



Annual Report and Accounts 2019

Civil Engineers - Shaping the World

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President's Foreword



The Institution continues to build on the success of our bicentenary year drawing on the lessons we learned during 2018. Our Charter is very clear that the Institution's purpose is to work to build and maintain a sustainable natural world. This report sets out how we deliver against that charitable purpose.

Engineering, and civil engineering in particular, is going through a period of great change. Technology, data and emerging artificial intelligence provide huge opportunities for civil engineers. Our understanding of how infrastructure operates in practice is improving as we use sensors, satellite imagery and data to track performance and improve both construction and maintenance regimes. This in turn throws up challenges: the Institution is at the forefront of the debate to identify the skills we need of both this, and the next, generation of engineers. Technology moves quickly, and our learning and education programmes need to remain agile enough to ensure that practising engineers have the latest tools and insight they need to meet the expectations of our modern society. The Institution has a wide range of learning programmes, but I was particularly pleased to see the roll out of the ICE Virtual Learning Hub which has revolutionised access to knowledge both for members and non-members.

I was also delighted with the reaction to two key reports: the ICE's *State of the Nation: Housing* report looked closely at how infrastructure professionals can work with local authorities, communities and politicians to meet the challenge of providing the high quality homes we need in the UK while still creating sustainable communities that meet local social and economic expectations. The *Enabling Better Infrastructure* report drew on insight from our members, governments, investors and communities around the world to collate and highlight examples of best practice of infrastructure procurement. This tricky and often emotive issue is a challenge that faces almost every political administration, whether national, regional or local, and the report established twelve principles to support decision makers.

The world faces two huge challenges, both well documented, and both of which require mitigation measures now: the effects of climate change; and the growing size of the world's population. In 2018 the Institution brought together over 3,500 senior infrastructure professionals from across the world with the explicit aim of turning the many words written about the UN Sustainable Development Goals ("SDGs") into practical action. Throughout 2019 the ICE has collaborated with other global bodies to develop a sustainable route map to support the implementation of the UN SDGs. We set out our thinking at the meeting of the World Federation of Engineering Organizations summit in Melbourne in November. We continue to reach out to those who operate in this space to work with them to help build an enduring and sustainable world.

I would like to pay credit to Past President David Orr and his Commissioners who worked tirelessly throughout the year to review the Institution's governance arrangements. Their report, which has been accepted in full by both the Institution's Council and Trustee Board, provides sensible, constructive and achievable recommendations to allow the Institution to focus on our purpose of work towards building and maintaining a sustainable world secure in the knowledge that our governance arrangements are absolutely fit for purpose.

Finally, it would be remiss of me not to acknowledge and express my deep personal gratitude to our membership who contribute insight, wisdom and energy and huge amounts of their own time to support the Institution in all its activities. Without the passion and commitment of our membership we would be as nothing.

A handwritten signature in black ink, appearing to read 'Paul Sheffield'.

Paul Sheffield, CBE
ICE President 2019-2020

Reference and administrative details

Trustees

<i>President</i>	Paul Sheffield CBE
<i>Senior Vice President</i>	Rachel Skinner
<i>Vice Presidents</i>	Keith Howells *
	Mak Chai-Kwong
	Edward McCann
	Emer Murnaghan OBE
	Dr Jane Smallman
	Richard Threlfall
<i>Other</i>	Karen Britton
	John Beck *
	Emma Kent *
	Liz Waugh *

* Appointed November 2019

The following served as Trustees until their retirement in November 2019:

<i>Past President</i>	Andrew Wyllie CBE
<i>Vice President</i>	Kyle Clough
<i>Other</i>	Steven Balliston
	Teresa Frost
	Professor Andrew McNaughton

Management team

<i>Director General and Secretary</i>	Nick Baveystock
<i>Deputy Director General and Managing Director Thomas Telford Limited</i>	Chris Gibson
<i>Director Membership</i>	Seán Harris
<i>Director of Engineering Knowledge</i>	Nathan Baker (resigned November 2019)
<i>Group Finance Director</i>	Susan Bailey (appointed 7 May 2019)
<i>Director Group Support Services</i>	David Tullett
<i>Communications Director</i>	Simon Creer
<i>Head of Policy and Public Affairs</i>	Chris Richards

Auditor BDO LLP
55 Baker Street
London
W1U 7EU

Banker HSBC plc
2-4 St Ann's Square
Manchester
M2 7HD

Investment Advisor Mazars Financial Planning Ltd
Tower Bridge House
St Katherine's Way
London
E1Q 1DO

Solicitors Bristows
100 Victoria Embankment
London
EC4Y 0DH

Radcliffes Le Brasseur
85 Fleet Street
London
EC4Y 1AE

Principal Office 1-7 Great George Street
Westminster
London
SW1P 3AA

Telephone +44 (0)20 7222 7722

Fax +44 (0)20 7222 7500

Registered charity number 210252

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Trustees Report

31 December 2019

Objectives and Activities

Background and Mission

The Institution is incorporated by Royal Charter and its overriding object is to foster and promote the art and science of Civil Engineering. The ICE aims to support the profession by offering professional qualification, promoting education, maintaining professional ethics, and liaising with industry, academia and government.

The Institution provides professional advice in transport, water supply and treatment, flood management, waste and energy. Established in 1818 the ICE has over 95,000 members, with over a quarter living outside the United Kingdom. The ICE has long provided independent professional advice to politicians operating in local, regional, and national government and to their supporting government departments. We provide impartial, authoritative and respected advice as part of our charitable purpose. We work with all parts of the profession to ensure that civil engineering remains a major contributor to economic and social wellbeing.

Vision, Strategy and Business Planning

The Institution's Trustees reviewed the ICE's vision during 2018 and they reaffirmed the vision in 2019: "the ICE will transform lives by helping build a sustainable world". The Trustees believe that the most effective way for the Institution to deliver this is by:

- Building a network of highly trained and competent civil engineers in which society has confidence to deliver the infrastructure people need to live their lives. We do this by providing an internationally recognised set of qualifications by which our members can demonstrate their competence.
- Ensuring that infrastructure professionals have access to the very best insight, knowledge and professional development so that society can trust the opinion and expertise of our members. We deliver this through a range of programmes, events, education and training projects, and publications.
- The Trustees believe that the Institution has a core responsibility to shape the sustainable development of our world and, in so doing, to take a long-term perspective. They believe that supporting decision makers in reaching informed decisions to enable the most effective procurement, construction, operation, maintenance and ultimate disposal of infrastructure is a core part of that responsibility.

The Trustees, advised by the ICE Council, approved the ongoing strategy for the period 2020-2022 in November 2019 and carried out a further, in depth, review of strategy in February 2020.

Delivering public benefit

ICE is a charitable body and exists to deliver benefits to the public. The benefits arising from activity are widespread.

- The general public benefits from safe and well-designed infrastructure which is delivered through the expertise of ICE members. This expertise is in turn developed and recognised through our membership qualification process. The general public also benefits from the generation and dissemination of knowledge, educating the public and ensuring best practice is available to members.
- Government in the UK (national, devolved and local) benefits from our expert evidence to public consultations and from our published policy reports. Both public and private sector employers, and through them the wider economy, benefit commercially from employing Institution members who have a globally recognised professional engineering qualification.
- Young people can realise their potential from our efforts to raise interest in science, maths and technology in schools and colleges and to encourage and support the young civil engineers of tomorrow.
- Finally, ICE members benefit (i) from having a highly respected qualification that is recognised around the world, and from on-going career support from the Institution, (ii) through the extensive publishing activity comprising peer-reviewed technical journals, books, access to ICE's historic library and archive, and much other professional development material, and (iii) through a professional network that makes them more valuable both to society and to their employers.

Many of the infrastructure activities in which our members are engaged involve, of necessity, the evaluation of public good against the risk, cost or other impact of alternative options. The Institution, through its activities promotes best practice and the rigorous assessment of sustainability and health and safety considerations. These activities all seek to reduce any detriment involved in activities managed or designed by our members. The Institution's own activities as a professional body are not considered to generate any detriment or harm.

Membership

The Institution as a membership organisation has members rather than beneficiaries. Members' annual subscriptions form a significant part of our income, which is used to fund activities for public benefit. Members themselves receive benefits through the dissemination of knowledge and best practice, and from the esteem and recognition resulting from their membership of a profession with high standards both of entry and for continuing membership. However, without its members the Institution could not continue to pursue its charitable purpose. Membership is open to anyone who can meet our professional standards.

Financial barriers to entry are relatively small. Student membership is free, and, through the Queen's Jubilee Scholarship Trust ("QUEST") and Into Civil Engineering restricted funds, bursaries are available to attract able candidates at graduate entry level and also for aspiring technicians. For existing members, a concessionary rate is available for those who are unemployed, taking a career break, on low income or retired. The Institution also refers members to its Benevolent Fund, a separate charity for supporting members and their families in need. The fund can, when appropriate, ensure all membership fees are paid for beneficiaries.

Fundraising

Fundraising income is presented in our accounts within income from donations and legacies and includes grants. All solicitations are managed internally, without involvement of commercial participators, professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the Trustee Board.

ICE's fundraising activities focus on generating income to support civil engineering scholarships through the QUEST and Research and Development Enabling Funds.

ICE is aware of the UK Fundraising Regulator's guidance and has received no complaints in the year and is confident in its ability to comply.

Charity Commission Guidance

The Council and Trustee Board confirms it has complied with the duty outlined in Part 2 of the Charities Act 2011 to have regard to guidance on public benefit published by the Charity Commission when exercising any powers or duties to which the guidance is relevant.

Achievements, performance and future plans

Membership and Qualification

Objectives

- To ensure that the ICE remains relevant and has a compelling offer to both members and stakeholders, and to ensure that our activity reflected the ICE 2025 Vision of continuing to transform lives by helping to build a sustainable world, to continue to deliver against the ICE 200 legacy, and to focus knowledge delivery on UN Sustainable Development Goals and the important part that civil engineers play in providing sustainable solutions.
- To continue growing ICE membership both in the UK and internationally, and to expand from four to eight international regions.
- To and focus on improving the training and assessment of candidates and to streamline ICE processes, allowing a less onerous member journey to Member Professional Review.
- All objectives were set against a backdrop of Equality, Diversity and Inclusion and to grow the proportion of female and BAME engineers in ICE. We delivered a successful BAME campaign which resulted in being shortlisted for the 2020 Equal Engineers award.

Performance and Achievements

- Overall membership numbers grew by a net 1.9%, reflecting increases in Graduate and Student membership numbers, and Associates (25% growth). Geographically, growth was driven by increases in the UK and Asia Pacific. It was again pleasing that the number of female members grew by over 6% to 13,763 (2018: 12,946) and now represents 14.5% of total membership (2018: 13.8%).

	2019	2018	2017	2016	2015
Membership by location					
United Kingdom	70,041	69,620	68,518	67,626	66,558
Europe (excl UK)	2,004	1,940	1,922	2,048	2,129
Americas	1,449	1,404	1,400	1,431	1,460
Middle East & Africa	3,395	3,233	3,113	2,996	3,020
Asia Pacific	18,219	17,171	17,204	16,927	15,643
Total	95,108	93,368	92,157	91,028	88,810
Membership by grade					
Fellow	5,245	5,237	5,174	5,252	5,244
Member	40,235	40,084	39,875	40,143	38,806
Graduate	20,643	20,163	20,058	19,661	19,039
Student	25,308	24,563	24,283	23,652	22,280
Technician	2,644	2,402	2,023	1,656	1,295
Associate	992	876	701	620	1,436
Other	41	43	43	44	710
Total	95,108	93,368	92,157	91,028	88,810

- We engaged with national education initiatives including Tomorrows' Engineers Week, International Women in Engineering Day, and National Apprenticeship Week. These campaigns supplement ambassador activity at Big Bang flagship events, careers fairs and 170 Bridge to Schools events, interacting with over 40,000 school children. Throughout 2019, we piloted a targeted campaign of engaging 16-18-year olds in the period leading up to making their choice of university degree or apprenticeship. The aim has been to encourage those who may not have considered civil engineering as a career choice to do so and ultimately to go on to study civil engineering at university or to enter a civil engineering apprenticeship. Our STEM ambassadors worked in 125 schools and had direct contact with over 2,000 16-18-year olds. We measure our progress through tracking UCAS applications from those schools, seeking an increase in the number applying to study civil engineering.
- Our regional committees have been challenged to embrace the need to rejuvenate regional knowledge programmes and focus on quality, relevance and member demographic whilst also considering new trends in delivery, which go beyond the evening lecture programme. We delivered over 700 free lectures attended by 28,000 members, 70 paid seminars and conferences supported by 4,000 members and 25 Lunch and Learn webinars attracting an audience of 3,500 members.

