

Annual Report and Accounts 2021

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President's Foreword

The last two years have shown us how resilient we are, not just as an Institution, but as a community. Throughout the pandemic, the ICE has continued to bring together like-minded people with a passion for tackling the tough questions and ensure that we are creating a better, more sustainable future for the next generation. Despite of the numerous ups and downs of 2021, I am proud to say that the institution has continued to thrive and has come out of the year in a better financial position than at any time in recent memory.

The Institution's global membership base has continued to grow, and we were delighted to finalise an agreement to continue our partnership with Hong Kong Institution of Engineers into the future. The shift to hybrid or online events for most of the year meant that members from around the world engaged with the Institution like never before. Our second online President's Address in November saw almost two thousand live viewers from 45 different countries, a theme replicated across many other events over the year.



Our knowledge business, Thomas Telford Limited, has done particularly well, with trade making a strong recovery towards pre-pandemic levels, thanks in large part to NEC. Our events business also did well despite the impact of restrictions, staff shortages and inflationary pressure, with business pre-Omicron showing strong demand.

I would like to take the opportunity to thank my predecessor Rachel Skinner for her tenure during a very challenging year. We set out a bold vision in our 2022-2025 plan to deliver against the UN Sustainable Development Goals and demonstrate the important role that civil engineers will play in creating a stronger, more resilient, and sustainable world. Rachel's tireless work on climate change has had an impact around the globe, and I am delighted to be continuing in that vein in the coming year with a focus on productivity and how we can increase efficiency and effectiveness whilst reducing waste.

I would also like to thank the Trustee Board, Council, and, most importantly, our members, for their hard work throughout 2021 and I look forward to working with them in the coming year on an equally ambitious programme of activities to help improve lives by ensuring the world has the engineering capacity and infrastructure systems it needs to allow our planet and those who live on it, to thrive.

Every member should take pride in the accomplishments of the organisation, and our plans for the future. In 2022, rather than hoping for a return to 'normal', I hope we can embrace a new normal of greater collaboration with members around the world.

A handwritten signature in black ink, appearing to read 'Edward McCann'.

Edward McCann
ICE President 2021 – 2022

Reference and administrative details

Trustees

| | |
|------------------------------|--------------------|
| <i>President</i> | Edward McCann |
| <i>Senior Vice President</i> | Keith Howells |
| <i>Vice Presidents</i> | Prof James Hall |
| | Anusha Shah |
| | Richard Threlfall |
| <i>Other</i> | Andrew Alder |
| | Richard Bayfield * |
| | Julia Bregulla * |
| | Dr Sabih Khisaf |
| | Paula McMahon * |
| | Jonathan Spruce * |
| | Liz Waugh |

* Appointed November 2021

The following served as Trustees until their retirement in November 2021

| | |
|------------------------|--------------------|
| <i>Past President</i> | Rachel Skinner |
| <i>Vice Presidents</i> | Emer Murnaghan OBE |
| <i>Other</i> | John Beck |
| | Gary Cutts |

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> | Séan Harris |
| <i>Director of Engineering Knowledge</i> | Mark Hansford |
| <i>Group Finance Director</i> | Susan Bailey |
| <i>Director Group Support Services</i> | David Tullett |
| <i>Communications Director</i> | Tas Bhanji |
| <i>Director of Policy</i> | Chris Richards |

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Trustees' Report

Objectives and activities

Background and Mission

The Institution of Civil Engineers (“the Institution”, “the ICE”, or “the Charity”) is a registered charity and is incorporated by Royal Charter. The Institution’s overriding object is to foster and promote the art and science of Civil Engineering.

The ICE aims to support the profession by offering professional qualifications, 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 96,000 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 Trustees have the vision that “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 supporting the delivery of the UN Sustainable Delivery Goals and especially 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. We have a very strong focus on the decarbonisation of the global construction industry, and in enhancing the productivity of the industry thereby affording the public greater value for the money expended on infrastructure.
- 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 carried out an in-depth review of strategy in February 2020 which, after discussion with the ICE Council, culminated in the ICE Business Plan covering the period 2021-2024. The tenets of the strategy stood the Institution in exceptionally good stead as it reacted to the ever-changing situation throughout the year.

