choice of interviewers is customised to the specific requirements of the role and panel members are representative of both the Board and Council. All interview candidates are subject to a rigorous referencing process.

It is the Committee's responsibility to maintain an appropriate combination of skills and capabilities amongst the directors and council members.

Nomination Committee

Board and Council composition reviews and appointments

During the year the Committee reviewed the broader composition and balance of the Board and Council and adhered to our formal, rigorous selection, appointment and induction processes for new directors and council members. There have been several changes to the Board. A recruitment process for board members with expertise in professional development resulted in two appointments, Julia Marsh and Beth Ahlering.

The Committee has appointed Mullwood Partnership to conduct the search for a non-executive Chair of the Institute as the current Chair, Patrick Macdonald, leaves the organisation following the end of his term in office. The appointed search firm has no other relationship to the Institute or individual directors and has adopted the voluntary code of conduct for executive search firms on gender diversity and best practice.

John Watson completed two full three-year appointment terms and stepped down from the Board in January 2024. Deborah Davis CDir and Alex Simpson SID are stepping down from the Board in April and July 2024 respectively following the completion of two terms.

Focus for coming year

As well as the regular cycle of matters that the committee schedules for consideration each year, we are planning over the next 12 months to continue to focus on succession planning for the Board, Council and senior management and will continue to develop a strong talent pipeline.

The Committee is satisfied that, following the Board and Council composition changes described above, the Board and Council continue to maintain an appropriate balance of skills and experience required to fulfil their roles effectively.

Diversity

The Committee, the Board and Council are committed to increasing gender and ethnic diversity when searching for candidates for board, council and other appointments.

As directors and Council members approach the end of their second term, the Committee has an opportunity to consider more broadly the skill set and diversity of the governance bodies. In addition, the ongoing search processes for office holders is being conducted within the context of our commitment to improving inclusion and diversity across the Institute.

Nomination Committee

Chair

David Langworth CDir

Members

Patrick Macdonald
Marie McHugh OBE
Anneliese Reinhold
Alex Simpson
Ieda Yell

New members

Femi Bamisaiye (January 2024)
Dr Eelco Fiole CDir (October 2023)

Member departures

John Watson (January 2024)
Deborah Davis CDir (May 2023)



I have been engaged with the IoD for many years after joining to take the Certificate in Company Direction. The professionalism and support services are excellent, and I now insist that all the Exec complete the certificate as a minimum to joining the board.

Rob Wallace
Group Director,
Energy Efficiency Consultancy Ltd



Committees of the Board

Our committees are an integral part of the governance of the Institute, covering remuneration, professional development standards, membership and compliance.

Audit and Risk Committee

Role and responsibilities

The Committee plays a key role in the governance of the Institute's financial reporting, risk management, internal controls and assurance processes and the external audit. As well as our main areas of responsibility, throughout the year the Committee paid particular attention to the performance of the finance function and the review of the internal control effectiveness and system processes.

The principal responsibilities of the Committee continue to be:

Financial reporting – Monitoring the integrity of the Institute's financial statements and considering significant financial reporting issues, judgements and estimates.

External audit – Oversight and remuneration of the external auditor, assessing effectiveness and making recommendations to the Board on the appointment of the external auditor.

Internal audit and controls – Monitoring and reviewing the adequacy and effectiveness of the internal financial controls and risk management, and approving the statements to be included in the annual report concerning internal control and risk management.

Risk management – Reviewing the system of internal control and risk management.

Reviewing the process for identification and mitigation of principal and emerging risks, assessment of risk appetite and key risk indicators, and challenging management actions where appropriate.

Corporate and financial reporting

The Committee continues to review the content and tone of the Annual Report and Accounts and make recommendations to the Board regarding their accuracy and appropriateness. Drafts of the Annual Report and Accounts are reviewed by the Committee as a whole prior to formal consideration by the Board, with sufficient time provided for feedback.

The Committee reviewed the key messaging included in the Annual Report and Accounts, paying particular attention to those matters considered to be important to the Institute by virtue of their size, complexity, level of judgement required and potential impact on the financial statements and wider business model.

The Committee has satisfied itself that the controls over the accuracy and consistency of the information presented in the Annual Report and Accounts are robust. The Committee reviewed the procedure undertaken to enable the Board to provide the fair, balanced and understandable confirmation to members.

The Committee continues to review the content and tone of the Annual Report and Accounts and make recommendations to the Board regarding their accuracy and appropriateness.

Committees of the Board

The Committee annually reviews the audit requirements of the Institute, for the business and in the context of the external environment.

Committee composition and governance

Graeme Jenkins is the Chair of the Audit and Risk Committee. The Committee continues to be composed mainly of independent non-executive directors with sufficient financial experience, commercial acumen and sector knowledge to fulfil their responsibilities.

Members of the Management Team, including the Director of Finance, Institute Secretary and representatives of the external auditors, continue to attend committee meetings.

In addition, the Director General and other key employees are invited to attend part, or all, of specific committee meetings.

The Committee meets privately with external auditors and is satisfied that neither is being unduly influenced by management. The Committee Chair additionally holds regular meetings with the Director General, Director of Finance and other members of the Management Team to obtain a good understanding of key issues affecting the Institute and is thereby able to identify those matters requiring meaningful discussion at committee meetings.

External audit

RSM UK Audit LLP (RSM) was appointed as the Institute's external auditor for the 2021 Annual Report following a formal competitive tender process. Given the continuing effectiveness of RSM in their role as external auditor, the Committee believes it is in the best interests of members for RSM to remain in role for the following financial year.

The Committee is responsible for overseeing the relationship with the external auditor and for considering their terms of engagement, remuneration, effectiveness, independence and continued objectivity.

The Committee annually reviews the audit requirements of the Institute, for the business and in the context of the external environment, placing great importance on ensuring a high quality, effective external audit process.

Internal control

In 2023, the Committee continued its focus on internal control and overseeing the Management Team's progress on the recommendations for the strengthening of the control environment and improvement of reporting for branches in the UK and abroad.

The Committee has paid particular attention to the underlying business performance of the Institute, closely monitoring the deferred balances, debtor and creditor processes and cash flow forecasting, which included assumptions of timings of temporary and permanent cost savings. The cash flow forecasts, including a detailed 90-day look forward and monthly forecast, continued to be circulated for review on a weekly basis by a sub-group of Board members until February 2024.

Work has continued on the implementation of processes and enhancement of the monthly management account reporting.