- We held evidence-gathering discussions in Scotland, Wales, Northern Ireland and England, inviting contributions from experts in the fields of housing, infrastructure delivery and planning across the public, private and third sectors to help inform the 2019 State of the Nation report on Connecting Infrastructure with Housing. We also facilitated networking events to share knowledge on 'Project 13' and the recommendations to mitigate the risk of infrastructure failure from the *'In Plain Sight'* report.
- Public facing ICE 200 legacy activity continued in 2019 with the Explore Engineering ("EE"), Pitch 200 and People's Choice Award embedded in all regional programmes. The public were able to participate in over 70 EE events delivered by members, the Pitch 200 competition took place regionally and 21,500 people interacted with our People's Choice Projects.
- Over 7,000 members had not paid their subscription by March 2019, and with an effective campaign, we were able to improve on our 2018 result and reduced our member lapsing to 1,400 by September, under the target of 2%.
- A new approach to international engagement was endorsed by the International Committee and approved by the Trustee Board to more effectively use resources. A more focused strategy which advocates a proactive approach to twelve countries which host 60% of the overall ICE international membership, 75% of the paying membership and 68% of student members on accredited programmes, is now in place.
- By the end of the year the International membership surpassed 25,000 for the first time, with an overall increase of 5.7% to 25,062 (2018: 23,712) and an increase of 3.8%, against a target of 2%, in the paying membership to 15,095 (2018: 14,544). Hong Kong remained the area of strongest international growth (6%) and the membership passed 7,000 for the first time.
- The Americas Regional Committee identified a clear need for USA accreditation of ICE knowledge resources, and we developed and launched the first learning programme accredited for USA Professional Development Hours. This was a significant development for members in USA and more programmes will follow.
- We continued our investment in the ICE Gulf office and increased engagement with regional universities, employers and members.
- Both our Academic and Corporate Partnership programmes were consolidated and expanded. Within our expanded Partnership programmes, our Approved Employers, other employers, Colleges and Universities, we increased the numbers of those engaged with the professional development process through increased 'share' of student membership, increased student to Graduate conversion, increased Graduate membership (over 2,400 new Graduate members), and increased numbers applying for, and succeeding at the Professional Review. The team delivered over 1,600 visits to employers and other surgeries and met and/or advised over 10,000 individuals in support of professional development. We continued to build upon the recent success and strong growth of EngTech MICE, welcoming our 2,500th EngTech member, with a 16% growth in new members in 2019.
- Our efforts to better engage with the membership have focused on ensuring members are supported and motivated to both become and stay engaged. The ICE Volunteer Guide and website set out the full range of options for members to engage with their Institution along with information on how to do so and what's involved. The member offer and expectation are now clearly set out, ensuring members have everything they need to represent and work with the ICE and equally know what is expected in return.
- ICE's qualifications provide a means to assure society that its professionally qualified members are highly skilled, and that they have the knowledge they need to practice safely and the commitment to carry out their responsibilities in a professional and ethical way, thereby meeting our Royal Charter obligations. In 2019, we developed two new routes to professional qualification to meet demand in the UK and internationally.
- We put our UK apprenticeship assessment processes and guidance on a fully operational footing in 2019 and delivered the first 40 End-Point Assessments ("EPAs"), with 35 passing to complete their apprenticeships and become professionally qualified members.
- In September we piloted a new ICE Exam to allow members with the academic qualifications required for Incorporated Engineers to demonstrate whether they are ready to sit a Professional Review at the next level, for Chartered Engineer status. The new assessment tool sits alongside the existing 'Experiential Learning' assessments and offers flexibility to the large number of candidates who need to make that step, particularly those with Washington Accord degrees. With both options in ICE's assessment toolkit, we will be exploring the best options for candidates in different parts of the world.
- We also took a significant step forward in assuring the competence of our members, with the introduction of new mandatory CPD regulations allowing the Trustee Board to remove professionally qualified members from the register if they are not maintaining their competence. We used the 2019 CPD audit to test the implementation of new mandatory CPD regulations and saw the compliance rate jump by 15%. We have used that experience to adjust the audit procedures for 2020, to be able to encourage good practice while taking a firm line on professional standards.

- We have undertaken initiatives to improve the recruitment and training of our reviewers and to ensure our application processes are efficient and effective for all concerned. Initial estimates suggested a growth in reviewers of 40% was required over 2019 and 2020 to meet demand and build in headroom. We will be appointing a new staff member to lead on their recruitment and training to ensure we can meet demand for Professional Reviews and apprenticeship End-point Assessments.
- We completed a route and branch review of our application processes in 2019, with Membership Committee endorsing recommendations to streamline application processes and advice while maintaining standards. We are moving into the implementation phase in 2020.

Future plans

- We will develop both the Pitch 200 and People's Choice Awards programmes. Pitch 200, the successor to the Communications Competition, will be supported with additional communications and marketing and the People's Choice Awards programme, which received record numbers of participants in 2018 and 2019, will be revised and relaunched in 2020.
- The ILH water exhibition will be mobilised and taken on a UK tour, supported by a full education package.
- Following significant success in both 2018 and 2019, we aim to drive lapsing down to, or below, 2%.
- We will aim to expand visits to the UK Regions, delivering twelve Presidential and 24 Director General visits to the UK Regions.
- We will deliver our training programme to the Roads and Transport Authority in UAE, which remains the blue riband programme in the country and is the benchmark for other Gulf Cooperation Council programmes. Successful delivery is the top priority for the team, and we aim to start additional schemes in the region within the UAE but also in our key targets of Bahrain and Oman. The programme will provide the pipeline and seed corn for future development.
- The International strategy expressed the need to pilot an ICE presence and delivery plan in both Dubai and Kuala Lumpur. The pilots were agreed to run for 3 years and we will review progress during the year.
- The Corporate Partner scheme is proving a success in the UK, and we will deliver this scheme internationally. It allows a much deeper engagement between ICE and employers. Sharing data, trend analysis and mutual successes will deepen our relationship across target regions.
- We will seek to improve direct engagement with the more than 2,000 international students studying civil engineering in the UK whilst they are in the UK. Being able to track them back to their home countries is key to establishing in-country networks and inspiration.
- With success through STEM Learning in the 11-16 space, the 16-18 Engagement Programme is aimed at inspiring 16-18 year-olds shortly before they select their options for Further and Higher Education. We must be better at demonstrating the societal benefits associated with civil engineering.
- We will improve our safeguarding process, introducing changes to the DBS process and implementing an audit function, including international volunteers.
- We will focus on improving graduate and student engagement through GSNet.
- We will seek further collaboration with WISE, the campaign for gender balance in science, technology, and engineering, and explore the potential to refresh the Apprentice Toolkit.
- We will implement UKSPEC (UK Standard for Professional Engineering Competence) v4 to ensure that ICE remains compliant with Engineering Council regulations, a significant piece of work required for Licence purposes.
- With record numbers coming forward for review, we will need more trained reviewers. Likewise, with increasing numbers of apprentices expected we will run a campaign to recruit additional assessors for EPAs.
- Provide Further Learning options for Washington Accord graduates who are not able to directly access CPR, providing additional support to this cohort to help them meet Engineering Council requirements to demonstrate further learning.
- We will deliver new CPD Policy and Audit functions. The separation of Policy and Audit from knowledge creation and direction will see development and adjustment throughout 2020. Sanctions are now effective from 2020.
- We will review, and where appropriate, update Mutual Recognition Agreements ("MRA"). We will identify organisations with whom an MRA is sensible and thereafter work up appropriate and up to date agreements.

Knowledge

Objectives

- To develop a suite of interventions to address the recommendations in the *'In Plain Sight'* and Hackitt reviews. Pilot assurance models will be tested, supported by various training packages to ensure the recommendations of the reviews are addressed and members place themselves in the best possible position to demonstrate they are competent, throughout their career.
- To expand the influence of the Learning Society. Much of the enabling infrastructure and mechanisms are now in place to accelerate the expansion of the Learning Society. By providing a vibrant community of practice model that enables effective networking, knowledge transfer, across topics of local and global importance the ICE knowledge offer will become more important in enabling the ICE vision 2025 to become reality. Leveraging the goodwill and enthusiasm generated by the Global Engineering Congress, closer links will be built across the ICE regions, within the UK and internationally, to enable better knowledge transfer and provide members with highly relevant and timely learning.

Performance and Achievements

- The focus in 2019 was to consolidate and produce high quality outputs using the tools and networks that had been developed over 2017 and 2018. Focus grew on delivering assurance of members' competence and public safety in the context of the Hackitt and *'In Plain Sight'* Reports. We agreed terms of reference for three major insight reports: *"How can infrastructure help achieve the Sustainable Development Goals?"*, *"Keeping the public safe: minimising the risk of infrastructure failure"*, and *"Who is the civil engineer of the future?"*.
- The ICE Sustainability Board chair was invited to become the new chair of the WFEO Committee on Engineering and the Environment. This role was used to develop and launch the WFEO Declaration on Climate Emergency.
- Work continued to ready the ICE to launch any new special registers of competent engineers. The knowledge programme continues to focus on structure, quality and relevance of the Learning Hub offering to members. The Hub continued to build usage and a new programme of soft skills was readied for launch in January 2020.
- Amongst a number of other successful conferences and events, including the ninth conference in the Coastal Management series. Held in La Rochelle, France in September as part of as part of the ICE Knowledge Water Programme 2019, the day conference focused on the benefits of coastal engineering and explored how infrastructure providers can best integrate with the broader coastal management picture, including the need to adapt to coastal change and improve the coastal environment. The conference was attended by delegates from across the globe, including attendees from the Americas, Asia, and Australasia.
- We established a joint venture, Structural-Safety Limited ("SSL"), with the Institution of Structural Engineers ("IStructE"). IStructE, with support from the Institution, currently manage both The Standing Committee on Structural Safety ("SCOSS"), a committee established to maintain a continuing review of building and civil engineering matters affecting the safety of structures, and the Confidential Reporting on Structural Safety ("CROSS) scheme, a scheme established to capture and share lessons learned. During the year we worked with IStructE to put mechanisms in place to transfer both SCOSS and CROSS to SSL, which we expect to happen during 2020.

Future plans

- We will deliver the first high quality outputs to the terms of reference agreed in 2019 with initial and final reports with implementable recommendations. We will deliver supporting knowledge events at a national level, provide relevant support to any working groups established to deliver the recommendations, and engage with ICE Regions and Specialist Knowledge Societies to disseminate findings. We will agree terms of reference to a second tranche of reports, as determined by ICE Council.
- We will review the content of the Learning Hub in the light of any changes to competency requirements or other emerging learning needs as determined by Council. We will deliver the establishment of any special registers of engineers as determined appropriate by the Trustees.

Policy

Objectives

- To demonstrate how infrastructure is used, and why, as well as developed, to help shape policy. To lead the debate on global and national societal issues, demonstrating that we are a global organisation. To demonstrate we are an organisation which looks to help engineers solve global problems and help the public to understand how civil engineering transforms lives, and its huge societal benefit.

- To continue to be agile in delivering mini-policy projects to ensure the ICE remains relevant to the debates on infrastructure, answering questions for an expected Spending Review. To deliver our annual State of the Nation report, which will focus on the link between housing and infrastructure, a crucial public issue. In leading the global debate, we will pilot an international policy project which looks at global best practice in infrastructure planning and delivery. To increase our engagement with society to ensure the public debate on infrastructure considers what society needs.

Performance and Achievements

Across 2019 we delivered against our objective of leading the debate to ensure society gets the infrastructure they need, in the context of urbanisation, population growth and climate change. In 2019 we also launched ICE's first global policy programme and expanded ICE's topic area to include housing and placemaking. More importantly we started the process of embedding what the public think as part of our work. Key projects and programmes delivered include:

- *Reducing the gap between cost estimates and outturns for major infrastructure projects and programmes:* This paper set out the reasons why major infrastructure projects and programmes so often go over budget or schedule. The paper also argues for a shift in thinking around what constitutes success recommending that more weight should be attached to the whole life benefits of projects and programmes – be they economic, social and environmental – as opposed to a fixation on achieving lowest capital cost in delivery. Only 3% of the public view a low cost of delivery as the main measure of success and over 70% want to see politicians talk more about the benefits rather than the costs of major infrastructure projects.
- *ICE's submission to the Infrastructure Commission for Scotland's call for evidence:* This was the first in a series of new policy task and finish projects done centrally for ICE's regional teams. This was a detailed submission to the new Infrastructure Commission for Scotland based on ICE's *State of the Nation Scotland 2018: Infrastructure Investment* report and data from the Infrastructure Transitions Research Consortium's (ITRC) Scotland National Needs Assessment (NNA) Demand Drivers report.
- *State of the Nation 2019 – Connecting Infrastructure with Housing:* ICE's 2019 State of the Nation report sets out a series of interventions for better integrating the planning and delivery of housing and infrastructure. The report makes ten recommendations across planning, funding and financing and futureproofing with climate and technological change on the horizon. The report was backed by public polling which showed 60% of the public would support new housing developments in their local area if it came with the necessary new infrastructure.
- *Enabling Better Infrastructure – 12 guiding principles for prioritising and planning infrastructure:* Towards the end of 2019, ICE and partners, launched the Enabling Better Infrastructure Programme which offers guidance for decision makers on how to best plan and prioritisation infrastructure, based on global best practice. The Programme included a report outlining the twelve principles and an online resource hub on best practice in infrastructure delivery across the infrastructure lifecycle. It was launched in Melbourne, Singapore, Hong Kong, Dubai, Pretoria, London and New York to a global audience of officials, industry and ICE Fellows.
- *UK National Infrastructure Strategy Campaign:* Following the publication of the National Infrastructure Assessment by the National Infrastructure Commission in July 2018, The ICE published a policy paper '*What should be in the National Infrastructure Strategy?*' In July 2019. This called on government to develop a National Infrastructure Strategy that adopts the recommendations set out in the National Infrastructure Assessment, provides a clear plan for funding and financing the UK's infrastructure, strengthens the opportunities that devolution creates for infrastructure, supports new infrastructure delivery models and sets out a vision for harnessing data and emerging technologies to transform infrastructure delivery and operations. The paper was accompanied by public polling which showed that 72% of the public believe the UK government is not planning for future infrastructure needs, which will lead to problems in the future. Work on this topic continues, following the UK General election.