Public benefit

ICE is a charitable body and exists to deliver benefits to the public. The benefits arising from the Institution’s 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 knowledge programmes, 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. The Institution has made significant strides to ensure that these services are now delivered digitally.

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.

Charity Commission Guidance

The 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.

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.

Achievements and performance

Despite the obvious and enduring challenges faced by the Institution throughout the year the Institution achieved the targets set out in last year's Annual Report. Thomas Telford Limited ("TTL") had a difficult year as national lockdowns opened and closed. The events business in particular suffered extensively from the UK lockdowns. But, while the TTL profit was less than had been planned, this shortfall was offset by savings made across the ICE Group in ceasing face-to-face activities and almost all travel.

Additionally, the Institution finalised the restructuring process that began in 2020 to ensure it was best placed to deliver its charitable objects on the face of prolonged global economic uncertainty.

The Institution's activity in the year was planned against five key themes which were identified by the Trustees, and which form the basis of the 2021-2024 business plan. The five key themes are designed to realise achievement of the UNSDGs, and are to:

- Place the decarbonisation of our industry at the heart of our agenda (UNSDG 9.4).
- Working with others, both in the UK and overseas, to build resilience and mitigate the significant effects of climate change (UNSDG 13).
- Transform the availability of potable water and sanitation across the world (UNSDG 6 and 7).
- Transform the productivity of our industry by driving modern methods of procurement and manufacture (UNSDG 8 and 9).
- Enhance the knowledge, insight, and ethical understanding of engineers wherever they work across the world.

Membership and qualification

Total membership numbers grew by 2.4%, reflecting an increase in all grades but particularly Students, where numbers recovered following the initial impact of the ongoing pandemic. The professionally qualified membership, excluding retired members, grew by 1.6%. Female membership grew by 7.0% to 14,924 (2020: 13,950) and now represents 15.7% of total membership (2020: 15.0%). Geographically, membership numbers grew both in the UK and internationally with a notable increase of 9.9% in Middle East and North Africa.

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Membership by location | | | | | |
| United Kingdom | 69,669 | 68,561 | 70,041 | 69,620 | 68,518 |
| Europe (excluding UK) | 2,177 | 2,080 | 2,004 | 1,940 | 1,922 |
| Americas | 1,462 | 1,404 | 1,449 | 1,404 | 1,400 |
| Middle East & Africa | 3,499 | 3,185 | 3,395 | 3,233 | 3,113 |
| Asia Pacific | 18,284 | 17,599 | 18,219 | 17,171 | 17,204 |
| Total | 95,091 | 92,829 | 95,108 | 93,368 | 92,157 |
| Membership by grade | | | | | |
| Fellow | 5,249 | 5,229 | 5,245 | 5,237 | 5,174 |
| Member | 40,018 | 39,925 | 40,235 | 40,084 | 39,875 |
| Graduate | 21,032 | 20,377 | 20,643 | 20,163 | 20,058 |
| Student | 24,615 | 23,418 | 25,308 | 24,563 | 24,283 |
| Technician | 3,031 | 2,806 | 2,644 | 2,402 | 2,023 |
| Associate | 1,118 | 1,033 | 992 | 876 | 701 |
| Other | 28 | 41 | 41 | 43 | 43 |
| Total | 95,091 | 92,829 | 95,108 | 93,368 | 92,157 |

Throughout 2021, we remained focused on recovering membership numbers and securing the qualifications' pipeline. With most campuses and schools remaining closed, the pandemic continued to present significant challenges to accessing students. The 16-18 programme saw the successful delivery of both the 360-degree platform, a digital environment which encourages school children to consider civil engineering outcomes and relevance to society, as well as fostering closer practical engagement. The team also delivered *CityZen*, a digital urban planning exercise seeking to engage Sixth Form students, and over 500 students took part. Significant energy was invested in re-engaging the university student population and approximately 2,500 net students brought onto our books between October 2020 and December 2021 (approximately 1,700 net in 2019). Finally, ICE delivered a summer assurance programme to graduate members – this saw an increase in participation from 2020 where 48 graduates engaged to 258 in 2021. The summer programme allowed those graduates, unable to secure site experience, to undertake an online project supported by our ICE Award winners, President's Future Leaders, and SCE cohort.