A review of the entire internal control framework was completed during the year including those in relation to key financial controls, financial reporting system implementation and cyber security. Key observations and management actions are reported to and debated by the Committee.

The Committee has highlighted some process and control improvements, with follow up review scheduled quarterly in 2024.

Committees of the Board

Risk management

The Board has delegated responsibility for overseeing the effectiveness of the Institute's risk management and internal control systems to the Committee.

During the year, the Committee reviewed the process for identification and mitigation of key business and emerging risks, challenging management actions where appropriate.

The Institute's approach to risk management is based on a strong governance process, including policies and procedures to ensure consistency in the reporting of risk identification throughout the monitoring, measuring, and mitigation activities.

This methodology provides comprehensive reporting and collective oversight across the Institute. All risks are assigned individual and/or group responsibility, depending on the nature of the risk itself.

In addition, risks are assessed against the risk appetite framework, the residual risk that the Institute is willing to accept in order to deliver its charter objects, and to ensure the risk is within acceptable levels.

The Committee reviewed the Institute's principal and emerging risks including consideration of how risk exposures have changed during the period. Both external and internal risks are reviewed and their effect on the Institute's strategic aims considered.

The assessment of emerging risks includes a bottom-up review of all business units and a deep dive by the Committee. The Committee made a recommendation to the Chief Compliance Officer regarding the identification, assessment and presentation of principal and emerging risks.

The Institute's whistleblowing arrangements which enable all staff, including temporary and agency staff, to report any suspected wrongdoing, was reviewed during the year. These arrangements, which are monitored by the People and Culture team, Institute Secretary and General Counsel, include an independent and confidential whistleblowing service provided by a third party.

Focus for the year

During the year ending 31 December 2024, the Committee will continue to focus on:

- The processes by which the Board identifies, assesses, monitors, manages and mitigates risk, particularly in light of the challenging conditions within the membership sector and the inflationary environment.
- Monitoring key risk areas for the business, particularly those scheduled for review, including, but not limited to, key financial, operational and IT controls, cyber security and sustainability targets.
- Continue to prepare and enhance our readiness for the proposed corporate governance reforms.

Audit and Risk Committee

Chair

Graeme Jenkins

Members

Aidan O'Carroll CDir
Amaechi Nsofor

Departed members

John Watson (January 2024)

Committees of the Board

Remuneration Committee

The Remuneration Committee has delegated responsibility for designing and determining remuneration for the executive directors and senior management, including the Institute Secretary. The Committee oversees the organisation's overall remuneration strategy and ensures it is aligned to the organisation's purpose and values, and clearly linked to the successful delivery of the long-term strategy.

The Committee is chaired by Femi Bamisaiye, Non-Executive Director. The Remuneration Committee reviews employee remuneration and related policies. The purpose of this review is to ensure the reward, incentives and conditions available to the Institute's employees are taken into account when deciding the pay of executive directors and senior management. This enables the Remuneration Committee to feed back to the Board and support the latter's monitoring of whether the Institute's policies and practices support culture and strategy.

During the year under review the Committee has focused on the implementation of our Remuneration Policy; working with management to re-frame the organisation's reward and recognition proposition with a relaunched bonus scheme being mindful of the need to mitigate the disproportionate impact of the cost of living crisis on our colleagues. The Committee also considered the gender and ethnicity pay gap reporting requirements and employee well-being policies and incentives.

We are pleased with progress made with the Great Place to Work Certification, the Institute was certified under the scheme at the end of 2023 achieving a Trust Index score of 67% following improvements to workplace culture and communications.

The Committee has sought to balance the reward and incentivisation of our people with the challenging conditions and difficult outcomes that the organisation and its stakeholders have experienced. In addition to the cost of living concerns, management have worked hard to reform the reward and recognition proposition. Within the existing framework, more focus has been applied to using reward to incentivise the successful delivery of key objectives. Following the review, a recommendation on the bonus structure was approved by the Board together with an overall increase of salaries.

In making key decisions, the Committee has been in close dialogue with the executive members of the Board and fellow non-executives. Discussions have taken place at length about how the uncertain external environment has impacted all our people, having been briefed at each meeting by the People and Culture team and Director General. This has enabled the Committee to remain in touch with the Institute's plans and actions to support employee wellbeing, hearing about concerns and achievements through regular surveys and other ways of understanding the issues. This connection has been important in the Committee's decision making.

Focus for the coming year

During 2024, the Committee will continue to monitor the impact of higher inflation on our workforce and ensure the overall reward package at the Institute remains appropriate.

The Committee has planned a review of the Remuneration Policy, salary banding levels and pension scheme contributions, in order to ensure that the remunerations package is fit for purpose, meets the needs of the business and colleagues, and allows the Institute to attract and retain talent.

Focus will continue on the Great Place to Work Certification, monitoring of choice of performance measures for the bonus scheme and approach to recruitment remuneration.

Remuneration Committee

Chair

Femi Bamisaiye

Members

Patrick Macdonald

Robin Watson CBE

Departed member

Deborah Davis CDir (April 2024)

Membership Committee

The Membership Committee is a committee of the Board which carries out oversight of member and chartered director conduct under the Members Regulations.

Committees of the Board

Accreditation and Standards Committee (ASC)

The Accreditation and Standards Committee is chaired by Julia Marsh, who was appointed as Non-Executive Director in September 2023. The ASC sets the educational competencies and standards for directors and boards, oversees the standards for external accreditation providers and maintains and protects the integrity of professional standards for candidates for the principal professional assessments conducted by and under the auspices of the Institute.

The ASC oversees the work of the Assessment Committee, and is ultimately responsible for the overall quality assurance of the examinations and assessments and supporting processes.

The Committee's main responsibilities remain:

1

To approve the competency framework, accredited learning outcomes and assessment criteria.

2

To approve the code of conduct and CPD requirements for the professional competency of chartered directors.

3

To ensure the safeguarding of the IoD's powers to award by adherence to the accreditation principles and our policies and procedures and to escalate any issue to Board where integrity is not being maintained.

A more integrated approach to professional development and changes in the leadership have presented an opportunity to review the Committee's remit to ensure it remains focused on areas that are key to the Institute's strategy.