Future plans

Our focus in 2020 remains to work with others to ensure that decision and policy makers have the best possible advice to allow them to address the challenges the world faces.

- Building on 2019, we will focus on five main programmes. We will support the Infrastructure Client Group in embedding the principles of Project 13, expanding the range of organisations supported and the lessons shared. We will lead the national debate, focusing on new rounds of devolution in England, the importance of a national strategy for infrastructure across the UK and, through our annual State of the Nation report, outline the role of infrastructure in achieving the net-zero carbon emissions 2050 target.
- We will also expand the range of partners we work with, to identify how the principles of the Enabling Better Infrastructure programme can be applied to cities. We will also ensure that more organisations and decision makers are aware of our findings and further develop the Enabling Better Infrastructure hub with case studies of best practice across the infrastructure lifecycle.

Finance, projects and resources

ICE's business planning process includes an objective of improving the financial position and organisation generally, with measurable objectives and monthly reporting of key performance indicators.

Objectives

- We will finalise the 2019-2022 people strategy. The strategy will continue the overarching objective of providing motivated and skilled employees and will focus on five key areas: attracting talent; developing and supporting staff; rewarding and recognising employees; improving culture and collaboration; and creating and sustaining an inclusive environment.
- We will refresh the employee engagement process, introducing more regular, shorter surveys to test the 'pulse' of our employees.
- We will work with internal stakeholders and external consultants to assess the training needs of staff and to revamp ICE's Learning and Development philosophy.
- We will conduct a benefits review to assess employee satisfaction with the current benefits on offer and to assess what more could be done.

Performance and Achievements

2019 saw the creation of the Support Services division, bringing together existing resources in Human Resources, Management information, IT, Research and Project Management under one Director. This provides a more holistic advisory service to the other areas of the Group and enables each area to focus on core outputs.

In 2018 we were informed that our current membership management system would no longer be supported. We subsequently negotiated a bridging solution that enables us to use the existing system until May 2023 and are in the process of procuring a replacement system. Following final bids and presentations, the Trustee Board approved the appointment of the preferred supplier in November 2019.

Other key achievements of the division during 2019 include:

- We launched a new online Fellowship Application Process, integrating the ICE membership database and SharePoint site used to administer professional reviews.
- Websites across the group were consolidated onto a single CMS platform with improvements in data access, and we made significant improvements to the group network to improve the resilience, security and speed of the digital environment.
- The ICE Membership Survey in 2019 measured satisfaction with ICE across a variety of topics, including engagement and our effectiveness.
- We refined and embedded various elements of the 2019 – 2022 people strategy and managed a decrease in overall staff headcount from December 2018 to December 2019, realigning staffing figures towards pre ICE200 levels while maintaining member services.

Future plans

- We will continue the development of the replacement membership management system. The discovery phase of the project has begun, and we are developing a deeper understanding of the requirements and processes required. The output will be the final technical and functional specification of works to be developed. During this phase we will also refine the costs and timelines for development, with development of the new solution likely to start in May 2020, with the programme running through to 2022.
- We will continue the review of Group benefits, assessing employee satisfaction and potential new options. We will also work to introduce a staff wellbeing strategy.
- Group website payment gateways will be upgraded to ensure compliance with latest requirements, and we will upgrade the website content management system to ensure the best functionality and online experience possible for our users.
- We will improve remote and digital meeting facilities across the group to enable more flexible working and reduce the reliance on face-to-face meetings.
- We will continue with network improvements including the ongoing roll-out of SharePoint and Office 365 to improve the flexibility and versatility of the ICE Group digital estate.

Financial review

Overall result

The Group's financial position strengthened during 2019 with an overall increase in reserves of £5,345k, summarised as follows:

	2019 £'000	2018 £'000
Net income (expenditure) before investment gains and losses	1,627	(589)
Net investment gains (losses)	2,519	(1,189)
Actuarial (loss) gain on defined benefit pension scheme	1,199	(340)
Net movement in funds	5,345	(2,118)

The Group incurred net income before other recognised gains and losses of £4,146k (2018: net expenditure of £1,778k). The improved result was due to the improved performance of the group's trading activities, the strong performance of the investment portfolio, and a reduction in expenditure following the increased activities in the Institution's 2018 bicentenary year.

Where the money comes from and where it is spent

Total income for the year was £37,204k, an increase of £1,495k from the prior year (2018: £35,709k). The table below provides a high-level breakdown of income, as shown in the Consolidated Statement of Financial Activities.

	2019		2018	
	£'000	%	£'000	%
Where the money comes from:				
Membership subscriptions	13,820	37	13,263	37
Examinations and other training fees	1,434	4	1,466	4
Other charitable income	2,164	6	2,184	7
Trading activities	18,461	50	17,313	48
Investment income	401	1	391	1
Donations, legacies and other income	924	2	1,092	3
	37,204	100	35,709	100

Total expenditure for the year was £35,577k, a decrease of £721k from the prior year (2018: £36,298k). The table below provides a high-level breakdown of expenditure, as shown in the Consolidated Statement of Financial Activities.

	2019		2018	
	£'000	%	£'000	%
Where the money is spent:				
Charitable activities	21,631	60	22,738	63
Trading	13,812	39	13,259	36
Fundraising and investment	134	1	301	1
	35,577	100	36,298	100

The majority of ongoing expenditure continued to be incurred directly on charitable activities, with £21,631k (2018: £22,738k) allocated to activities in pursuance of the charitable object set out in the Royal Charter.

Membership related expenditure, which covers the cost of admissions and transfers, professional reviews and professional learning and development, accounted for £12,982k (2018: £13,532k) of expenditure on charitable activities. A further £5,394k (2018: £6,004k) was spent on Knowledge, which includes costs related to nurturing and sharing civil engineering knowledge. Finally, expenditure on advisory, informing policy and promotion of best practice, accounted for the balance of £3,255k (2018: £3,202k).

Trading activities accounted for £18,461k (50%) (2018: £17,313k, 48%) of total income and £13,812k (39%) of total expenditure (2018: £13,259k, 36%). The Group's trading activities are primarily carried out through ICE's trading subsidiary, Thomas Telford Limited ("TTL"), whose principal activities include the publication of contracts, books and quality journals, the provision of training and consultancy, and the provision of meeting and hospitality facilities.

While expenditure varies in relation to the volume of trading activity, the key measure of effectiveness is the profit generated, which is used to support charitable activities and mitigate increases to membership subscription tariffs.

TTL's result for the year was a net profit of £4,678k (2018: £4,557k), and the increase is largely driven by the positive performance of the NEC division. The whole of the TTL profit is gift aided to the ICE under a Deed of Charitable Covenant dated 4 December 2017.

ICE also runs a number of conferences and seminars directly, in pursuance of its charitable purpose to promote civil engineering rather than for commercial return, including in 2019, the Coastal Management Conference which was held in France, and in 2018, the Global Engineering Congress which was held as part of ICE 200. Group trading activities, including TTL, generated a profit of £4,649k in 2019 (2018: £4,054k).

The remaining 1% of expenditure was incurred on fundraising and management costs of ICE's investment portfolio.

The cost of front line services to members is included within charitable activities and accounted for £14,105k (65%) of total charitable expenditure (2018: £15,207k, 67%), reflecting a commitment to improving the range and quality of digital related services, whilst at the same time pursuing operational efficiencies.

Included within charitable and trading expenditure are support costs (IT, HR, Premises, Finance, and Management), totalling £8,069k and representing 23% of total expenditure (2018: £8,209k, 23%).

Restricted funds

Within the Restricted Funds, QUEST enjoyed another successful year. Donations received totalled £465k (2018: £398k) and grants of £674k (2018: £794k) were awarded to 435 scholars (2018: 486). The Into Civil Engineering Fund continued and grants totalling £59k (£63k) were made to 14 students (2018: 15). The Research and Development Enabling Fund awarded four new grants in 2019 (2018: six) with an average grant per recipient of £15k (2018: £21k). During the year the ICE also received a donation of £80k (2018: £nil) to establish a new Education and Inspiration Learning Fund. Our approach to funding QUEST scholarships is being adjusted to ensure the programme remains in place and so can continue to support undergraduate and technician scholars. The approach combines reducing the funding per scholar and increasing the income stream from member contributions.

Balance sheet

Investments increased to £21,046k (2018: £19,072k) due to an underlying gain on investments. Intangible assets increased to £980k (2018: £780k) due to continued investment in digitisation of products within TTL. Tangible fixed assets decreased by £606k as additions of £556k were lower than the depreciation charged in the year.

The Group's operating and investment activities generated net cash inflows of £1,700k (2018: £475k net inflow) and £244k (2018: £162k net outflow) respectively. After bank loan repayments in the year of £419k (2018: 410k), the Group generated a net cash inflow of £1,525k (2018: £97k net outflow).

Investment policy

There are no restrictions on the Charity's power to invest, and the investment policy of the Institution is to seek the maximum return over the medium term having due regard to risk. The Institution is active in ensuring that a socially responsible and ethical approach is followed by the investment management funds through which monies are invested, either requiring managers to be signatories to the UN's Principles for Responsible Investment ("UNPRI") or by ensuring their approach is consistent and compatible with UNPRI. Investments are allocated to specific funds within agreed asset allocation ranges, and their performance is regularly reviewed against appropriate benchmarks.

Risk management

Risk management is embedded within the Group. Risk registers are regularly updated by the management team and reviewed by the DG Board and the Audit Committee. Risks are categorised against the four main areas of activity for the organisation. The action plans identified through the risk register are included in the Institution's annual business planning and budgeting cycle and in the individual objectives for managers and staff. The top risks against each are presented below:

Risk Description	Risk Management – plans in place
Membership <ul style="list-style-type: none"> Reduction in renewal of membership Pipeline reduces Withdrawal from the Washington Accord 	<ul style="list-style-type: none"> Effective lapsing process – targeted and bespoke 'Offer' Marketing campaign through Membership Development Officers 6th Form Engagement program MRT benefits of Company Accredited Training Schemes MRT promote End Point Assessment with FE/HE (Apprentices) Streamlining 2.0 Continued promotion of profession to public/parents Development of the ICE Exam

Risk Description	Risk Management – plans in place
Knowledge <ul style="list-style-type: none"> • Knowledge programme seen as having no quantifiable purpose • ICE not seen as assuring engineering competence • Knowledge activities inaccessible to broader membership 	<ul style="list-style-type: none"> • Enact recommendations from key knowledge outputs and deliver supporting knowledge events at national level and regional level • Review existing Learning Hub content against revised competency requirements and create relevant CPD learning modules • Review and then enact (if approved) establishment of Communities of Practice concept
Policy <ul style="list-style-type: none"> • Policy programme drifts from being relevant 	<ul style="list-style-type: none"> • Focus policy output on strategic medium-term topics which will be relevant • TAA and strategy to target policy outputs • Embed ICE as 'trusted' advisor to support civil servants under pressure • Ensure programme focused on questions being asked by decision makers
Supporting delivery <ul style="list-style-type: none"> • Free reserves fall below the target • Failure of IT systems • Reputational risk due to failed governance and/or leadership 	<ul style="list-style-type: none"> • Free reserves are monitored monthly and the free reserves position is regularly reforecast • Cyber Security and GDPR compliance monitored regularly, with penetration testing and assessment performed by external experts • Replacement of Membership Management Systems • ICE monitors best practice in governance, with reference to the Charity Governance Code, including policies on equality and diversity

The principal uncertainty currently facing the Institution is the impact of the ongoing global COVID-19 outbreak. The trustees and management team continue to monitor the outbreak, including UK Government advice, and acknowledge that the Institution faces a prolonged period of uncertainty. Whilst the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the Institution is in a strong financial position with sufficient reserves to absorb any negative impact. Steps have also been taken to minimise the impact on the charity's activities and the effect this may have on the Institution's members and beneficiaries. Infrastructure is in place to allow staff to work remotely and for services, including those offered to members and beneficiaries, to be delivered digitally where face-to-face interaction is not possible.