Professional reviews continued to be delivered remotely with six bi-monthly sessions delivering 2,100 professionally qualified candidates to the Register and seeing ICE lead the UK Professional Engineering Institutions in qualifying members. The Trustee Board agreed a hybrid model moving forward into 2022 with reviews defaulting to remote with some opportunity for face-to-face where candidates request that facility or where reviewers require onboarding or access to the sharing of best practice.

ICE Regions performed strongly both in UK and internationally. Some 280 knowledge/networking events were delivered which in turn attracted 26,000 members and non-members. Regions continued aligning knowledge delivery with the ICE knowledge streams; Scotland and Northern Ireland teams also delivered seminal reports on infrastructure planning to both devolved governments. Presidential and Director General visits to the regions continued unabated, albeit in virtual format in most cases. All 12 UK and 8 international regions received engagement via either a visit or regional strategy meeting. We increased the number of prescribed international areas of interest from 11 to 16 countries, which will see greater resource and engagement follow in the future.

The Institution secured the reaccreditation of both the Joint Board of Moderators and the Institution's Engineering Council licence for a further five years. Both licences were secured with no non-conformities listed, a particularly notable result. The Engineering Council took particular interest in the Institution's work in the CPD space and the Professionalism Panel, recently formed in December 2020, articulated the learning outcomes that members will be expected to focus on as part of their CPD programme. CPD product, delivered through the ICE Virtual Learning Environment, will meet the prescribed standards that we expect of competent civil engineers; and 2022 will see the regular release of such product. Additionally, the Institution became a registering body in both Victoria and Queensland Australia, an important development which will ensure the continued professional status of our members in those locations.

Trustees believe that the Institution should build on the long debate over many years to broaden the ICE's membership. As a consequence, the Institution has debated the introduction of a new protected title, the Chartered Infrastructure Engineer qualification. It offers aligned engineers an opportunity to both qualify and secure membership with ICE and further meets sector and government demands for greater assurance and competence within the sector. Throughout the year a series of member events were staged to allow broad discussion of the topic. The question was put to a member ballot in February 2022.

Encouragingly, we closed 2021 having recovered to pre-pandemic membership numbers, with new business structures in place and good cause for optimism looking forward. There was a notable increase in female membership, the result of targeted interventions at school level with the *CityZen* programme attracting equal numbers of males and females. For the fourth consecutive year applications to read civil engineering at Higher Education level increased, which is encouraging as it bucks the wider Professional Engineering Institution trend of declining applications.

The Institution carried out its biennial survey of the membership in 2021 and it was pleasing to record members reported exceptionally high levels of pride in the Institution. Professional qualifications and international recognition, support to the graduate programme, and our regional knowledge delivery were all being cited as excellent. That said, it should be noted that we, along with our competitors, saw an overall decrease in member satisfaction, with a particularly sharp fall amongst our MICE and FICE members. The survey findings and associated report provides way points for the 2022 ICE Plan as we seek to improve the membership offer and further develop our global reputation. Nonetheless, the ICE remained in pole position for performance and preference across all competitors.

Knowledge

Carbon reduction was the principal theme of the year, and the Institution has, and continues to deliver, a number of key tools supporting the decarbonisation of the industry and that will directly support the achievement of UNSDG 9.4, which aims, by 2030, to have upgraded infrastructure and retrofitted industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.

Data underpinning the 2010 Infrastructure Carbon Review has been updated to incorporate the latest data (2017) with funding from the Research and Development Enabling Fund. This data has been made open source and will be updated biannually, providing a valuable source for carbon reduction strategies. This data informed ICE's annual State of the Nation report: *Six Ways to Act on Climate Change* that led to a workshop with Northern Ireland's Department for Infrastructure

The Institution worked with the Green Construction Board to begin the update to PAS2080, *Carbon Management in Infrastructure*, the global standard for managing infrastructure carbon which will be a key enabling tool for carbon reduction. We have led an industry fund-raise and are acting as technical author on the update which will be published, and made freely available for use, in 2022.