Accreditation and Standards Committee

Chair

Julia Marsh

Members

Suzy Brain England OBE CDir
James Gambrell CDir
Carmel McKinney OBE
Robert Smith CDir

New members

Julia Marsh (September 2023)

Departed members

John Warden (August 2023)

Management

Institute Secretary

The Institute Secretary ensures the highest standards of governance and compliance with legal requirements and best practice. This includes providing support and advice to all board, council and committee members and acting as the conduit for all communication and engagement with them.

The role contributes to achieving the aims of the IoD by advising on, and ensuring compliance with, the laws and good governance practices relating to the workings of the organisation, and with the IoD's constitution.

Institute Secretary

Kristina Lewis

Management Team

The Director General is supported by the Management Team in discharging his duties which have been delegated by the Board. Comprised of key personnel from across the business in the relevant subject area, the Committee's main areas of focus are the formulation and implementation of strategic initiatives, business performance monitoring and evaluation and overseeing culture and stakeholder engagement.

Management Team

Members

Dr Roger Barker
Kate Cooper
Jonathan Geldart
Kirsty McManus
Richard Townsend

New members

Roisin Sweeney (June 2023)

Departed members

Paul Adams (September 2023)



My membership of the IoD has helped me increase my knowledge and skills associated with being a director. This has helped me bring an extra dimension to my role as a Trustee for a multi-academy trust and ensure we are setting the right direction for our schools and pupils.

Jason Hyde
Trustee, Bishop Fraser Trust



Statement of Board responsibilities

As a body corporate established by Royal Charter, the Institute is obliged to comply with its constitution (comprising charter, by-laws and regulations).

The constitution requires that the Board lays before the members, in a general meeting, financial statements for the year, giving a true and fair view of the state of affairs of the Institute. The financial statements must include the surplus or deficit of the Institute for that period. The Board is also required to approve the financial statements, only if they are satisfied that they give a true and fair view of the state of affairs of the Institute and of the surplus or deficit for that period.

In preparing the financial statements, the Board is required to:

- Select suitable accounting policies and apply them consistently.
- Make informed judgments and estimates that are reasonable and prudent.
- State whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Institute will continue in operation.

The Board is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Institute. The Board is also responsible for safeguarding the assets of the Institute and taking reasonable steps to ensure the prevention and detection of fraud and any other irregularities.

Each board member confirms that:

- So far as they are aware, there is no relevant audit information of which the Institute's auditor is unaware.
- They have taken all necessary steps to ensure that they are aware of any relevant audit information and to establish that the Institute's auditor is aware of the information.
- The Board is responsible for the maintenance and integrity of the financial information included on the Institute's website. Practice in the United Kingdom governing the preparation and dissemination of financial statements may differ from practice in other jurisdictions.



IoD Chairs

Regions and Nations

Central

Inez Brown

East of England

Biplab Rakshi

London

Razi Mireskandari

Northern Ireland

Gordon Milligan OBE

Scotland

Julie Ashworth

South

Faisal Khan

South West

Steve Hill CDir

Wales

Richard Selby

Yorkshire & the North East

Delroy Beverley

Branches

Aberdeen & Grampian

Sarah Downs

Berkshire

Shaun Davis CDir

Black Country & Staffordshire

Vacant

Buckinghamshire & Milton Keynes

Rashesh Joshi

Cambridgeshire

Lake Falconer

Central Scotland

Neil Bradbrook

Cheshire

Stuart Waddington

City of London

John McLean

Coventry & Warwickshire

Abid Khan

Cumbria

Vacant

Derbyshire & Nottinghamshire

Vacant

East Yorkshire

Vacant

Edinburgh & Lothians

Nathalie Agnew

Essex

Paul Durrant

Fife & Tayside

Marlene Lowe

Glasgow & West of Scotland

Mark Spragg

Greater Lincolnshire & Rutland

Philip Worrall

Greater Birmingham

Andy Wilkinson

Hampshire & the Isle of Wight

Matthew Wallis

Hertfordshire

James Keeling

Highlands & Islands

Clare Winskill

Alison Wilson

Kent

Sweena Badhan

Leicestershire & South East Midlands

Craig Bentley

Liverpool

David Wafer

Manchester

Vacant

Mid Wales

Gareth Jarman

Norfolk

Saul Humphreys

North East North

Sarah Waddington CBE

North East South

Nick Tompkins

North Yorkshire

Caroline Pullich

North Wales

David Roberts

Oxfordshire

Tagore Ramoutar

South Scotland

Vacant

South Yorkshire

Pete Shillito

South Wales

Geoff Hancock

South West Wales

Nicola John

Suffolk

Vacant

Surrey

Jarmila Yu

Sussex

Michele Augusti

West Yorkshire

Poonam Kaur

Worcester & the Marches

Tim Jones

International branches

Belgium

Deborah Nash

Bermuda

Vacant

China

Lutao Ning

Guernsey

Glen Tonks

Isle of Man

Steve Billingham

Jersey

Alexandra Ruddy

Monaco

Vacant



Membership of the IoD provides access to a network of business leaders industry experts and policymakers, creating opportunities for collaboration, partnerships and knowledge-sharing. I value the business support for members as we are able to access resources, tools and guidance to help us navigate challenges, make better decisions and drive business growth. Being a member of the IoD also provides recognition and credibility.

Dr Inez Brown

Managing Director, Mckenzie Brown Consultancy Ltd and
Regional Chair, IoD Central

Financial review

A focus on the financial sustainability of the Institute during 2023 has established a strong foundation to deliver growth and value for members into the future.

Overall results

The investments made in previous years began to bear fruit during 2023 and the Institute returned to sustainable growth with a focus on value driving activities. Revenue for the year was £18.7m, a 14% increase on 2022 as an increase in take up of professional development drove financial performance. Total costs including depreciation came out at £16.3m, a year on year decrease of £1.3m as the reorganisation from previous years delivered results. The underlying cost base remains significantly lower than pre pandemic levels despite the growth in revenue.

On 31 December 2023, the Institute's accumulated funds stood at £4.5m compared with £2.1m a year earlier, an increase of £2.4m, driven by a focus on recovering the financial sustainability of the Institute through improvements to controls and commercial focus.

The balance of cash and cash equivalents at the end of 2023 increased by £2.6m to £6.1m as reserves were recovered to pre-pandemic levels. Further details of cash movements during the year can be found in the Statement of Cash Flows.

The underlying operating position before depreciation and specific 'one-off' reorganisation costs was a surplus of £3,436k (2022: £979k).

Income

Membership income

A return to growth in membership for the first time since 2015 saw an increase in membership income to £6m (2022: £5.9m). Further value was derived from changes to the mix of membership types with an increase in the full membership category.