Reserves policy

ICE maintains reserves for the following reasons:

- The trading activities of TTL are cyclical and difficult to predict in the medium to long term. The Institution remains aware of the need to diversify its income streams and to minimise the extent to which TTL profits fund the core cost base of the Institution.
- ICE is exposed to several risks, which may interrupt income streams or require additional investment. Reserves are held for contingency purposes.
- Investment balances are subject to potentially adverse change should market conditions deteriorate.
- Pension liabilities could increase further as they are dependent on scheme investment performance, long term gilt rates, investment returns and mortality assumptions.
- Major long-term investments are expected to be necessary in the coming years to ensure ICE responds to changes in its operating environment and remains relevant to the needs of society and of its members. Reserves are required for "step change" investments, where funding is expected to be in excess of cash generated through annual operations.

Total funds at 31 December 2019 amounted to £69,958k (2018: £64,613k). The increase was mainly due to efforts to reduce the cost base following the investment made into the Institution's bicentennial celebration, ICE 200, during 2018 and significant investment gains in the investment portfolio.

Of total funds, free reserves increased by £3,527k to £13,482k (2018: £9,955k), a figure in excess of the target of £10m. Whilst free reserves at 31 December 2019 were above the target, significant expenditure is expected over the coming years on the replacement of the membership management system together with further investment in digital delivery of services, and capital expenditure is expected on the maintenance of the Institutions estate. The Institutions reserves also remain subject to any movement in investment markets, which have seen a significant downturn in early 2020.

The Trustees also remain mindful of the long-term nature of the pension scheme liabilities and that movements in the liability will impact on the free reserves. The triennial valuation review of the Defined Benefit Pension Scheme is expected during 2020 and which may impact on the deficit reduction payments required.

The Trustee Board keeps under review the adequacy of free reserves. This includes unrestricted funds before any FRS 102 pension liability, reduced by the net book value of fixed assets on the basis such assets support the charity's activities and cannot readily be converted to cash. The resultant policy is to build up free unallocated reserves to the equivalent of three to six months of operating expenditure with a current target of four months, set at £10m. This figure reflects the best estimate of what is required to be set aside for the risks and future investment needs outlined above.

The Trustee Board expect to review the free reserves target during 2020, giving consideration to current levels of expenditure and the effect of current developments on group activity.

ICE is also mindful of the necessity of maintaining adequate liquidity and therefore maintains a liquidity policy of ensuring freely available cash and investment balances do not fall below £6.0m. At 31 December 2019 they stood at £20,636k (2019: £17,573k).

Pay Policy for Senior Staff

Members of the Trustee Board and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Group on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in notes 9 and 10 to the accounts.

The remuneration of senior management at director level and above is reviewed and approved annually by the ICE Group Remuneration Committee. This Committee is chaired by a recent Past President. The Committee ensures arrangements are affordable and fair, and designed to motivate and reward performance in the interest of the ICE Group. Remuneration is benchmarked periodically using external surveys and data which include both commercial and not for profit organisations.

Related parties and connected organisations

The ICE has two wholly owned subsidiary undertakings. Thomas Telford Limited, a company registered in England and Wales through which operates donates its profits to the ICE, and which are then used to support charitable activities, and The Institution of Civil Engineers (Hong Kong) Limited, a company registered in Hong Kong.

The ICE is also an equal guarantor to Structural-Safety Limited, a company registered in England and Wales, with the Institution of Structural Engineers. Structural-Safety Limited has been dormant since incorporation on 4 January 2019.

The ICE works with a number of charitable organisations in pursuit of its charitable objectives, including the Benevolent Fund of the Institution of Civil Engineers and fourteen Specialist Knowledge Societies, closely affiliated membership bodies with interests in specialist areas of civil engineering.

The ICE also acts as a custodian trustee for funds for several of these Societies. At 31 December 2019 the assets of these funds, which are held in cash separately from the assets of the ICE, were valued at £389k (2018: £215k).

Structure, governance and management

The ICE is governed by a Trustee Board which is responsible for the Institution's strategic decision making.

The Trustee Board is chaired by the President, and comprises seven Vice Presidents, three Council appointee members and one ordinary member, all of whom are members of the Institution. The President and Vice Presidents are appointed by a nomination committee, as is the Ordinary Member. The Council Appointee members are selected by Council members in an election. All trustees are approved annually by the ICE Council.

The Trustee Board meets no fewer than five times a year to carry out its corporate governance responsibilities. Specific responsibilities of the Trustee Board are delegated to key standing committees: Membership, Learning Society, Regional Affairs, International, Public Voice and Finance, Assurance and Risk. The implementation of the business plan set by the Trustee Board, as well as the day-to-day management of the affairs of the Institution, is the responsibility of the Director General & Secretary.

Trustees are supported by a 38-strong advisory Council, who offer assistance, insight and advice on the derivation of the ICE's strategy and plan. The Council is chaired by the President, while Council members are directly elected by ICE members worldwide. To maintain continuity, a third of Council seats come up for election each year when Council members finish their three-year terms.

There are regional Council members for each of the 12 UK regions and Hong Kong, International Council members for ICE's four International areas and three Graduate Council members to represent the views of aspiring members. Issues of particular concern to Graduate and Student members are the focus of the Graduate and Students' network (GSNet), and there is a standing invitation for their Chair to attend ICE Council meetings.

As part of their induction, new Trustee Board and Council members are given the Governance Handbook. This contains the Royal Charter and By-laws, an outline of their respective role, all ICE governance procedures and the terms of reference of the Trustee Board, Council and other main standing committees. Trustee Board members are also directed towards guidance and information about trusteeship which is available through the charity regulatory bodies (i.e. the Charity Commission and Office of the Scottish Charity Regulator). Trustee Board members must ensure that they fully understand their responsibilities as trustees, and a trustee induction day is held annually to reinforce this.

In 2018, following an SGM, ICE Council commissioned a review of ICE's governance to ensure the ICE meets its charitable objectives. The Presidential Commission held an extensive period of consultation throughout 2019, listened to evidence from members, visited the regions, and issued an interim report for consultation. Following a further round of consultation, the Commission took close account of the many submissions in arriving at their final conclusions that led to their final report. The Chair of the Commission presented this to Trustees and Council at their November and December 2019 meetings respectively and the findings were endorsed in full. Trustee Board and Council will implement the findings throughout 2020.

Standing and Operational Committees

A brief description of the role of each of the standing committees, and the key commercial, financial, and operational committees, is detailed below. The current chair of each committee is listed on page 48.

- **Nomination Committee:** The role of the ICE Nomination Committee is to make recommendations to the Trustee Board for the appointment of candidates for senior positions in the Institution. It also approves, on behalf of the Trustee Board, a number of specific appointments, such as Director General & Secretary and Group Finance Director.
- **Membership Committee:** The Membership Committee is responsible to the Trustee Board for the role of the Institution as a qualifying body and for maintaining the professionalism element of membership. The Committee admits, on the Trustee Board's behalf, persons to the Membership Roll at all grades in accordance with the Royal Charter and By-laws.
- **UK Regional Affairs Committee:** The UK Regional Affairs Committee advises the Trustee Board on the ICE's UK regional strategy. The Committee is made up of the Regional Committee chairs from each of the individual 12 UK Region Committees, and the Regional Council members.
- **International Regions Committee:** The International Committee oversees ICE's strategy across the eight ICE international regions and reports to the Trustee Board. The International Committee is supported by the International Team, which is based in offices in the UK, Hong Kong, the UAE and Malaysia.
- **Learning Society Committee:** The Learning Society Committee lead on ICE's knowledge transfer and look to link relevant content and people through a learning network: bringing together policy, research, best-practice, capacity building, and learning delivery including conferences and online events.

- **Policy and External Affairs Committee:** The Policy and External Affairs Committee provides strategic direction in matters of government relations and policy. The Committee is supported by the Policy and Public Affairs Division to develop and provide actionable recommendations for governments, industry leaders and political decision makers (most notably ICE's annual State of the Nation reports).
- **Finance, Assurance and Risk Committee:** The Finance, Assurance and Risk Committee monitors the financial performance and prospects of the Group, helping to ensure the Institution can meet its ongoing financial and non-financial commitments. The Committee scrutinises the annual budgets and plans and reviews management accounts, monitoring performance against the business plan and budgets.
- **Remuneration Committee:** The Remuneration Committee reviews and approves the remuneration of staff at Director level and above on an annual basis. Further details on how pay for these staff is set is detailed on page 16.
- **Audit Committee:** The Audit Committee oversees the management of risk and assesses the overall risk profile of the Institution. Based on this the Committee undertakes a regular cycle of reviews and receives reports on selected internal control processes. The Committee reports to the Trustee Board with a summary of its work, which also highlights the major risks and how the potential impact is mitigated against.

Professional conduct matters

The Professional Conduct Panel ("PCP") considers complaints against ICE members, and the Disciplinary Board adjudicates on cases referred to it by the PCP. The Disciplinary Board has powers to make orders against members found guilty of improper conduct, which in the most serious cases may be expulsion from ICE membership.

Professional Conduct Panel

In 2019 the PCP considered 25 complaints against members regarding their professional conduct. In three cases the Panel determined that there was no case to answer and the complaint was dismissed. In four cases the complaint was withdrawn partway through the process. Eight cases have been carried forward to 2020.

The panel considered three convictions that were declared by aspiring members. In two of those cases the panel recommended that the applications be allowed to proceed. In one case, the panel did not recommend that the application proceed.

In four cases the panel found that the member appeared to have breached the rules of professional conduct, but not seriously enough to be referred to the Disciplinary Board. The members received advice from the Panel. Three new referrals to the Disciplinary Board were made and are scheduled for hearing in 2020.

Disciplinary Board

The Disciplinary Board heard three cases in 2019 that were referred by the PCP in 2018. One of the cases was dismissed with no further action. In the two remaining cases both members were found guilty of improper conduct, with the outcomes being Admonishment and a Reprimand respectively.

In 2019 no cases heard by the Disciplinary Board were appealed.

Reservoir Safety - Reservoirs Committee

During 2019, the ICE Reservoirs Committee dealt with 36 applications from civil engineers seeking appointment or reappointment to panels of engineers under the Reservoirs Act 1975 for the construction, inspection and supervision of large raised reservoirs in Great Britain. The committee found that 28 of the applicants qualified for appointment and eight were not qualified.

Members

The role played by our members, who so generously volunteer their time to serve the Institution, cannot be overestimated. Their expertise is vital across a number of charitable activities, including (i) the professional review process by which individuals are assessed for qualification to membership, and (ii) acting as STEM (Science, Technology, Engineering, and Mathematics) ambassadors to schools. It is estimated that over 10,000 members volunteer their time each year.

The Trustee Board are grateful for the contributions of members and recognises that without their efforts there could be no Institution.

Auditors

BDO LLP offer themselves for reappointment as auditors at the Annual General Meeting.

Approved by the Trustee Board and signed on their behalf on 24 March 2020 by:

A handwritten signature in black ink, appearing to read 'Paul Sheffield', written in a cursive style.

Paul Sheffield CBE BSc CEng FICE
President

Statement of Trustees' Responsibilities

For the year ended 31 December 2019

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

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the income and application of resources, including the income and expenditure, of the group and charity for that period.

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

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

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

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Provision of information to the auditor

Each of the persons who are Trustees at the time when the Trustees Report is approved has confirmed that:

- so far as the Trustee is aware, there is no relevant audit information of which the Charity's auditors are unaware; and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Independent auditor's report to the trustees of the Institution of Civil Engineers

For the year ended 31 December 2019

Opinion

We have audited the financial statements of Institution of Civil Engineers ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, the balance sheets, the consolidated statement of cash flows, principle accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2019 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 & 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charity in accordance with the ethical requirements 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 related to going concern

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

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

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The other information comprises: the President's Foreword, the Reference and Administrative Details and the Trustees Report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion:

- the information contained in the financial statements is inconsistent in any material respect with the Annual Report and Accounts; or
- adequate accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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 Trustees are responsible for assessing the Group's and the Parent Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charity or to cease operations, or have no realistic alternative but to do so..

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

BDO LLP
Statutory auditor
London, UK

Date: 26 March 2020

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

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Financial Activities

For the year ended 31 December 2019

		Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2019 £'000	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000
Income from:									
Donations and legacies	1	42	745	–	787	138	843	–	981
Charitable activities									
Subscriptions and other income	2	17,326	92	–	17,418	16,808	105	–	16,913
Other trading activities	3	18,461	–	–	18,461	17,313	–	–	17,313
Investments	4	317	84	–	401	301	90	–	391
Other	5	137	–	–	137	111	–	–	111
Total		36,283	921	–	37,204	34,671	1,038	–	35,709
Expenditure on:									
Raising funds									
Fundraising	6	–	–	–	–	160	–	–	160
Trading activities	3, 6	13,812	–	–	13,812	13,259	–	–	13,259
Investment managers fees	6	104	30	–	134	109	32	–	141
Charitable activities									
Membership	6	12,140	842	–	12,982	12,588	944	–	13,532
Knowledge	6	5,299	95	–	5,394	5,838	166	–	6,004
Policy	6	3,158	97	–	3,255	3,126	76	–	3,202
Total expenditure		34,513	1,064	–	35,577	35,080	1,218	–	36,298
Net gains (losses) on investments		1,941	451	127	2,519	(916)	(213)	(60)	(1,189)
Net income (expenditure)		3,711	308	127	4,146	(1,325)	(393)	(60)	(1,778)
Transfers between funds		85	(85)	–	–	428	(428)	–	–
Other recognised gains (losses)									
Actuarial gains (losses) on defined benefit pension scheme	22	1,199	–	–	1,199	(340)	–	–	(340)
Net movement in funds		4,995	223	127	5,345	(1,237)	(821)	(60)	(2,118)
Reconciliation of funds:									
Total funds brought forward		59,532	4,115	966	64,613	60,769	4,936	1,026	66,731
Total funds carried forward		64,527	4,338	1,093	69,958	59,532	4,115	966	64,613

All income and expenditure are derived from continuing activities. There are no other recognised gains or losses other than those stated above.