The Institution is also collaborating with RICS and other Professional Engineering Institutions on the establishment of a common carbon dataset that will be made freely available to assist in the creation of benchmarkable carbon calculations. We are also supporting production and adoption of the Green Construction Board's Low Carbon Concrete

Group's Routemap to Net Zero Concrete, as the first stage of reducing the embedded carbon in infrastructure projects. The Routemap will be published in 2022.

To drive adoption of all of these tools the Institution also launched a pan-industry *Carbon Champions* programme, designed to build a global cohort of "Carbon Champions" who can share best practice and exploit emergent tools and techniques to drive ever greater carbon reduction.

The Institution has also collaborated globally to create tools and guidance for cities and regions striving to create sustainable, resilient infrastructure, by deepening its relationship with the International Coalition for Sustainable Infrastructure ("ICSI") alongside the American Society of Civil Engineers and the Global Covenant of Mayors for Climate & Energy. The ICSI has become a partner organisation of the UN's Race to Resilience programme and has made the commitment that its members, through use of its tools and guidance, will have influenced and/or delivered 12,600 projects in 2,000 cities to improve the climate resilience of 1bn people by 2030.

ICE delivered its Brunel International Lecture series digitally in 2021 to a combined global audience of more than 3,000 people. We used the 2021 series as a test-bed for a new approach to connecting engineers with city and regional leaders facing resilience challenges and the success of the 2021 series has emboldened us to fully transition the series into a direct support vehicle for ICSI in 2022.

The Institution has also supported leaders of major projects and programmes to improve industry performance in line with UNSDG 8.2 which seeks to achieve higher levels of economic productivity through diversification, technological upgrading and innovation. Through a series of round tables with industry leadership, we have worked to embed new thinking on improving infrastructure delivery contained within the Systems Approach to Infrastructure Delivery model. A second phase of work is underway where the model is being tested with several current and recent projects and a final report will be published in 2022.

Our members have also continued to provide direct independent advice to a number of major infrastructure clients in the UK, providing direct support that will improve infrastructure delivery and provide better project outcomes.

Policy and Public Affairs

The Institution continued to influence infrastructure policy, both practice and thinking, to deliver an infrastructure system that underpins the creation of a more sustainable world.

In 2022 we began building the foundations for harnessing and delivering multinational policy insight, leveraging the global analysis in our fortnightly Infrastructure Policy Watch roundups to build relationships with policymakers and arms-length bodies multi-nationally as well as global bodies such as the Global Infrastructure Hub and the Global Infrastructure Investment Association.

We convened roundtables and meetings of the All-Party Parliamentary Group on Infrastructure. Policy and decision-makers at these events included the Exchequer Secretary to the Treasury, Financial Secretary to the Treasury, two Ministers from the Department for Transport, the CEO of the Infrastructure and Projects Authority, the Chair and the CEO of the National Infrastructure Commission, the Chair of the UK Infrastructure Bank, the Chair of the Conservative Policy Forum, the Shadow Energy Minister, and the Chair of the Union Connectivity Review. Non-UK attendance and contributions at these events continued to grow over the course of the year.

We contributed to debates through Green Paper programmes that utilised evidence and views from ICE members. We made the case for change on topics such as how the UK's strategic infrastructure planning regime should evolve, what the second National Infrastructure Assessment should contain, and how public transport can be sustainably funded in the wake of the impact from the Covid-19 pandemic. Insight papers were also produced assessing UK cycling and walking strategies and exploring the role of subnational leadership in achieving net-zero. These programmes took advantage of our burgeoning international network to identify best practice, including insight from Infrastructure Australia on lessons for strategic infrastructure planning.

Across the year, we responded to several consultations and inquiries drawing on our regional and knowledge networks, including on meeting the UK's housing demand, smart motorways, the transition to net-zero infrastructure, road pricing, HM Treasury's net-zero review, appraisal and delivery of major projects, Energy National Policy Statements, the National Resilience Strategy, and submission to the 2021 Spending Review.

ICE experts provided oral evidence to the Transport Select Committee, the Business, Energy and Industrial Strategy Select Committee, and the Lords Built Environment Committee, while ICE evidence and views were frequently mentioned in Select Committee reports and parliamentary debates on infrastructure.