Revenue earning activities

During 2023, investments made to our flagship building of 116 Pall Mall saw an increase in activity driving value from our hospitality offering. While an increase in uptake for professional development courses delivered further value.

While overall income from revenue earning activities increased by £2.3m to £12.2m, professional development remained as the area with the highest sales of £8.9m (2022: £7.5m).

Expenditure

Following investments in strategic projects in prior years, costs were well controlled during 2023 despite revenue growth. Total expenditure of £16.3m was £1.3m lower than the previous year, with recurring costs remaining flat despite a period of high inflation. It is analysed across membership, revenue earning activities, member services, operating and overhead costs and representation, as shown in Analysis of Operating Surplus by Activities (Note 2).

With little capital investment in 2023, the depreciation charge has remained in line with the prior year at £1m (2022: £1.1m).

Employment costs

Employment costs, together with direct and indirect costs, are the biggest costs incurred by the IoD. In 2023, they increased slightly by £0.1m to £5.2m (2022: £5.1m) with inflation offset by savings made following the completion of the reorganisation in 2022.

Balance sheet

Creditors

For all trade creditors, it is the Institute's policy to agree terms of payment with suppliers at the start of business and to ensure that they are paid in accordance with the agreed contractual and other legal obligations. The total creditor balances, excluding provisions, at 31 December 2023 increased to £4.7m (2022: £4.5m) as a result of increased bookings for professional development courses towards the end of the year increasing deferred non-membership income to £1.9m (2022: £1.2m). Despite an increase in membership income in the period, deferred membership income reduced slightly to £2.5m (2022: £2.7m) as a result of a reduction in multiyear memberships. Trade creditors decreased by £0.3m to £0.7m at 31 December 2023 (2022: £1m) due to increased attention on supplier relations and systems enhancements.

Debtors

Overall debtors increased to £2m at 31 December 2023 (2022: £1.3m) due to a higher value of accrued income relating to our outsourced contracts at 116 Pall Mall following elevated trading activity towards the end of the year. Improvements in processes and account management saw trade debtor balances, excluding provision for doubtful debts of £0.3m (2022: £1.2m), drop to £1.2m at 31 December 2023 (2022: £2.3m).

Going concern

In 2023, the Board continued to regularly review all management information, including the impact of lifted Covid restrictions and investments in strategic projects, to consider whether or not the Institute should prepare the financial statements on a going concern basis.

The Board has reviewed the latest financial information available as well as the trading and cash flow forecasts (that have been stress tested on a quarterly basis), including the assumptions that underpin these. In addition, the Board has also continued to support the implementation of the longer-term strategy for the Institute.

After reviewing the information available, the Board considers that the Institute has adequate resources to continue operations as normal, and, in particular, that there are no material uncertainties casting doubt over the Institute's ability to operate on an ongoing basis for a period greater than the tested 18-month period following the approval of this report and accounts. Further details are provided within the accounting policies that accompany the financial statements. For this reason, the going concern basis continues to be adopted in preparing the financial statements.

Non-statutory independent auditor's report to the Board of Institute of Directors

Opinion

We have audited the financial statements of the Institute of Directors (the 'Institute') for the year ended 31 December 2023 which comprise the Statement of income and retained earnings, the Balance sheet, Statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Accounting Standards).

In our opinion, the financial statements:

- give a true and fair view of the state of the Institute's affairs as at 31 December 2023 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards.

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 non-statutory report. We are independent of the Institute in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our non-statutory auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our non-statutory opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are engaged to report by exception

In the light of the knowledge and understanding of the Institute and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report.

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

- adequate accounting records have not been kept, or returns adequate for our non-statutory audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law, where the Board are considered as equivalent to directors of a private limited company, are not made;
- we have not received all the information and explanations we require for our non-statutory audit.

Responsibilities of the Board

As explained more fully in the board's responsibilities statement set out on page 63, the board is 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 board determines 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 board is responsible for assessing the Institute'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 board either intends to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Institute operates in and how the Institute is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are the Royal Charter, FRS 102, the Companies Act 2006 requirements in respect of directors' remuneration and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting available correspondence with local tax authorities.

Independent auditor's report

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to general data protection regulations and health and safety legislation. We performed audit procedures to inquire of management whether the Institute is in compliance with these laws and regulations and inspected relevant correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and the completeness and cut off of non membership income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing revenue substantively to supporting evidence in year and after year end.

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

Use of our report

This non-statutory report is made solely to the Institute's board, for their confidential use, in accordance with our engagement letter dated 1 September 2021. Our non-statutory audit work has been undertaken so that we might state to the Institute's board those matters we are engaged to state to them in a non-statutory 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 Institute and the Institute's board, for our non-statutory audit work, for this non-statutory report, or for the opinions we have formed.

RSM UK Audit LLP


RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

10 June 2024

The accounts

Statement of income and retained earnings

Notes	2023	2022
	£'000	£'000
2. Income		
Membership income	5,976	5,862
Revenue earning activities	12,162	9,878
Other trading income	512	673
Interest receivable and similar income	36	-
	18,686	16,413
2. Expenditure		
3. Employment costs	5,245	5,112
Direct and Indirect costs	7,230	7,246
Property expenditure	2,762	3,076
Loss on disposal of fixed assets	13	-
Depreciation	1,042	1,051
Specific costs relating to IoD fundamental re-organisation in 2022	-	1,092
	16,292	17,577
2. Surplus/(Deficit) before taxation	2,394	(1,164)
5. Taxation	-	-
Surplus/(Deficit) after taxation	2,394	(1,164)
Other comprehensive income / loss		
16. Closed defined benefit pension scheme adjustment	-	-
Total comprehensive income/(Expenditure)	2,394	(1,164)
Reconciliation of accumulated funds		
Accumulated funds at 1 January	2,126	3,290
Accumulated fund at 31 December	4,520	2,126
The underlying operating position before depreciation and specific "one-off" reorganisation costs was a surplus of £3,436k (2022 surplus £979k).	3,436	979