The accounting policies and notes on pages 26 to 47 form an integral part of these financial statements.

Balance Sheets

at 31 December 2019

	Note	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Fixed Assets					
Intangible assets	11	980	780	–	–
Tangible assets	12	28,217	28,823	28,039	28,641
Heritage assets	13	15,204	15,200	15,204	15,200
Investments	14	21,046	19,072	21,347	19,373
		65,447	63,875	64,590	63,214
Current Assets					
Stocks	15	405	368	–	–
Debtors	16	4,336	4,197	2,678	1,958
Cash at bank and in hand		5,643	4,391	4,133	3,036
		10,384	8,956	6,811	4,994
Creditors: amounts falling due within one year	17	(11,056)	(11,133)	(7,039)	(6,738)
Net current liabilities		(672)	(2,177)	(228)	(1,744)
Debtors: amounts falling due after one year	16	–	29	–	29
Creditors: amounts falling due after one year	18	(808)	(1,280)	(635)	(1,067)
Total net assets before pension scheme asset		63,967	60,447	63,727	60,432
Defined benefit pension scheme asset	22	5,991	4,166	5,991	4,166
Total net assets		69,958	64,613	69,718	64,598
The funds of the group					
Endowment funds	24	1,093	966	1,093	966
Restricted funds	24	4,338	4,115	4,338	4,115
Unrestricted income funds	24	50,767	47,597	50,527	47,582
Pension reserve	24	5,991	4,166	5,991	4,166
Revaluation reserve	25	7,769	7,769	7,769	7,769
Total group funds		69,958	64,613	69,718	64,598

The net income for the year of the parent charity was £3,921k (2018: £1,778k net expenditure).

The financial statements were approved by the trustees on 24 March 2020 and signed on their behalf by:

Paul Sheffield CBE
President

Nick Baveystock
Director General and Secretary

Rachel Skinner
Senior Vice President

The accounting policies and notes on pages 26 to 47 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
Net income (expenditure) for the year (as per the Statement of Financial Activities)	4,146	(1,778)
Adjusted for:		
Investment income	(401)	(391)
Net investment (gains) losses	(2,519)	1,189
Depreciation	1,156	1,169
Amortisation	219	195
Loss on disposal of tangible fixed assets	6	2
Donated heritage assets	(4)	(2)
Net interest on defined benefit pension scheme	(126)	(100)
Defined benefit pension scheme deficit reduction payments	(500)	(500)
(Increase) decrease in stocks	(37)	6
Increase in debtors	(110)	(706)
(Decrease) increase in creditors	(130)	1,391
Net cash provided by operating activities	1,700	475
Cash flows from investing activities		
Investment income	401	391
Proceeds from the sale of investments	14,273	7,966
Purchase of investments	(13,455)	(7,716)
Purchase of heritage assets	–	(5)
Purchase of tangible fixed assets	(556)	(620)
Purchase of intangible fixed assets	(419)	(178)
Net cash used in investing activities	244	(162)
Cash flows from financing activities		
Repayment of borrowing	(419)	(410)
Net cash used in financing activities	(419)	(410)
Change in cash and cash equivalents in the reporting period	1,525	(97)
Cash and cash equivalents at 1 January	4,482	4,579
Cash and cash equivalents at 31 December	6,007	4,482

	At 1 January 2019 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 December 2019 £'000
Analysis of changes in net debt				
Cash and cash equivalents				
Cash in hand	3,171	297	–	3,468
Short term deposits	1,220	955	–	2,175
Cash held by investment manager for reinvestment	91	273	–	364
	4,482	1,525	–	6,007
Borrowings				
Debt due within one year	(419)	419	(432)	(432)
Debt due after one year	(1,067)	–	432	(635)
	(1,486)	419	–	(1,067)
Total	2,996	1,944	–	4,940

The accounting policies and notes on pages 26 to 47 form an integral part of these financial statements.

Principal accounting policies

For the year ended 31 December 2019

The principal accounting policies adopted by the charity and group are set out below.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The statements have been prepared under the historical cost convention as modified by the revaluation of investments at market value.

The charity constitutes a public benefit entity as defined by FRS 102.

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

Basis of consolidation

The consolidated financial statements incorporate the results of The Institution of Civil Engineers ('the charity') and its wholly owned subsidiaries, Thomas Telford Limited ("TTL") and The Institution of Civil Engineers (Hong Kong) Limited, on a line by line basis, after the elimination of intra-group transactions.

In preparing these financial statements the charity has taken advantage of the exemptions permitted under Section 408 of the Companies Act 2006 and has not presented its unconsolidated Statement of Financial Activities.

In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in FRS 102: no statement of cash flows is presented for the charity and no disclosure has been given for the aggregate remuneration of the key management personnel of the parent charity as their remuneration is included in the totals for the group as a whole.

Assessment of going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Trustees have made this assessment after reviewing the company's forecasts and projections, which are being continually updated in light of the ongoing COVID-19 outbreak. The charity has a strong balance sheet and the trustees are of the opinion that the Charity will have sufficient resources to meet its liabilities as they fall due without seeking outside funding.

With regard to the next accounting period, the year ending 31 December 2020, the most significant areas that are likely to affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets. Since the year-end market conditions have deteriorated. Whilst the charity's listed investments have fallen significantly in value these are held for the long term and this has not had, nor is expected to have, an impact on the charity's activities. Further details are provided in note 25 to the accounts.

Funds accounting

Unrestricted funds are reserves which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for specific purposes. In accordance with FRS 102 – Retirement Benefits, a pension reserve is included within unrestricted funds representing the value of the defined benefit pension scheme.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes.

Restricted reserves are funds which are allocated by the donor for specific purposes.

Endowment funds are assets which must be held permanently by the charity but income arising from the assets may be expended.

A description of the funds in existence during the year is included in note 23 to the accounts.

Income

Income is recognised in the period in which entitlement is established, when economic benefit is probable and the value can be measured reliably.

Donations

Income from donations is included when the conditions for receipt have been met and there is a probable assurance of receipt. When donors specify that donations are for a particular restricted purpose which do not amount to preconditions regarding entitlement, this income is included in income of restricted funds when receivable.

Legacies

Recognition of legacy income is dependent on the type of legacy. Pecuniary legacies are recognised when notification is received and probate is granted. Residuary legacies are recognised when entitlement is established, and the value can be measured reliably, which is typically on grant of probate.

Member subscriptions

Income from member subscriptions is allocated to the year to which it relates, with payments received in advance held as deferred income.

Investment income and interest

Investment income and interest are accounted for when receivable.

Trading activities

Turnover arises from publishing, recruitment, catering, room hire and training. Turnover is recognised when the event, product or service has been delivered and the company has fulfilled its contractual obligations. It excludes value added tax and trade discounts. Income from journal subscriptions and event bookings is allocated to the year to which it relates, with payments received in advance held as deferred income.

Expenditure

Expenditure is included in the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered. Expenditure is allocated on the bases indicated below.

Cost of raising funds

Cost of raising funds comprises the costs of fundraising activities, commercial trading activities and investment management fees. Expenditure on other trading activities includes all the costs of Thomas Telford Limited, including the costs of goods sold.

Charitable activities

Charitable activities are those directly related to the objects of the charity and are reflected in these accounts under three main headings.

- Membership
- Knowledge
- Policy

Under these headings are included grants payable and costs of activities performed directly by the charity, together with associated support costs.

Support costs

Support costs include property costs, HR, finance, IT and other administrative and governance costs associated with supporting the charitable activities. They have been allocated to the cost of charitable activities on a basis consistent with the use of resources using appropriate measures such as headcount and floor area. The basis of the cost allocation has been explained in the notes to the accounts.

Employee benefits

Defined contribution pension plan

Employer contributions to defined contribution pension plans are recognised as an expense when these are due. Amounts not paid are shown in Other Creditors in the balance sheet.

Defined benefit pension plan

The Institution of the Civil Engineers Staff Retirement Benefits & Life Assurance Scheme ("the Scheme"), a defined benefit pension scheme closed to future accrual in November 2010. The Scheme is being accounted for under Section 28 of FRS 102, with the annually calculated surplus or deficit on the funding of the Scheme shown in the financial statements as an unrestricted fund, which is added to or deducted from unrestricted funds in the balance sheet. The

trustees of the Scheme believe that the Scheme currently meets the minimum funding requirements. The assets of the Scheme are held completely independently from the Institution.

Net interest on the net defined benefit pension scheme asset is recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the year by the discount rate. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

The asset and expense related to the Scheme are allocated entirely to the unrestricted ongoing activities of the Group.

Holiday Pay Accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Foreign currency

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction. Any exchange differences are recognised through the Statement of Financial Activities. Foreign exchange monetary assets and liabilities are recognised at the rate of exchange ruling at the balance sheet date.

Taxation

The Institution of Civil Engineers is a registered charity and accordingly is exempt from taxation on its charitable activities which fall within the scope of Part 11 of the Corporation Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992. No tax liability, current or deferred, arose in respect of the charity during the year.

Leases

Payments made under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

Fixed asset investments

Fixed asset investments are included at market value at the balance sheet date. Any gain/(loss) on revaluation is credited/(charged) to the statement of financial activities.

Group investments

Investments in subsidiary companies are included at cost less any provision for impairment.

Tangible fixed assets

Freehold properties are capitalised at historical cost. Capital items having a cost of less than £5k are written off in the year in which the expenditure is incurred. The values of the buildings are informally monitored by the trustees on a regular basis in order to identify any permanent diminution in value which, where applicable, is charged to the statement of financial activities. Depreciation is charged on freehold refurbishment costs to write off the cost over the anticipated economic life.

No depreciation is charged on the assets under construction until they are brought into service.

The annual rates of depreciation used to write off the cost of tangible fixed assets in equal instalments over their expected useful lives are as follows:

Freehold property	2% per annum
Improvements to freehold property	2.5% to 10% per annum
Computer equipment	20% per annum
Furniture, fixtures and equipment	5% to 20% per annum

Intangible Assets

Software acquired from third parties and capitalised at historical cost. Capital items having a cost of less than £5k are written off in the year in which the expenditure is incurred. Amortisation is charged to write off the cost over the anticipated economic life. No amortisation is charged on the software until the asset is brought into service. The annual rate of depreciation used to write off the cost of intangible assets in equal instalments over their expected useful lives is 14% to 20% per annum.

Heritage Assets

The Institution holds a collection of heritage assets relating to the history of the Institution itself and the wider history of civil engineering. The collection is in three main categories:

- Printed works: The Library contains over 140,000 titles. In addition, the collection includes manuscripts, original drawings, engravings and photographs of or by eminent civil engineers. This collection was designated as being of 'national significance' by the MLA (now Arts Council England) in 2009.
- Pictures: The Institution displays the world's finest collection of engineering portraits and other engineering related subjects, over 250 in number.
- Other artefacts: This collection of approximately 200 items includes fine furniture, decorative art and silver, mostly donated by distinguished past members, and with a civil engineering association. We also act as custodians for the Smeatonian Society of Civil Engineers small collection.

The printed works, pictures and other artefacts were valued for insurance purposes by item by L&J Gull, a respected valuer in November 2017 and are included on the Balance Sheet, at the values shown in Note 13. Trustees consider that the above methods of valuation constitute appropriate and relevant bases for valuation.

Acquisitions to all these collections are made by purchase or donation. Purchases are recorded at cost and donations are recorded at an appropriate current value where available at the time of acquisition. The cost of obtaining an annual valuation outweighs the value of any resultant benefit. The Institution holds and retains these assets as a long term policy for use for its charitable purposes and does not therefore intend to dispose of such assets.

Any changes in value of the heritage assets capitalised will be (charged)/credited to the recognised gains and losses (as appropriate) within the statement of financial activities. Such assets are not depreciated as they are deemed to have indeterminate lives. Expenditure which is required to preserve or prevent further deterioration of individual collection items is recognised in the statement of financial activities when it is incurred.

Those assets stored in the Institution's archive or in display cabinets comply with BS 5454, "Recommendations for the storage and exhibition of archival documents". Among other things, it specifies temperature and humidity ranges for document storage, shelving schemes, and materials for document containers. The archive is protected by a gas fire suppression system.

Collections are managed and recorded in discrete databases and to the prevailing standard (UDC system for cataloguing of books and ISAD for the archive items).

The collection is accessible to the public on request with most of the pictures on display throughout the building.

Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

Financial instruments

Financial instruments are recognised in the Group's balance sheet when it becomes party to the contractual provisions of the instrument. Financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and liability simultaneously.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price. Such assets are subsequently carried at the amortised cost using the effective interest method, less impairment

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, with subsequent changes in fair value recognised in the SOFA, except that investments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the established cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of financial activities.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade payables and obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as detailed below.

Useful economic lives of tangible and intangible fixed assets

The annual depreciation and amortisation charge for fixed assets is sensitive to changes in estimated useful economic lives of the assets. The useful economic lives are re-assessed annually and rare amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Define benefit pension scheme asset

The determination of the assumptions used in calculating the defined benefit pension scheme asset is the responsibility of the Trustees. The assumptions are set with regard to advice given by the scheme actuary.

Allocation of support costs

Judgement is exercised in determining the appropriate basis to use for each category of support cost when apportioning those costs to the activities within raising funds and charitable activities. Details of the method of apportionment are included within note 6b.

Notes to the financial statements

For the year ended 31 December 2019

1. Income from donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
Donations						
Into Civil Engineering Fund	–	–	–	–	221	221
R&D Enabling Fund	–	111	111	–	118	118
Quest	–	465	465	–	398	398
Shaping the World	–	89	89	–	106	106
David Butler Education & Inspiration Fund	–	80	80	–	–	–
Other donations	4	–	4	15	–	15
	4	745	749	15	843	858
Legacies	38	–	38	123	–	123
	42	745	787	138	843	981

Contingent Asset – Hewson Legacy

ICE is a co-beneficiary in the estate of a Mr RWJ Hewson. No interim distributions were received in 2019 (2018: £123k). There are uncertainties as to the value of the estate in certain overseas jurisdictions, as well as the costs and process of administration to wind up the estate. Accordingly, as the amount and timing of any remaining distributions is uncertain, no additional income has been included in the 2019 financial statements.

2. Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
Annual subscriptions	13,820	–	13,820	13,263	–	13,263
Examinations and other trading	1,434	–	1,434	1,466	–	1,466
Other income	2,072	92	2,164	2,079	105	2,184
	17,326	92	17,418	16,808	105	16,913

Geographical analysis of annual subscriptions:

	Total 2019 £'000	Total 2018 £'000
United Kingdom	11,172	10,744
Rest of the World	2,648	2,519
	13,820	13,263

3. Trading activities

Thomas Telford Limited ("TTL"), a company incorporated in the United Kingdom (company number 02556636), is a wholly owned trading subsidiary of the charity and contributed £4.6m of its profits to the charity by Gift Aid. The principal activities of TTL are the publication of learned society books and quality journals, the organisation of courses, provision of contracts and ancillary services, provision of meeting facilities and ancillary services, and the placement of engineers in both permanent and temporary positions through a job board.

The charity's trading relates to the supply of conference facilities for the Institution and external bodies. The charity also makes a rental charge to its trading subsidiary for the use of part of the freehold premises at One Great George Street.

All income from, and expenditure on, trading activities was unrestricted in both 2019 and 2018.

	Income 2019 £'000	Restated Income 2018 £'000	Expenditure 2019 £'000	Restated Expenditure 2018 £'000	Trading result 2019 £'000	Restated Trading result 2018 £'000
Publishing	6,842	6,738	4,123	3,961	2,719	2,777
Catering and room hire	7,168	7,473	6,980	7,099	188	374
Recruitment, training and consultancy	5,991	4,958	4,220	3,552	1,771	1,406
Conferences and events	1,763	1,898	1,792	2,401	(29)	(503)
	21,764	21,067	17,115	17,013	4,649	4,054
Less: intragroup trading	(3,303)	(3,754)	(3,303)	(3,754)	–	–
	18,461	17,313	13,812	13,259	4,649	4,054

The allocation of turnover and expenditure between Publishing, and Recruitment, consultancy and training has been revised in 2019 to better reflect the nature of certain activities. The comparative information within this note has been updated for consistency with the revised allocation. There is no change to the total turnover, total expenditure, or the trading result figures.

4. Investment income and interest

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
Dividends from investments	277	80	357	267	94	361
Interest income	40	4	44	27	3	30
	317	84	401	294	97	391

5. Other income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
BRE Global Ltd collaboration agreement	11	–	11	11
Net interest on defined benefit pension scheme asset	126	–	126	100
	137	–	137	111

6. Expenditure

	Direct costs £'000	Regional costs £'000	Grant funded activities £'000	Allocated support costs £'000	Total 2019 £'000
Raising Funds					
Fundraising	–	–	–	–	–
Trading activities	12,971	298	–	543	13,812
Investment managers fees	134	–	–	–	134
	13,105	298	–	543	13,946
Charitable Activities					
Membership	4,832	2,594	849	4,707	12,982
Knowledge	2,607	958	90	1,739	5,394
Policy	1,584	584	7	1,080	3,255
	9,023	4,136	946	7,526	21,631
	22,128	4,434	946	8,069	35,577

	Direct costs £'000	Regional costs £'000	Grant funded activities £'000	Allocated support costs £'000	Total 2018 £'000
Raising Funds					
Fundraising	160	–	–	–	160
Trading activities	12,157	424	–	678	13,259
Investment managers fees	141	–	–	–	141
	12,458	424	–	678	13,560
Charitable Activities					
Membership	4,825	2,984	957	4,766	13,532
Knowledge	2,807	1,126	166	1,905	6,004
Policy	1,777	524	41	860	3,202
	9,409	4,634	1,164	7,531	22,738
	21,867	5,058	1,164	8,209	36,298

6a. Grant funded activities

	Awards & grants £'000	Other costs £'000	2019 £'000	Awards & grants £'000	Other costs £'000	2018 £'000
Into Civil Engineering Fund	58	1	59	63	2	65
R&D Enabling Fund	58	–	58	125	–	125
Quest	674	116	790	794	98	892
Shaping the World	–	7	7	–	41	41
Trust Funds	31	2	33	37	4	41
Total	821	126	947	1,019	145	1,164

The number of individuals and organisations who received awards, prizes and scholarships:

	2019 No	2018 No
Into Civil Engineering – individuals	14	15
Research and Development Enabling Fund – individuals	–	1
Research and Development Enabling Fund – organisations	4	5
Queen's Jubilee Scholarship Trust – individuals	435	486
Trust Funds – individual awards and prizes	108	91
	561	598

Details of grants over £10k, representing 91% (2018: 100%) of awards from the Research and Development Enabling Fund, included in Grant Funded Activities are as follows:

Organisation	Purpose	2019 £'000	2018 £'000
British Geological Survey	A new national UK seismic hazard map for Eurocode 8	24	–
British Tunnelling Society	The tunnelling challenges of Hyperloop	4	25
Building People CIC	Improving diversity, maximising social value and increasing competent labour across the built environment	–	15
Commonwealth Engineers Council	Infrastructure reporting as an enabling and monitoring platform for delivering the UN SDGs	–	25
Expedition Engineering	Social value in construction: How far have we really come, and can we achieve more?	25	–
ImpaQt Consulting Ltd	Developing approach for SDG impact against 2030 targets	–	30
The Steel Construction Institute	Guidance on the design and execution of high strength steel structures	–	20
M Battman	CDM 2015 – 3 Years On	–	10

6b. Support costs

	Premises costs £'000	IT costs £'000	Charity management costs £'000	Total 2019 £'000
Membership	994	1,537	2,176	4,707
Knowledge	367	568	804	1,739
Policy	224	346	510	1,080
	1,585	2,451	3,490	7,526
Trading activities	114	177	252	543
	1,699	2,628	3,742	8,069

	Premises costs £'000	IT costs £'000	Charity management costs £'000	Total 2018 £'000
Membership	949	1,505	2,312	4,766
Knowledge	358	568	979	1,905
Policy	167	264	429	860
	1,474	2,337	3,720	7,531
Trading activities	134	214	330	678
	1,608	2,551	4,050	8,209

The methods used to apportion overheads are as follows:

		2019 £'000	2018 £'000
Charity management costs			
Finance	Headcount	1,219	1,265
Pension overhead	Employer's NI	129	119
Human Resources	Headcount	575	465
Office of the Director General	Headcount	559	815
Council	Headcount	212	309
Depreciation and repairs	Estimated usage	1,048	1,077
		3,742	4,050
Premises costs	Headcount	1,699	1,608
IT costs	Headcount	2,628	2,551
		8,069	8,209

7. Net income / (expenditure)

This is stated after charging:

	Group 2019 £'000	Group 2018 £'000
Depreciation of tangible fixed assets	1,156	1,169
Amortisation of intangible assets	219	195
Loss on disposal of tangible fixed assets	6	2
Auditors' remuneration		
Audit services	35	34
Non-audit services	22	10
Investment management fees	133	142
Amounts payable under operating leases		
Equipment	21	21
Property	225	192

8. Staff costs

	Group 2019 £'000	Group 2018 £'000
Wages and salaries	14,065	13,948
Social security costs	1,378	1,396
Pension costs	820	765
Temporary staff, recruitment and training	865	1,201
	17,129	17,310

The average number of UK employees of the group during the year was as follows:

	Group 2019 No	Group 2018 No
Charitable activities	228	237
Trading activities	113	113
	341	349

The number of employees paid by the Group whose emoluments, excluding employer's pension contributions, exceeded £60,000 are analysed as follows:

	Group 2019 No	Group 2018 No
£60,000 - £70,000	17	19
£70,001 - £80,000	9	4
£80,001 - £90,000	8	7
£90,001 - £100,000	2	3
£100,001 - £110,000	3	–
£110,001 - £120,000	1	2
£120,001 - £130,000	2	4
£130,001 - £140,000	2	–
£170,001 - £180,000	–	1
£180,001 - £190,000	1	–
£190,001 - £200,000	1	–
£210,001 - £220,000	–	1
£220,001 - £230,000	1	–

Pension benefits are accruing ten employees as a result of the salary link in the defined benefit scheme for those in the bandings above £60k (2018: nine). The scheme closed to future accrual on 30 November 2010. Pension payments to the defined contribution scheme for those in bandings above £60k totalled £257k (2018: £222k).

During 2019, £46k (2018: £76k) was paid out as redundancy or termination payments.

Key management personnel of eight staff, one of whom was appointed and one of whom resigned during the year (2018: eight, one of whom resigned), detailed within the Reference and Administration section on page 3, received remuneration, including benefits and employer pension contributions, of £1,096k in the year (2018: £1,037k).

9. Trustee remuneration

None of the Trustees receive any remuneration for their services as a trustee.

Details of travel and subsistence expenses reimbursed to or paid on behalf of Trustees, including overseas Presidential tours and participation in membership and learned society activity are summarised below.

	2019 £'000	2018 £'000	2019 No	2018 No
Expenses reimbursed to or paid on behalf of Trustees	49	153	10	37

Trustee liability insurance has been purchased by the charity at a cost of £6k (2018: £6k).

10. Related parties

The following payments, which have been made in accordance with Charity Commission guidance (CC11), have been made to Trustees or parties related to them in respect of services to ICE.

Trustee	Recipient	Nature of payment	2019 £	2018 £
L Waugh	Coast Communications & Marketing Limited	Payment for PR & Comms Services	14,285	–
E McCann	Expedition Engineering Ltd	Grant from the Research and Development Fund	25,000	–
D Bower	Major Projects Association (Executive Director)	Major Projects Association Annual Membership Fee	–	1,120

Trustee	Payee	Nature of income	2019 £	2018 £
D Bower	Major Projects Association (Executive Director)	Rent received from Major Projects Association	–	13,200

Trustees donated in aggregate £332 (2018: £278) to the charity during the year. Of these amounts, £115 (2018: £123) was donated towards the QUEST fund, £97 (2018: £130) was donated towards the Research and Development Enabling Fund, and £120 (2018: £25) was donated towards the Shaping the World Fund.

11. Intangible assets

Group only	Total 2019 £'000
Cost	
At 1 January 2019	1,732
Additions	419
Disposals	–
At 31 December 2019	2,151
Amortisation	
At 1 January 2019	952
Charge for the year	219
On disposals	–
At 31 December 2019	1,171
Net book value at 31 December 2019	980
Net book value at 31 December 2018	780

All intangible assets relate to computer software and licensed products.

12. Tangible fixed assets

Group	Freehold property £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Total 2019 £'000
Cost/valuation				
At 1 January 2019	37,025	2,572	5,181	44,777
Additions	167	35	355	556
Disposals	–	–	(378)	(378)
At 31 December 2019	37,192	2,607	5,158	44,955
Depreciation				
At 1 January 2019	10,766	2,027	3,161	15,954
Charge for the year	665	161	330	1,156
On disposals	–	–	(372)	(372)
At 31 December 2019	11,431	2,187	3,119	16,738
Net book value at 31 December 2019	25,761	419	2,039	28,217
Net book value at 31 December 2018	26,258	545	2,020	28,823

All Group assets are used in support of charitable or trading activities. Freehold property includes two assets. The Institution's headquarters, One Great George Street, and 8 Storey's Gate. There is no reasonable likelihood that either property will be considered for sale in the foreseeable future.

The Trustees consider that the market values of the respective properties are not less than the carrying values included above.