Staff welfare and engagement

As the Covid-19 pandemic has developed we have continued to adjust our working practices to ensure all staff with roles able to be performed safely and securely could do so. Whilst many of our IT resources are cloud based and all systems are capable of being securely accessed remotely, we have introduced further software and tools to help facilitate the change in working practices and enhance productivity during this period for those continuing to work from home. Support has been provided for those staff working and continuing to work from home to ensure their health and wellbeing.

Guidance issued at the start of the pandemic has been adjusted as required with specific initiatives for staff with caring commitments, supporting changes to working patterns and practices as far as possible to accommodate, for example, closures to schools and early years care providers. We have also changed our working practices where feasible to accommodate both the shielding and isolating requirements of our staff.

Given the uncertainty and challenges of the pandemic, the Institution has continued to invest in wider wellbeing initiatives to support staff. These include support videos, online classes, including meditation, and the launch of an app available to all staff covering fitness challenges, mindfulness webinars, nutrition, and wellbeing advice, and a selection of articles around mental health week.

Plans for future periods

Our business plan for 2022-2025 continues to support our strategy to transform lives by helping build a sustainable world, and therefore Institutional activity continues to be planned against five key themes to help us realise achievement of the UNSDGs. These themes are to:

- Place the decarbonisation of our industry at the heart of our agenda (UNSDG 9.4).
- Working with others, both in the UK and overseas, to build resilience and mitigate the significant effects of climate change (UNSDG 13).
- Transform the availability of potable water and sanitation across the world (UNSDG 6 and 7).
- Transform the productivity of our industry by driving modern methods of procurement and manufacture (UNSDG 8 and 9).
- Enhance the knowledge, insight, and ethical understanding of engineers wherever they work across the world.

Whilst there are signs that the United Kingdom is emerging the side of the Covid-19 pandemic, this is not the case everywhere. Different countries are in different stages and the ongoing pandemic will inevitably impact on our ability to deliver against some objectives. However, we are confident that the ICE's strong digital offering and ability of staff to work remotely, if required, will minimise the operational impact as far as is possible.

Some specific highlights of our what we aim to achieve in 2022 include:

- We will deliver the PAS2080 update and establish a dissemination and engagement to drive its adoption by industry clients and the industry value chain.
- We will publish and launch the Green Construction Board's Low Carbon Concrete Group's *Routemap to Net Zero Concrete by 2050* and establish a Task Force to develop a strategy that will significantly accelerate its implementation.
- We will continue to build our community of "Carbon Champions" that will actively work to bring others to their level and explore and exploit emerging methods for greater carbon reduction that develop out of ICE's Carbon Project.
- We will transition the Brunel Lecture Series into a major climate resilience programme exploring the differing climate resilience challenges in regions around the world to support ICSI in achieving its goals.
- We will launch a new-look Knowledge Hub that supports the roll-out of mandated CPD topics to our membership. We will support the roll-out of mandated CPD topics and learning outcomes with vibrant, engaging, technically robust and easy to access CPD knowledge content.
- We will work with the UK Infrastructure Client Group to explore the key blockers in the project lifecycle in order to identify productivity improvements. Through member-led workshops we will research solutions to these blockers and use the annual *State of the Nation* report to disseminate the findings with impact.
- We will cultivate and curate member expertise by establishing and expanding a Policy Fellows Network, facilitating meetings with industry and decision makers to discuss how best to identify and deliver the infrastructure that countries need.
- We will complete the development, testing and embedding of a replacement for the membership management system. Development, which began in October 2020, is expected to complete in late 2022 for launch in 2023.

We will also carry out a governance review, with the aim to confirm whether the ICE's governance arrangements continue to operate in accordance with best practices. The review will be led by Senior Vice President Keith Howells. Views will be sought from ICE members with governance knowledge and experience, including committee chairs, past presidents, and regional representatives, whilst other members who wish to offer their views will be given the opportunity to do so.