Patrick Macdonald
Chair
7 June 2024

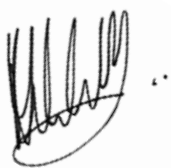


Jonathan Geldart
Director General
7 June 2024

Balance sheet

Notes	2023	2022
	£'000	£'000
Fixed assets		
6. Tangible fixed assets	2,316	2,828
7. Intangible fixed assets	1,901	2,285
	<u>4,217</u>	<u>5,113</u>
Current assets		
8. Debtors	1,970	1,271
9. Cash at bank and in hand	6,094	3,473
	<u>8,064</u>	<u>4,744</u>
Current liabilities		
10. Creditors - amounts falling due within one year	(4,671)	(4,472)
12. Deferred membership income	(2,134)	(1,959)
Total current liabilities	<u>(6,805)</u>	<u>(6,431)</u>
Net current assets	1,259	(1,687)
Total assets less current liabilities	<u>5,476</u>	<u>3,426</u>
Non current liabilities		
11. Creditors - amounts falling due after more than one year	(18)	(590)
11. Provisions - for dilapidations in relation to the leasehold property at 116 Pall Mall	(568)	-
12. Deferred membership income	(370)	(709)
Net assets excluding pension liability	4,520	2,127
16. Pension liability	-	-
Net assets including pension liability	<u>4,520</u>	<u>2,127</u>
Represented by:		
Accumulated funds at 31 December	<u>4,520</u>	<u>2,127</u>

Creditors balance in 2022 includes the provision for dilapidations in relation to the leasehold property at 116 Pall Mall of £568k. This has been shown separately on the balance sheet for 2023.



Patrick Macdonald
Chair
7 June 2024



Jonathan Geldart
Director General
7 June 2024

Statement of cash flows

Notes	2023	2022
	£'000	£'000
Net cash flows from operating activities (Note A)	2,743	(671)
Cash flows from investing activities		
Interest received	36	-
Purchase of tangible fixed assets	(157)	(2,293)
Net cash used in investing activities	(121)	(2,293)
Change in cash and cash equivalents in the year	2,621	(2,964)
Cash and cash equivalents at 1 January	3,473	6,437
Cash and cash equivalents at 31 December (Note B)	6,094	3,473
A Reconciliation of net (deficit) surplus for the year to net cash flows from operating activities		
Surplus / (deficit) for the year	2,394	(1,164)
Adjustments for:		
- Depreciation on tangible and intangible fixed assets	1,042	1,053
- Loss on disposal of fixed assets	13	-
- Interest receivable and similar income	(36)	-
- (Increase) / decrease in debtors	(698)	1,078
- (Decrease) / increase in trade creditors	(313)	(981)
- (Decrease) / increase in other creditors, accruals and provisions	(178)	1,533
- (Decrease) / increase in multiple years' advance membership over one year	(339)	(525)
- Increase / (decrease) in deferred membership income	175	(445)
- (Decrease) / increase in finance leases	(33)	(27)
- Increase / (decrease) in other deferred income	716	(1,193)
Net cash provided by / (used in) operating activities	2,743	(671)
B Analysis of cash and cash equivalents		
Cash at bank and in hand	6,094	3,473
	6,094	3,473

Notes to the Financial Statements

Note 1 Accounting policies

The Institute of Directors (the 'Institute') is not subject to the Companies Act 2006, as a Royal Charter. However, these financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and incorporate the disclosures required by the Companies Act 2006 in respect of directors' emoluments for a private limited company.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of accounting

These financial statements have been prepared for the year to December 2023, with comparative information provided in respect of the year to 31 December 2022.

The financial statements comprise the consolidated accounts of the Institute and the net revenue and assets of its branches. Its wholly owned subsidiaries, The Director Publications Limited, IoD Management Limited, iod.com Limited, and Tomorrow's Directors Limited, IoD International Limited are all dormant.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement in preparation of the accounts requires the Board and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- The depreciation / amortisation charge for the year which is based on the estimate of the useful economic lives attributed to the relevant assets, according to their asset class.
- The provisions made in respect of bad or doubtful debts, determined according to the age and product profile of aged invoices.
- The period over which income from lifetime memberships is recognised (see note 12).
- The provision made in respect of expenditure required to bring 116 Pall Mall back to a proper state of repair at the end of the lease (see note 11).
- The treatment of overseas branches as non controlling interests. International branches of the Institute have autonomy over their operations. The value of these investments has been reflected in the financial statements by the inclusion of unspent funds held in overseas bank accounts (see note 9).

Assessment of going concern

During 2023 we saw a return to more normal trading conditions, despite challenges in the wider global economy continuing to impact businesses. Uptake of our professional development courses grew during the period as directors continued to invest in their own professional development.

As part of the Board's consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, the current economic climate has been considered. The assumptions modelled are based on the potential risk of a decline in membership and lower attendance rates on our professional development courses, along with our proposed responses over the course of the next 12 months (to 30 June 2025).

For each of our business areas, we have sensitised the revenue, profit and cash flow impact of reduced trading activity, using membership levels as the key driver.

Notes to the Financial Statements

Note 1 Accounting policies

The scenarios are most sensitive to the assumptions made for membership. Outside of Covid restrictions, evidence shows that a decline of UK GDP does not correlate with any changes in professional development activity. However, increases in significant economic structures impacting on both membership and professional development revenues have been factored into the stress tests.

A key judgement applied is the potential impact of unforeseen economic factors on the discretionary spend of directors. These stress tests demonstrate that even in the case of a catastrophic event, which could not reasonably be foreseen, the data insight available and the mitigating factors available to management would allow us to take swift action in order to prevent Institute failure.

Under each scenario, mitigating actions are within management control, can be initiated as they relate to spend, and do not impact the ability to deliver to our members.

In the worst-case scenario modelled our cash reserves are in line with the ranges set out in our Reserves Policy, and satisfy the Institute's needs to be able to meet its liabilities as they fall due.

Under all the scenarios modelled, after taking mitigating actions as required, our forecasts did not indicate any possible or probable exhaustion of cash reserves. To get to this position, there is a need to remove a reasonable amount of the current cost base, which is achievable through controllable spend. A reduction to the Institute's cost base following restructuring in 2021 and control measures implemented at the start of 2023 have allowed us to replenish our reserves up to a point where we are resilient to the materialisation of unforeseen risks.

Based on these reviews, the Board has concluded that while there may be reductions in income and reshaping of some activity, notwithstanding, the Board does not believe that there are material uncertainties related to events or conditions that may cast significant doubt on the ability of the Institute to continue as a going concern.

The Board is of the opinion that the Institute will have sufficient resources to meet its liabilities as they fall due and will prepare the financial statements on the going concern basis of accounting.