Charity	Freehold property £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Total 2018 £'000
Cost/valuation				
At 1 January 2019	37,025	2,572	4,471	44,067
Additions	166	35	294	498
Disposals	–	–	(235)	(235)
At 31 December 2019	37,191	2,607	4,530	44,328
Depreciation				
At 1 January 2019	10,766	2,027	2,634	15,426
Charge for the year	665	161	265	1,093
On disposals	–	–	(229)	(229)
At 31 December 2019	11,431	2,188	2,670	16,288
Net book value at 31 December 2019	25,760	419	1,860	28,039
Net book value at 31 December 2018	26,258	545	1,838	28,641

13. Heritage assets

Group and charity	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Valuation at 1 January	15,200	15,193	7,420	7,419	7,419
Additions	4	5	–	1	–
Donations	–	2	4	–	–
Revaluation	–	–	7,769	–	–
Valuation at 31 December	15,204	15,200	15,193	7,420	7,419
Printed works	6,947	6,947	6,947	2,503	2,503
Pictures	3,927	3,927	3,927	2,734	2,734
Other artefacts	4,330	4,326	4,319	2,183	2,182
	15,204	15,200	15,193	7,420	7,419

The printed works, pictures and other artefacts were revalued in November 2017 by L&J Gull, resulting in a gain on revaluation of £7.8m. The 2017 valuation includes books and printed works dated post-1840, an element not included in prior years. The 2017 valuation for this element of the collection stands at £4.8m. One asset, a Tompion Clock, was valued by Bonhams at £1m and is included within other artefacts.

The Trustees consider there to be no material impairment on the present market values/replacement values compared to those stated. Approximately £17k per annum is spent on conservation of the Heritage Assets.

Other than those movements shown above, there have been no other additions or disposals.

14. Fixed asset investments

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Listed investments	21,046	19,072	21,046	19,072
Investments in subsidiaries	–	–	301	301
	21,046	19,072	21,347	19,373
Investments in subsidiaries comprise:				
Investments at cost in subsidiaries	–	–	1	1
Long term loans to subsidiaries	–	–	300	300
	–	–	301	301

Listed investments

	Charity 2019 £'000	Charity 2018 £'000
Listed investments		
Market value at 1 January	18,981	20,420
Acquisitions at cost	13,455	7,716
Disposals at book value (proceeds: £14,273k, realised gain: £937k)	(13,336)	(7,957)
Net unrealised investment gains (losses)	1,582	(1,198)
Market value at 31 December	20,682	18,981
Cash held by investment managers for reinvestment	364	91
	21,046	19,072
Historical cost at 31 December	18,979	17,434
Cumulative unrealised investment gains	1,703	1,546

An analysis of the market value of quoted investments at 31 December 2019 is as follows:

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2019 £'000
Fixed interest	2,128	437	141	2,706
UK equities	3,730	1,073	244	5,047
Global equities	8,164	1,391	541	10,096
Alternatives	1,824	368	121	2,313
Property	420	72	28	520
Cash	264	82	18	364
	<u>16,530</u>	<u>3,423</u>	<u>1,093</u>	<u>21,046</u>

Investments in subsidiaries

Thomas Telford Limited

At 31 December 2019 the charity owned the entire issued share capital of 502 ordinary shares of £1 each in TTL. The trading results are set out in note 3. At 31 December 2019 the aggregate amount of TTL's assets, liabilities, share capital and reserves was:

	2019 £'000	2018 £'000
Fixed assets	1,154	962
Current assets	4,298	4,203
Current and non-current liabilities	(5,436)	(5,149)
	<u>16</u>	<u>16</u>

Included with non-current liabilities above is a long-term loan of £300k from the Charity to TTL. The loan is repayable on one year's notice and is secured by debenture over the assets of the subsidiary. The interest payable to the Charity is calculated quarterly at the daily bank rate ruling during the quarter or 6% whichever is greater.

The Institution of Civil Engineers (Hong Kong) Limited

At 31 December 2019 the charity owned the entire share capital of 2 ordinary shares of HKD\$1 each in The Institution of Civil Engineers (Hong Kong) Limited. A summary of their results for the year ended 31 December 2019 and balance sheet as at 31 December 2019 is shown below.

Profit and Loss:	2019 £'000	2018 £'000
Income	598	655
Expenditure	(540)	(595)
Profit before tax	58	60
Income tax charge	6	(6)
Profit for the year	<u>52</u>	<u>54</u>

Balance Sheet:	2019 £'000	2018 £'000
Fixed assets	4	5
Current assets	229	180
Current liabilities	(8)	(11)
	<u>225</u>	<u>174</u>
Retained earnings	<u>225</u>	<u>174</u>

Structural-Safety Limited

Structural-Safety Limited ("SSL") (company registration number 11750936 (England and Wales)) was incorporated on 4 January 2019. SSL is a company limited by guarantee and it has two members, the Institution of Civil Engineers and the Institution of Structural Engineers. In the event of the company being wound up members are required to contribute an amount not exceeding £1 each.

SSL has been dormant since incorporation and as such is excluded from the consolidated financial statements.

15. Stocks

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Raw materials and consumables	40	45	–	–
Finished goods and good for resale	365	323	–	–
	405	368	–	–

16. Debtors

Amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Trade debtors	3,129	3,210	937	871
Amount owed by subsidiary undertakings	–	–	826	241
Other debtors	266	312	232	308
Prepayments and accrued income	941	675	683	538
	4,336	4,197	2,678	1,958

Included within the amount owed by subsidiary undertakings is a loan of £300k (2018: £300k) to Thomas Telford Limited. Interest is payable on the loan and is calculated quarterly at the bank base rates ruling during the quarter or 6%, whichever is the greater.

Amounts falling due after one year

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Due from sale of Investment (BRE Global Ltd)	–	29	–	29

17. Creditors: amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Trade creditors	1,610	1,560	940	1,048
Amount owed to subsidiary undertakings	–	–	129	–
Taxation and social security	551	655	549	655
Other creditors	474	417	365	327
Accruals	1,091	1,392	542	855
Deferred income	6,898	6,690	4,082	3,434
Loan falling due within one year	432	419	432	419
	11,056	11,133	7,039	6,738

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Deferred Income				
Balance at 1 January	6,690	5,922	3,434	3,097
Amounts released from previous years	(6,690)	(5,922)	(3,434)	(3,097)
Resources deferred in the year	6,898	6,690	4,082	3,434
Balance at 31 December	6,898	6,690	4,082	3,434

Deferred income includes membership subscriptions and magazine subscriptions received in advance.

18. Creditors: amounts falling due after one year

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Deferred income	173	213	–	–
Loan falling due after one year	635	1,067	635	1,067
	808	1,280	635	1,067

The loan is repayable as follows:

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Within one year	432	419	432	419
Between two and five years	635	1,067	635	1,067
	1,067	1,486	1,067	1,486

In December 2010, Trustees, approved a loan for £4.0m with HSBC Bank plc for the refurbishment of Eight Storey's Gate. The term of the loan is eleven years to be repaid in equal monthly instalments until May 2022. Interest is incurred at 2.25% over the Bank of England Sterling Base Rate. Repayments of £38k inclusive of interest commenced in June 2012. The loan is secured by a first charge on the Institution's One Great George Street property and is fully drawn.

19. Operating lease commitments

Minimum lease payments under non-cancellable operating leases for photocopiers and office rental which expire:

Group	Other 2019 £'000	Other 2018 £'000	Land and buildings 2019 £'000	Land and buildings 2018 £'000
Within one year	10	10	139	119
Between one and two years	–	–	40	18
Between two and five years	–	–	44	48
	10	10	222	185

Charity	Other 2019 £'000	Other 2018 £'000	Land and buildings 2019 £'000	Land and buildings 2018 £'000
Within one year	9	9	114	118
Between one and two years	–	–	40	18
Between two and five years	–	–	44	48
	9	9	198	184

At 31 December 2019 the Group had total commitments under operating leases of £232k (2018: £195k).

20. Contingent liabilities

The Institution of Civil Engineers had no contingent liabilities at 31 December 2019 or 31 December 2018.

21. Commitments

Capital commitments by the Group, contracted or authorised at 31 December 2019 were £123k (2018: £99k).

22. Pension Schemes

Defined benefit pension schemes

Benefits under the defined benefit pension scheme ("the scheme"), which closed to new members in February 2002, are based on employees' final remuneration and length of service. The scheme closed to future service accrual on 30 November 2010.

The pension expense charged to the statement of financial activities makes no allowance for actuarial gains and losses during the year. Actuarial gains and losses are recognised separately in the statement of financial activities in the year in which they occur.

	2019 £'000	2018 £'000
Group and charity		
Components of pension cost		
Net interest income	(126)	(102)
Administration cost	–	2
Total pension income recognised in the statement of financial activities	<u>(126)</u>	<u>(100)</u>
Actuarial (gains) losses immediately recognised	<u>(1,199)</u>	340
Amounts recognised in the balance sheet		
Present value of funded obligation	<u>(46,616)</u>	(43,363)
Fair value of plan assets	<u>52,607</u>	47,529
Pension scheme asset	<u>5,991</u>	4,166
Change in benefit obligation		
Benefit obligation at 1 January	43,363	46,293
Interest cost	1,215	1,114
Actuarial losses (gains)	5,045	(2,644)
Benefits paid	(1,445)	(1,640)
Experience gain on liabilities	(402)	(77)
Changes to demographic assumptions	(1,160)	317
Benefit obligation at 31 December	<u>46,616</u>	43,363
Change in plan assets		
Fair value of plan assets at 1 January	47,529	50,199
Interest on assets	1,341	1,216
Actuarial gains (losses)	4,682	(2,744)
Employer contributions	500	500
Administration costs	–	(2)
Benefits paid	(1,445)	(1,640)
Fair value of plan assets at 31 December	<u>52,607</u>	47,529
Actual return on plan assets	<u>6,023</u>	(1,528)
Funded status and net amount recognised	<u>5,991</u>	4,166

The most recent triennial actuarial valuation as at 31 December 2016 showed a deficit of £2.5m.

	2019 £'000	2018 £'000
Fund assets		
The weighted average asset allocation at the year-end was as follows:		
Equities	22.3%	20.3%
Corporate Bonds	15.7%	8.1%
Diversified Growth	23.1%	23.6%
Liability-Driven Investment	22.5%	21.1%
Cash	16.4%	26.9%
	<u>100.0%</u>	<u>100.0%</u>

Principal Actuarial Assumptions

	2019	2018
Discount rate	2.00%	2.85%
Inflation (RPI)	3.20%	3.45%
Inflation (CPI)	2.40%	2.65%
Salary increases	2.90%	3.15%
Pension increases (RPI capped at 5%)	3.10%	3.30%
Pension increases (RPI capped at 5% with 3% floor)	3.60%	3.70%
Mortality table	S2NA series	
Mortality adjustments	85% loading to table	
Mortality deteriorations	CMI 2018 (1.25%pa)	CMI 2017 (1.25%pa)
Commutation	20% of total pension	
Life expectancy at age 65 of male aged 45	24.1	24.7
Life expectancy at age 65 of male aged 65	22.8	23.3

Five year history

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Benefit obligation at 31 December	46,616	43,363	46,293	48,732	39,488
Fair value of plan assets at 31 December	52,607	47,529	50,199	46,997	40,550
Asset (deficit)	5,991	4,166	3,906	(1,735)	1,062

Contributions

The Institution contributed £0.5m to the scheme in the year to 31 December 2019. Contributions to be paid to the scheme during the annual period beginning after the reporting period are expected to be £0.5m. In addition, administrative and other expenses of the Scheme and the Pension Protection Fund levy are payable separately by the Institution.

Group Personal Pension

The GPP was introduced for employees on 1 October 2010 with members of the defined contribution scheme joining on this date and members of the defined benefit scheme joining on 1 December following closure to future accrual of that scheme. The pension cost for this scheme for 2019 was £804k (2018: £765k).