Financial review

The Group's overall financial position strengthened in 2021. Net income before investment gains and losses was £5,247k (2020: £2,387k), whilst the Group's total net movement in funds saw a decrease in reserves of £1,861k, summarised as follows:

| | 2021 £'000 | 2020 £'000 |
|---|----------------|---------------|
| Net income before investment gains and losses | 5,246 | 2,387 |
| Net investment gains | 1,995 | 1,085 |
| Actuarial (loss) gain on defined benefit pension scheme | (9,102) | 1,876 |
| Gain on revaluation of heritage assets | – | 32 |
| Net movement in funds | (1,861) | 5,380 |

Income increased by £1,977k, or 6%, to £35,043k (2020: £33,066k) following a decrease of 11% in 2020. The table below provides a high-level breakdown of income, as shown in the consolidated statement of financial activities.

| | 2021 | | 2020 | |
|--|---------------|------------|---------------|------------|
| | £'000 | % | £'000 | % |
| Where the money comes from: | | | | |
| Membership subscriptions | 14,505 | 41 | 14,505 | 44 |
| Professional development and admission | 1,761 | 5 | 1,387 | 4 |
| Other charitable income | 1,893 | 6 | 1,999 | 6 |
| Trading activities | 15,553 | 44 | 13,232 | 40 |
| Donations and legacies | 974 | 3 | 1,426 | 4 |
| Investment and other income | 357 | 1 | 517 | 2 |
| | 35,043 | 100 | 33,066 | 100 |

Subscriptions received from our members were flat compared to the prior year, however, income from professional development and admission increased as we saw large numbers coming forward for professional review.

Included within donations and legacies is an amount of £221k (2020: £503k) received from the UK Coronavirus Job Retention Scheme and an amount of £nil (2020: £43k) received from the Hong Kong Employment Support Scheme. All these funds were received in respect of employees in the Institution's subsidiaries, Thomas Telford Limited and the Institution of Civil Engineers (Hong Kong) Limited.

Operating expenditure fell by £882k, or 3%, to £29,797k (2020: £30,679k) following a decrease of 16% in 2020. The table below provides a high-level breakdown of expenditure, as shown in the consolidated statement of financial activities.

| | 2021 | | 2020 | |
|----------------------------------|---------------|------------|---------------|------------|
| | £'000 | % | £'000 | % |
| Where the money is spent: | | | | |
| Membership and qualification | 8,378 | 28 | 7,783 | 25 |
| Knowledge | 4,192 | 14 | 4,385 | 14 |
| Policy and public affairs | 1,726 | 6 | 2,100 | 7 |
| Regional activities | 3,665 | 12 | 4,557 | 15 |
| Grants and scholarships | 755 | 3 | 843 | 3 |
| Trading activities | 10,965 | 36 | 10,901 | 36 |
| Investment managers fees | 116 | 1 | 110 | 1 |
| | 29,797 | 100 | 30,679 | 100 |

The majority of ongoing expenditure continued to be incurred directly on charitable activities with £18,716k or 63% (2020: £19,668k, 64%) of total expenditure allocated to activities in pursuance of the charitable object set out in the Royal Charter. The decrease is attributable to a fall in expenditure on regional activities following the restructure of the English Regions and the centralisation of parts of our knowledge and policy and public affairs activities.

Membership and qualification related expenditure, which covers the cost of admissions and transfers, professional reviews, and professional learning and development, accounted for £8,378k (2020: £7,783k) of expenditure on charitable activities. Knowledge related expenditure of £4,192k (2020: £4,385k) includes costs related to nurturing and sharing civil engineering knowledge, whilst policy and public affairs expenditure totalled £1,726k (2020: £2,100k). An amount of £3,665k (2020: £4,557k) was spent on the Institution's regional activities, which includes the costs of the UK Regions, overseas offices, and of supporting the ICE's Local Associations across the world.

Much of the Institution's face-to-face activity ceased in March 2020 due to the pandemic, and some had not resumed by the end of 2021. The move towards providing services digitally, the temporary closure of our offices, and the almost total cessation of business travel continued to lead to cost savings across the Group. Whilst we do not expect to return

to a pre-pandemic “normal”, we know that these savings will not be permanent. Face-to-face activity is resuming and since the year end our offices have reopened to staff. We also expect to invest significantly into our digital offering in the coming year which will lead to increases in expenditure.

Trading activities accounted for £15,553k (44%) (2020: £13,232k, 40%) of total income and £10,965k (37%) of total expenditure (2020: £10,901k, 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 £3,844k (2020: £1,922k).