Membership income

Annual membership subscriptions are recognised as income on an accruals basis applicable to the membership period, and part of the subscription applicable to the following year is carried forward as deferred income.

In the case of multiple year membership subscriptions, an annual allocation is included within income for the year, with the unutilised income, carried forward to future years.

Revenue earning activities

Revenue earning activities income consists of member services that are recognised when the service is provided and risks and benefits have been transferred.

Notes to the Financial Statements

Note 1 Accounting policies

Tangible fixed assets

Tangible fixed assets are recorded at historic cost, together with any incidental costs of acquisition. An impairment review of all tangible and intangible fixed assets is completed at the end of each financial year with any impairment losses recognised in the profit and loss account for the excess of the carrying value of the asset. Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements

10% or the period of the lease if lower

Computers, furniture & fittings

20%

Intangible assets

The cost of acquired computer software licenses is capitalised. These costs are amortised over their expected useful lives – up to five years. Costs incurred on development projects relating to the design or improvement of systems are recognised as intangible assets when the recognition criteria set out in FRS 102 are met. Capitalised development costs are amortised from the date available for use of the system over their expected useful lives – not exceeding five years.

Research expenditure is recognised as an incurred expense.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt, where such discounting is material.

Bad debt provision/impairment of trade debtors

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor.

Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the statement of income and retained earnings in arriving at the net surplus for the year.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the Institute anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment, where such discounting is material.

Notes to the Financial Statements

Note 1 Accounting policies

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Institute to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and excludes recoverable VAT.

Property maintenance

Under the terms of the various leases held by the Institute, there is an obligation to keep the relevant properties in a proper state of repair, together with rentals charged as incurred. In addition, and where necessary, the Institute has set aside a provision for expenditure required to bring 116 Pall Mall back to a proper state of repair at the end of the lease. For this Grade 1 listed property, which is held under a lease expiring in 2043, the public areas of the building are maintained to a standard which is consistent with their revenue earning potential. A provision of £0.6m was held at the balance sheet date, the basis of which is described in note 11.

Leased assets

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Consolidated Statement of Income and Retained Earnings on a straight-line basis over the term of the lease.

Pension scheme

The Institute operates both a non-contributory defined contribution pension scheme for benefits accruing from 1 January 1997 and a closed defined benefit pension scheme.

Pension costs for the defined contribution scheme are charged to the Statement of Income and Retained Earnings when they are payable to the scheme.

For the closed defined benefit pension scheme, finance income is credited to the Statement of Income and Retained Earnings. As the scheme is in surplus, the surplus is not carried on the balance sheet as it is not recoverable. Accordingly, a corresponding adjustment equivalent to the finance income is recognised within other comprehensive income.

Employee termination benefits

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the organisation is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Notes to the Financial Statements

Notes	2023 Income	2023 Expenditure	2023 Net	2022 Net
2. Analysis of operating surplus / (deficit) by activities	£'000	£'000	£'000	£'000
Membership	5,976	(230)	5,746	5,110
Revenue earning activities				
Hospitality	1,998	(67)	1,931	877
Professional (director) development	8,940	(4,231)	4,709	3,767
Office solutions	437	(80)	357	226
Director events	404	-	404	290
Commercial (product marketing)	383	(71)	312	248
	<u>12,162</u>	<u>(4,449)</u>	<u>7,713</u>	<u>5,408</u>
Member services				
Regional services	512	(1,996)	(1,484)	(493)
Information and advisory services	-	(390)	(390)	(456)
	<u>512</u>	<u>(2,386)</u>	<u>(1,874)</u>	<u>(949)</u>
Policy and directorate	-	(1,578)	(1,578)	(1,742)
Operating and overhead costs				
Property costs (excluding regions)	-	(2,806)	(2,806)	(2,714)
Loss on disposal of assets	-	(13)	(13)	-
Depreciation	-	(1,042)	(1,042)	(1,051)
IT, iod.com, marketing and new initiatives	-	(1,512)	(1,512)	(1,792)
Central administration	-	(2,276)	(2,276)	(2,342)
	<u>-</u>	<u>(7,649)</u>	<u>(7,649)</u>	<u>(7,899)</u>
Interest receivable	36	-	36	-
Specific costs relating to IoD fundamental re-organisation in 2022	-	-	-	(1,092)
Surplus / (deficit) on ordinary activities before taxation	<u>18,686</u>	<u>(16,292)</u>	<u>2,394</u>	<u>(1,164)</u>

Notes to the Financial Statements

Notes	2023	2022
3. Employment costs	£'000	£'000
(a) The average number of employees during the year was:	82	92
(b) Salaries	3,981	3,900
Social security	408	417
Pension costs – see note 16	294	337
Contracted and temporary staff	194	203
Subsistence and insurance	101	67
Recruitment and training	125	105
Motor vehicle and travel	126	79
Other	16	4
	5,245	5,112
(c) The fees paid to the Chair totalled £0 during the year (2022: £0).		
(d) Emoluments paid to the Director General (2022: 1), who was the highest paid director, amounted to:		
– Salaries	235	250
– Payment in lieu of employer pension contribution	40	35
	275	285
(e) Executive directors' emoluments		
Emoluments paid to the one executive director (2022: 2), amounted to:		
– Salaries	235	366
– Payment in lieu of employer pension contribution	40	35
– Pension contributions	-	9
	275	410

Contributions are not payable under money purchase pension schemes to any directors (2022: 0 directors).

Notes to the Financial Statements

Notes	2023	2022
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	£'000	£'000
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(f) Emoluments paid to key management

Eight key management including the Director General (2022: eight key management)

- Salaries	809	837
- Payment in lieu of employer pension contribution	40	35
- Contracted and temporary staff	-	14
- Pension contributions	50	44
	899	930

There were no ex-gratia payments made during the year (2022: £Nil).

Directors' emoluments disclosures have been prepared in compliance with Companies Act requirements for a limited company.

4. Surplus after taxation

This is stated after charging:

Fees in respect of services provided by the auditor.

In respect of prior year

Statutory audit

Pension advisory services

In respect of prior year	-	(2)
Statutory audit	64	79
Pension advisory services	4	5
	68	82

Notes to the Financial Statements

Notes	2023	2022
	£'000	£'000
5. Taxation		
Current tax:		
UK Corporation tax	-	-
Tax reconciliation:		
Surplus/(deficit) on ordinary activities before taxation	2,394	(1,164)
Multiplied by the standard rate of UK Corporation tax of 19% (2022: 19%)	455	(221)
Tax effect of: Surplus/(deficit) arising on non-taxable activity and non deductible expenditure	(436)	159
Movement in deferred tax not recognised	(187)	89
Depreciation in excess of capital allowances	168	(27)
	-	-

Corporation tax is payable only on the Institute's externally derived sources of income and on activities undertaken by Director Publications Limited – the Institute's wholly owned subsidiary, which was dormant during the period.