23. Analysis of net assets between funds

Group	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2019 £'000
Fixed assets	–	44,401	–	–	44,401
Investments	16,138	413	3,402	1,093	21,046
Current assets	8,999	240	1,145	–	10,384
Creditors: amounts falling due within one year	(10,847)	–	(209)	–	(11,056)
Creditors: amounts falling due after one year	(808)	–	–	–	(808)
Defined benefit pension scheme asset	–	5,991	–	–	5,991
	13,482	51,045	4,338	1,093	69,958

Charity	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2019 £'000
Fixed assets	–	43,243	–	–	43,243
Investments	16,438	413	3,423	1,093	21,347
Current assets	5,427	240	1,144	–	6,812
Creditors: amounts falling due within one year	(6,830)	–	(209)	–	(7,039)
Creditors: amounts falling due after one year	(635)	–	–	–	(635)
Defined benefit pension scheme asset	–	5,991	–	–	5,991
	14,400	49,887	4,359	1,093	69,718

Comparative information for prior year:

Group	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000
Fixed assets	–	44,803	–	–	44,803
Investments	14,349	368	3,389	966	19,072
Current assets	7,549	240	1,167	–	8,956
Non-current assets	29	–	–	–	29
Creditors: amounts falling due within one year	(10,692)	–	(441)	–	(11,133)
Creditors: amounts falling due after one year	(1,280)	–	–	–	(1,280)
Defined benefit pension scheme asset	–	4,166	–	–	4,166
	9,955	49,577	4,115	966	64,613

Charity	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000
Fixed assets	–	43,841	–	–	43,841
Investments	14,650	368	3,389	966	19,373
Current assets	3,347	240	1,167	–	4,754
Non-current assets	29	–	–	–	29
Creditors: amounts falling due within one year	(6,057)	–	(441)	–	(6,498)
Creditors: amounts falling due after one year	(1,067)	–	–	–	(1,067)
Defined benefit pension scheme asset	–	4,166	–	–	4,166
	10,902	48,615	4,115	966	64,598

24. Reserves

Group:	1 January 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	31 December 2019 £'000
Unrestricted funds						
General fund	9,955	36,151	(33,128)	(1,388)	1,892	13,482
Designated funds						
Kenneth Watson Travel Award	368	6	(10)	–	49	413
Shaping the World	240	–	–	–	–	240
Tangible Fixed Assets fund	37,034	–	(1,375)	973	–	36,632
Revaluation reserve	7,769	–	–	–	–	7,769
Pension reserve	4,166	126	–	500	1,199	5,991
	59,532	36,283	(34,513)	85	3,140	64,527
Restricted funds						
Shaping the World	37	4	(7)	–	–	34
Shaping the World Capital Appeal	–	85	–	(85)	–	–
Into Civil Engineering	329	1	(58)	–	–	272
Research and Development Enabling Fund	460	115	(58)	–	–	517
Innovation and Research Focus	28	–	(4)	–	–	24
Infrastructure Client Group	70	92	(90)	–	–	72
David Butler Education & Inspiration Fund	–	80	–	–	–	80
Queen's Jubilee Scholarship Trust	2,510	514	(801)	–	367	2,590
Trust Funds	681	30	(46)	–	84	749
	4,115	921	(1,064)	(85)	451	4,338
Endowment funds	966	–	–	–	127	1,093
Trust funds	966	–	–	–	127	1,093
	64,613	37,204	(35,577)	–	3,718	69,958

Charity:	1 January 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains / (losses) £'000	31 December 2019 £'000
Unrestricted funds						
General fund	10,902	23,835	(21,319)	(911)	1,892	14,399
Designated funds						
Kenneth Watson Travel Award	368	6	(10)	–	49	413
Shaping the World	240	–	–	–	–	240
Tangible Fixed Assets fund	36,072	–	(1,093)	496	–	35,475
Revaluation reserve	7,769	–	–	–	–	7,769
Pension reserve	4,166	126	–	500	1,199	5,991
	59,517	23,967	(22,422)	85	3,122	64,287
Restricted funds						
Shaping the World	37	4	(7)	–	–	34
Shaping the World Capital Appeal	–	85	–	(85)	–	–
Into Civil Engineering	329	1	(58)	–	–	272
Research and Development Enabling Fund	460	115	(58)	–	–	517
Innovation and Research Focus	28	–	(4)	–	–	24
Infrastructure Client Group	70	92	(90)	–	–	72
David Butler Education & Inspiration Fund	–	80	–	–	–	80
Queen's Jubilee Scholarship Trust	2,510	514	(801)	–	367	2,590
Trust Funds	681	30	(46)	–	84	749
	4,115	921	(1,064)	(85)	451	4,338
Endowment funds						
Trust funds	966	–	–	–	127	1,093
	966	–	–	–	127	1,093
	64,598	24,888	(23,486)	–	3,718	69,718

Unrestricted funds

The general fund totalling £13,558k (2018: £9,955k) represents that element of the reserves of the charity which have not been designated for any specific purpose. Transfers from the general fund into the pension reserve during the year reflect employer contributions to the defined benefit pension scheme of £0.5m (2018: £0.5m).

Kenneth Watson Travel Award (Quest)

The Kenneth Watson Travel Award is part of the Quest awards for young engineering scholars. At current estimation, it will be able to continue to award grants for at least another 20 years.

Tangible fixed assets fund

The tangible fixed asset fund represents the net book value of the Group's intangible fixed assets, tangible fixed assets and heritage assets, less the amount carried in the revaluation reserve. Transfers to the fund represent the cost of additions in the year.

The intangible and tangible fixed assets are essential to the ongoing work of the Group, as without them the Group's work would not be possible. As such their net book values should not be regarded as realisable in order to meet ongoing expenditure or contingencies.

Restricted funds

Shaping the World

Shaping the World funding consists of two elements, with both designated and restricted funding: Shaping the World and the Shaping the World Capital Appeal. The non-capital element of both the designated and restricted funding is uncommitted against future expenditure.

The capital element specifically refers to the money received towards, and costs incurred on, the Infrastructure Learning Hub as part of the major capital project conducted on One Great George Street between 2015 and 2016. The cost of the Infrastructure Learning Hub is significantly greater than the funding received to date. During the year donations of £85k were received as a contribution towards costs that were incurred in previous years. These donations have been recognised as income in restricted funds and, as the money has already been spent, subsequently transferred to unrestricted funds.

Future donations of approximately £40k, which do not yet meet the income recognition criteria set out in the accounting policies, are expected in 2020 as a further contribution towards the shortfall of the capital spend. These monies, when received, will also be recognised in restricted funds and subsequently be transferred to unrestricted funds.

Into Civil Engineering

The purpose of the Into Civil Engineering fund is to award scholarships to young people living in Scotland studying civil engineering.

Research and Development Enabling

The Research and Development Enabling fund was formed to support research and development by engineers and organisations outside the research field, to enable them to obtain funds from other sources.

Innovation and Research Focus

Contributions to Innovation and Research Focus had been obtained from various organisations and used to produce a quarterly research newsletter which is distributed to all corporate members. No activity took place in 2018, with plans to review the contingents to be reviewed in 2019.

Infrastructure Client Group

The Infrastructure Client Group ("ICG") is a group made up of experts from a range of sectors which was formed to help support the implementation of the UK Government's *Infrastructure Cost Review Report 2010*. The ICE's support to this group was formalised during 2018. The fund represents monies received from members of the ICG as a contribution towards the activities coordinated by the Institution.

David Butler Education & Inspiration Fund

The David Butler Education & Inspiration Fund represents monies received to be used in developing interactive resources to extend the ICE's engagement with school children and young children, particularly in the 16-18 age range.

Queen's Jubilee Scholarship Trust

The purpose of the Queen's Jubilee Scholarship Trust ("QUEST") is to award scholarships to civil engineering students, or travel awards to enable members to participate in voluntary work overseas or professional development grants to enable members in mid-career to acquire new skills or knowledge.

Endowment funds

Trust Funds

The Trust Funds comprise 41 separate funds created by trust deed at various times and their capital is permanent endowment. Prizes and awards for achievement in civil engineering are made from the investment income in accordance with the terms of each Trust Fund and accounted for within Restricted funds.

Comparative information for prior year:

Group:	1 January 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	31 December 2018 £'000
Unrestricted funds						
General fund	47,721	34,564	(35,064)	(36,371)	(895)	9,955
Designated funds						
Kenneth Watson Travel Award	398	7	(16)	–	(21)	368
Shaping the World	201	–	–	39	–	240
Shaping the World – Capital	774	–	–	(774)	–	–
Tangible Fixed Assets fund	–	–	–	37,034	–	37,034
Revaluation reserve	7,769	–	–	–	–	7,769
Pension reserve	3,906	100	–	500	(340)	4,166
	60,769	34,671	(35,080)	428	(1,256)	59,532
Restricted funds						
Shaping the World	57	21	(41)	–	–	37
Shaping the World – Capital	343	85	–	(428)	–	–
Into Civil Engineering	172	221	(64)	–	–	329
Research and Development Enabling Fund	465	120	(125)	–	–	460
Innovation and Research Focus	28	–	–	–	–	28
Infrastructure Client Group	–	105	(35)	–	–	70
Queen's Jubilee Scholarship Trust	3,128	455	(900)	–	(173)	2,510
Trust Funds	743	31	(53)	–	(40)	681
	4,936	1,038	(1,218)	(428)	(213)	4,115
Endowment funds						
Trust funds	1,026	–	–	–	(60)	966
	66,731	35,709	(36,298)	–	(1,529)	64,613

Charity:	1 January 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains / (losses) £'000	31 December 2018 £'000
Unrestricted funds						
General fund	47,706	23,724	(24,224)	(35,409)	(895)	10,902
Designated funds						
Kenneth Watson Travel Award	398	7	(16)	–	(21)	368
Shaping the World	201	–	–	39	–	240
Shaping the World – Capital	774	–	–	(774)	–	–
Tangible Fixed Assets fund	–	–	–	36,072	–	36,072
Revaluation reserve	7,769	–	–	–	–	7,769
Pension reserve	3,906	100	–	500	(340)	4,166
	60,754	23,831	(24,240)	428	(1,256)	59,517
Restricted funds						
Shaping the World	57	21	(41)	–	–	37
Shaping the World – Capital	343	85	–	(428)	–	–
Into Civil Engineering	172	221	(64)	–	–	329
Research and Development Enabling Fund	465	120	(125)	–	–	460
Innovation and Research Focus	28	–	–	–	–	28
Infrastructure Client Group	–	105	(35)	–	–	70
Queen's Jubilee Scholarship Trust	3,128	455	(900)	–	(173)	2,510
Trust Funds	743	31	(53)	–	(40)	681
	4,936	1,038	(1,218)	(428)	(213)	4,115
Endowment funds						
Trust funds	1,026	–	–	–	(60)	966
	66,716	24,869	(25,458)	–	(1,529)	64,598

25. Events after the end of the reporting period

As disclosed in note 14, the market value of the Institution's investments as at 31 December 2019 was £21,046k. Since the year-end market conditions have deteriorated and the investments have fallen significantly in value. There continues to be a high degree of volatility in markets and it is estimated that the Institution's investments have incurred losses of approximately £3m between 31 December 2019 and the date of signing these financial statements. The investments are held for the long term and the post year end decrease in value has not had, nor is expected to have, an impact on the activities of the Institution.

The value of these assets within the defined benefit pension scheme at 31 December 2019 was £52,607k. The value of these assets is also expected to have been impacted by the deterioration in markets between the 31 December and the date of signing these financial statements. The scheme actuary is unable provide the value of the scheme assets at the date of signing these financial statements and therefore it is not possible to quantify the size of the deterioration. This has not had, nor is expected to have, an impact on the activities of the Institution.

26. Funds held on behalf of others

The Institution provides administrative services to fourteen Specialist Knowledge Societies, closely affiliated membership bodies with interests in specialist areas of civil engineering. The Institution is a custodian trustee of funds for nine of these Societies (2018: nine), which have trustees separate and independent from the Institution, but where the Institution holds the Society's funds on their behalf.

At 31 December 2019 the funds held by the Institution had a combined balance of £389k (2018: £215k).

Boards, Committees and Panels

Members of Council (2019-2020 session)	Paul Sheffield CBE	Blessing Danha
	Rachel Skinner	Stephen Dellow
	Andrew Wyllie CBE	Richard Giffen (Americas)
	Andy Alder	Zoë Henderson
	Jeffrey Ashurst (North West)	Michael Hirst (Yorkshire and Humber)
	Yvonne Aust (West Midlands)	Mark Jamieson (Middle East and Africa)
	Richard Bayfield	Giedre Jurkonyte
	John Beck	Emma Kent
	Edward Bingham (East Midlands)	Stephen Larkin (North East)
	Julie Bregulla	Jose Lores (Europe and Central Asia)
	Norman Brent (South East)	Paul Mitchelmore (East of England)
	Karen Britton	Geoffrey Ogden (Wales)
	Kate Cairns	Brenda O'Loan (Northern Ireland)
	Gillian Castka	Lucy Rew
	Norman Chan	Steven Robertson (Scotland)
	Patrick Chan (Hong Kong)	Neil Sandberg
	Matthew Colton (Asia Pacific excl Hong Kong)	Gareth Walker
	Martin Crapper	Ben Weller
	Gary Cutts (South West)	Yan Zhou (London)

The following served as members of Council until their retirement in November 2019:

Professor Lord Robert Mair CBE	Ronald Hunter
Steven Balliston	Damian Kilburn
Richard Burleigh	Professor Andrew McNaughton
David Caiden	Claire Oliver
Mark Downes	Nicola Robins
Teresa Frost	Helen Samuels
David Goodliff	

The Chairs of the main standing and operational Committees at the date of the signing of this report were:

Committee	
<i>Nominations</i>	Lord Robert Mair
<i>Membership Committee</i>	Edward McCann
<i>Learning Society</i>	Richard Threlfall
<i>Public Voice</i>	Keith Howells
<i>UK Regional Affairs</i>	Emer Murnaghan
<i>International Regions</i>	Mak Chai-kwong
<i>Finance, Assurance and Risk</i>	Dr Jane Smallman
<i>Remuneration</i>	Geoff French
<i>Audit</i>	David Porter

Institution of Civil Engineers
One Great George Street
Westminster
London SW1P 3AA
UK

T: **+44 (0)20 7665 2012**
E: **join@ice.org.uk**
W: **ice.org.uk**

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