Whilst TTL’s publishing and training operations both enjoyed another successful year, the events venue in Westminster continued to be severely impacted by the pandemic as the venue suffered from being closed for parts of the year in accordance with government restrictions to limit the spread of Covid-19, and from a lack of consumer confidence in holding events when it was able to open. However, early signs in 2022 are encouraging, and it is hoped this will continue. The whole of the TTL profit is gift aided to the ICE under a Deed of Charitable Covenant. ICE also runs some conferences and seminars directly, in pursuance of its charitable purpose to promote civil engineering rather than for commercial return.

The remaining 1% (2020: 1%) of expenditure was spent on management costs of the Charity’s investment portfolio.

Included within charitable and trading expenditure are support costs totalling £7,149k which represent 24% of total expenditure (2020: £7,494k, 24%). Support costs include expenditure incurred on information technology, human resources, premises, finance, management, and governance.

Restricted funds

The QUEST fund enjoyed another successful year. Incoming donations totalled £568k (2020: £638k), including legacies of £20k (2020: £nil). Scholarships of £506k (2020: £550k) were awarded to 339 recipients (2020: 362). The Institution has adjusted the way in which QUEST scholarships are funded in recent years so that the fund is more sustainable and as a result it is now better placed to remain in place and continue to support as many undergraduate and technician scholars over the long-term as possible. The Into Civil Engineering Fund continued to award scholarships, and payments totalling £71k (2020: £60k) were made to 16 students (2020: 14).

The Research and Development Enabling Fund awarded three new grants in 2021 (2020: six) with an average grant per recipient of £23k (2020: £20k). During the year the ICE also received a further donation of £32k (2020: £32k) towards the Education and Inspiration Learning Fund. During the year this fund was used to invest in the development of the *CityZen* game used to engage with Sixth Form students.

Balance sheet

Investments increased to £23,720k (2020: £21,819k) due to underlying investment gains. Intangible assets increased to £2,658k (2020: £1,548k), primarily due to the continued investment in the new membership management system. Tangible fixed assets increased by £238k to £27,420k (2020: £27,182k) as the cost of additions was greater than the depreciation charged in year, which itself was in part due to carrying out works which were deferred from the prior year.

The Group’s operating and investment activities generated a net cash inflow of £6,550k (2020: £3,000k net inflow) and net cash outflow £2,038k (2019: £461k net outflow) respectively. After bank loan repayments in the year of £423k (2020: 432k), the Group generated a net cash inflow of £4,089k (2020: £2,107k net inflow).

Reserves policy

A healthy level of free reserves is essential to ensuring that the Institution can sustainably continue to deliver its aims and objectives and is an important part of how the ICE is financially resilient.

The 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 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.

In 2021 the Trustees reviewed the free reserves policy and implemented a new methodology for assessing the desired level of reserves. Previously the Institution’s reserves policy set a target based on a fixed number of months of operating expenditure. However, the Trustees wanted to be more specific about the level of reserves required and the new approach aligns the reserves target with the risk assessment process and the specific risks faced by the Institution. The specific risks and the desired levels of reserves associated with them will be reviewed annually.

The new methodology allows the Trustees to ensure that the Institution is not accumulating funds unnecessarily so that they are used to enable the aims and objectives instead. Reviewing the risk register, there are a number of specific risks, that may impact income or expenditure, that have the potential to severely impact the Institution and its ability to be resilient.

The Trustees have assessed each of these material risks and identified the potential financial impact and likelihood of occurrence of each. Whilst the free reserves target could be set as the sum of the total financial impact of all these risks it is highly unlikely that all would crystallise in the same year. Similarly, as the Trustees saw in 2020, management action can, and would, be taken to reduce expenditure and protect income if a material risk did crystallise.

Based on this analysis, the Trustees approved the new reserves target for free unallocated reserves of £11.5m to £14.5m, where free unallocated reserves consist of free reserves, in accordance with Charity Commission definitions, adjusted to include the balance of current and non-current assets and liabilities retained in subsidiaries.

Funds of the Group

The total funds of the Group at 31 December 2021 amounted to £73,477k (2020: £75,338k). Of these funds, unrestricted funds amounted to £67,511k (2020: £69,691k).