The Institute's membership activities are outside the charge to corporation tax.

No provision for deferred taxation is required (2022 – £Nil).

Factors that may affect future tax charges:

The main UK corporation tax rate increased to 25% on 1st April 2023. As the taxable profits during the period are <£50,000, the lower applicable rate of 19% has been applied in the above reconciliation.

Notes to the Financial Statements

Notes	Leasehold improvements	Furniture and fittings	Computer hardware	Office equipment	Total
6. Tangible fixed assets	£'000	£'000	£'000	£'000	£'000
Cost:					
At 1 January 2023	5,836	2,084	417	11	8,348
Additions	129	24	4	-	157
Disposals	(63)	(142)	-	-	(205)
At 31 December 2023	5,902	1,966	421	11	8,300
Depreciation:					
At 1 January 2023	(3,351)	(1,899)	(263)	(6)	(5,519)
Charge for the year	(521)	(97)	(38)	(2)	(658)
Disposals	53	139	-	-	192
At 31 December 2023	(3,819)	(1,857)	(301)	(8)	(5,985)
Net book value 2023	2,083	110	120	3	2,316
Net book value 2022	2,485	185	154	5	2,828

The net book value of furniture and fittings includes an amount of £25,082 (2022: £35,461) in respect of assets held under finance leases.

The depreciation on these assets for the year was £10,379 (2022: £10,379)

Notes	Computer software etc.
7. Intangible fixed assets	£'000
Cost:	
At 1 January 2023	3,504
Additions	-
Disposals	-
At 31 December 2023	3,504
Depreciation:	
At 1 January 2023	(1,219)
Charge for the year	(384)
Disposals	-
At 31 December 2023	(1,603)
Net book value 2023	1,901
Net book value 2022	2,285

The net book value of computer software, etc includes an amount of £8,890 (2022: £30,225) in respect of assets held under finance leases. The depreciation on these assets for the year was £21,335 (2022: £21,335)

Notes to the Financial Statements

Notes	2023	2022
8. Debtors	£'000	£'000
Trade debtors	899	1,093
Other debtors and prepayments	1,071	178
	<u>1,970</u>	<u>1,271</u>

All debtors are due within one year. Trade debtors includes a provision for doubtful debts of £0.3m (2022: £1.2m).

Other debtors includes prepayments and accrued income.

9. Cash at bank and in hand		
Cash at bank and in hand	6,094	3,473
Cash at bank and in hand includes £356,883 (2022: £455,268) held in overseas branches.		

10. Creditors		
Amounts falling due within one year:		
Trade creditors	678	991
Deferred non membership income	1,914	1,197
Other creditors and accruals	1,917	2,168
Obligations under finance leases	19	48
VAT Payable	143	68
	<u>4,671</u>	<u>4,472</u>

Deferred non membership income relates to professional development income for courses which are scheduled at a future date.

11. Creditors		
Amounts falling due after more than one year:		
Obligations under finance leases	18	22
Other creditors and accruals	-	568
Provisions	568	-
	<u>586</u>	<u>590</u>

Provisions in 2023 and other creditors and accruals in 2022 included a provision for dilapidations in relation to the leasehold property at 116 Pall Mall of £568k (2022: £568k). No specific expenditure has been allocated against the provision during the period. The value of the provision required at the end of the period has been estimated based upon an external valuation report, discounted for works completed to the building during the prior year and consideration of the amount that could reasonably be expected to be paid under the lease.

Finance leases

The net finance lease obligations committed to are:

In one year or less	19	48
Between one and five years	18	22
In five years or more	-	-
	<u>37</u>	<u>70</u>

Finance lease obligations are secured on the assets to which they relate.

12. Deferred membership income		
Memberships expiring within one year	2,134	1,959
Memberships expiring after more than one year	370	709
	<u>2,504</u>	<u>2,668</u>

Membership subscriptions received in advance include cash received for annual memberships for which benefits are owed to members until the expiry date of their membership. It also includes cash received for lifetime subscriptions which are released to income over a period of eighteen years.

Notes to the Financial Statements

Notes	2023	2023	2023
13. Lease commitments	Property £'000	Other £'000	Total £'000
At 31 December, the Institute has total future minimum lease payments under non-cancellable operating leases as follows:			
Within one year	493	8	501
After one, but within five years	1,957	15	1,972
After five years	7,003	-	7,003
	<u>9,453</u>	<u>23</u>	<u>9,476</u>

Lease commitments	2022	2022	2022
	Property £'000	Other £'000	Total £'000
At 31 December, the Institute has total future minimum lease payments under non-cancellable operating leases as follows:			
Within one year	457	16	473
After one, but within five years	1,794	32	1,826
After five years	6,776	-	6,776
	<u>9,027</u>	<u>48</u>	<u>9,075</u>

14. Capital commitments

Capital commitments contracted but not provided for in the financial statements amount to £nil (2022: £nil).

15. Related party transactions

The remuneration payable to the Institute's Chair and Directors are disclosed in note 3 to these accounts.

During the year travel and subsistence expenses totalling £15,704 was reimbursed to five Board members (2022: £10,901 to eight Board members).

There were no other transactions with related parties during the year (2022: no other transactions).

Notes to the Financial Statements

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16. Pension costs

Pension costs

The Institute of Directors operates both a non-contributory defined contribution pension scheme for benefits accruing from 1 January 1997 and a closed defined benefit pension scheme. The assets of both schemes are held separately from those of the Institute in independently administered funds. Further details of the cost of each scheme are provided below.

Defined Contribution Scheme

Contributions are charged to the Consolidated Statement of Income in accordance with the rules of the scheme. The charge associated with this scheme was £294,415 (2022: £336,746), representing the employer contributions payable during the year.

Defined Benefit Scheme

With effect from 1 January 1997, this scheme became closed to new entrants and ceased to provide any further benefit accrual to the then active members who became entitled to deferred pensions, subject to statutory revaluation as from that date.

The last full funding valuation was carried out as at 1 January 2021. A qualified independent actuary carried out calculations as at 31 December 2023 to obtain the amounts reported under FRS 102.

a) Balance sheet and notes

	At 31 December 2023	At 31 December 2022	At 31 December 2021
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The major assumptions for FRS 102 purposes were:

Rate of increase in salaries	n/a	n/a	n/a
Rate of increase to pensions in payment (Post 88 GMP)	2.00%	2.25%	2.35%
Rate of increase to pensions above GMP in deferment	2.47%	2.77%	2.98%
Discount rate	4.48%	4.93%	1.81%
RPI Inflation assumption	3.04%	3.38%	3.54%
CPI Inflation assumption	2.47%	2.77%	2.98%

No contributions were paid to the scheme during the year (2022: Nil). The amounts charged and credited to the consolidated statement of income and retained earnings are detailed in sections b and c below; the total charge for 2023 was £87,000 (2022: £52,000).

No lump sum contributions are due in the coming year in respect of the scheme (2022: Nil).

Notes to the Financial Statements

Notes

a) Balance sheet and notes (continued)

Under FRS 102 the long term expected rate of return is replaced by the discount rate. The assets in the scheme and the expected rates of return were:

	Discount rate at 31 December 2023	Value at 31 December 2023	Discount rate at 31 December 2022	Value at 31 December 2022	Discount rate at 31 December 2021	Value at 31 December 2021
		£'000		£'000		£'000
Equities	4.48%	2,340	4.93%	2,401	1.81%	3,366
Bonds	4.48%	3,598	4.93%	3,541	1.81%	4,752
Cash	4.48%	37	4.93%	28	1.81%	98
Total market value of assets	4.48%	5,975	4.93%	5,970	1.81%	8,216
Present value of scheme liabilities		4,561		4,623		6,846
Surplus in the scheme		1,414		1,347		1,370
Deemed irrecoverable		(1,414)		(1,347)		(1,370)
Balance sheet valuation		-		-		-
					At 31 December 2023	At 31 December 2022
Reconciliation of present value of scheme liabilities:					£'000	£'000
Opening defined benefit obligation					(4,623)	(6,846)
Past service cost					-	-
Administration cost					(149)	(76)
Interest cost					(220)	(121)
Remeasurement: actuarial gain / (loss)					(60)	1,987
Benefits paid and expenses					491	433
Closing defined benefit obligation					(4,561)	(4,623)
Reconciliation of fair value of scheme assets:						
Opening fair value of scheme assets					5,970	8,216
Interest income					282	145
Investment (loss) / gain					214	(1,958)
Contribution by employer					-	-
Benefits paid and expenses					(491)	(433)
Closing fair value of scheme assets					5,975	5,970

Notes to the Financial Statements

Notes	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(4,561)	(4,623)	(6,846)	(7,642)	(6,858)
Scheme assets	5,975	5,970	8,216	8,327	8,069
Surplus	1,414	1,347	1,370	685	1,211
Experience adjustments on assets scheme liabilities	(42)	(105)	62	21	4
Experience adjustments on scheme assets	(214)	(1,958)	217	482	976
				At 31 December 2023	At 31 December 2022
b) Analysis of amount charged to the Consolidated Revenue Account				£'000	£'000
Current service cost				-	-
Administration costs				149	76
Past service cost				-	-
Total operating charge				<u>149</u>	<u>76</u>
c) Analysis of amount credited to other finance income					
Interest income				282	145
Less: Interest on pension scheme liabilities				(220)	(121)
Net return				<u>62</u>	<u>24</u>
d) Total amounts taken to other comprehensive income					
Remeasurement - gain / (loss)					
Return on scheme assets excluding interest income				214	(1,958)
Remeasurement - (loss)					
Experience (loss) arising on scheme liabilities				(42)	(105)
Remeasurement - (loss) / gain				(89)	2,054
Changes in financial assumptions underlying the scheme liabilities - (loss) / gain					
Remeasurement - gain				71	38
Changes in demographic assumptions underlying the scheme liabilities - gain					
(Increase) / Decrease in irrecoverable surplus				(67)	23
Actuarial gain recognised in other comprehensive income				87	52

As the pension surplus is irrecoverable, the increase of £67,000 has been treated as a pension scheme adjustment in other comprehensive income in 2023.

Notes to the Financial Statements

Notes	At 31 December 2023	At 31 December 2022
e) Movements in surplus during the year	£'000	£'000
Surplus in scheme at beginning of the year	1,347	1,370
Movements in the year:		
Other finance income	(87)	(52)
Actuarial gain	154	29
Surplus in scheme at the end of the year	1,414	1,347

Sensitivity to changes in assumptions:

The assumptions as to discount rate and price inflation have a significant effect on the value placed on the defined benefit obligations. As at 31 December 2023, a 1% pa change to these assumptions would have had the following effects on the closing defined benefit obligation:

	1% pa increase	1% pa decrease
Discount rate	(£400K)	(£480K)
Price inflation	£85K	£93K

f) Demographic assumptions used are as follows:

Assumption	31 December 2023 (Changes from 31 December 2022)
Mortality (pre and post retirement)	S3PxA, CMI_2022 [1.25%] (2022: S3PxA, CMI_2021 [1.25%])
Proportion married	90% for men and 70% for women at retirement or earlier date of death for deferred members and at the balance sheet date for pensioner members
Age difference	Men 3 years older than women
Age at retirement	Normal pension age
Cash Commutation	90% of maximum cash allowance



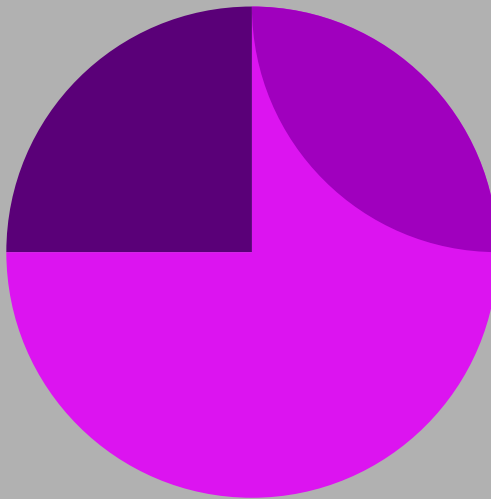
I was the only director based in the UK at the Group level and it felt a bit lonely at times. The IoD gave me the community I needed and also provided me with a very supportive network. I cannot recommend membership enough.

Ulrika S. Dadley
Group Finance Director, TAIT



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