In the year ended 31 December 2021 the Institution’s General Fund increased by £4,456k to £20,490k (2020: £16,034k). The General Fund excludes all funds which are not available for the Charity’s own use, including the Charity’s tangible and intangible fixed assets, the defined benefit pension scheme asset, all funds retained in subsidiaries and joint ventures, and other designated and restricted funds. Under Charity Commission definitions these funds represent the ICE’s free reserves.

Total funds retained in subsidiaries at 31 December 2021 were £317k (2020: £273k). Within this amount was £1,142k (2020: £1,291k) of tangible and intangible fixed assets and a net balance of £825k (2020: £1,018k) of current and non-current liabilities. Whilst these liabilities do not form part of the free reserves under Charity Commission definitions, the free reserves target is set after making allowance for them and therefore these net liabilities are added to free reserves when comparing the actual reserves to the target. At 31 December 2021 the free unallocated reserves of the Group stood at £19,665k (2020: £15,016k), an amount in excess of the target range of £11.5m to £14.5m.

Whilst free reserves as at 31 December 2021 were above the target, significant expenditure is expected over the coming years, including further investment in the digital delivery of services and the cost of maintenance of the Institution’s estate. During the year the Trustees agreed the creation of two new designated reserves to meet the cost of these items, and an amount of £500k was put aside into each fund. Going forward similar designations will be made each year and these funds will be drawn upon as needed. This will reduce the need to draw on free reserves to cover the cost of major estate works, whether planned or emergency, and major digital investment. Free reserves also remain subject to any movement in investment markets, which have seen significant volatility in recent years, in particular at the start of pandemic in early 2020 and during ongoing events in Eastern Europe post-year end in 2022.

The Institution is 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 2021 they stood at £29,194k (2020: £23,731k). The Institution put in place a £3m overdraft facility in October 2020 to provide additional protection against the possible negative impact of the Covid-19 pandemic on the Institution’s working capital cash flow. The facility is uncommitted and is reviewed at least annually by the bank. The facility was renewed following the first review in April 2021. However, it had not been used by the year end, nor is it expected to be used in the year ending 31 December 2022 and therefore it is expected to be closed at the next review in April 2022.

Pensions

Pension funds are valued in different ways by the actuaries to suit different purposes. A triennial valuation establishes an appropriate funding level and uses set financial assumptions that differ from those used for including pensions in the financial statements of the sponsoring employer. These accounting disclosure requirements are governed by the Financial Reporting Standard, FRS 102.

At the 31 December 2019 triennial valuation, the pension surplus was £2.0m, which is a funding level of 104%. This is based on estimating the long-term liabilities over the remaining lives of members. The surplus on 31 December 2021, calculated on the same basis, was £4.2m, at a funding level of 108%. However, the value as per the FRS 102 valuation is a surplus of £12.7m, a funding level of 127%.

The FRS 102 valuation assumes lower inflation and higher interest and discount rates than the triennial valuation which leads to a lower calculation of pension liabilities. The ongoing valuation basis, as used for the triennial valuation, is used to agree contribution levels. The Institution is not currently required to make pension deficit recovery payments but paid £0.5m voluntarily during the year ended 31 December 2021 and also continues to pay the scheme's expenses.

Furthermore, at the 31 December 2019 triennial valuation the position of the scheme as estimated if it were to wind-up at that date and secure benefits with an insurance company (i.e. buy-out the scheme) showed a pension deficit of £11.2m, with a funding level of 82%. The deficit on 31 December 2021, calculated on the same basis was £2.7m, at a funding level of 96%. At 31 December 2021 the difference between the FRS 102 valuation and the wind-up valuation was therefore £10.0m. Furthermore, in the event of a winding up there could be a requirement to value certain salary linked benefits which would further increase this difference.

The Trustees have reassessed the estimate of the pension scheme asset included in the accounts, and for the year ended 31 December 2021 the surplus on the FRS 102 basis has not been recognised in the accounts. There is no certainty that, if it were to crystallise, any sum would be refundable from the pension scheme. Settling pension liabilities takes a long time, with costs spread over many years. The funding level is also volatile, and valuations are sensitive to changes in the financial market.

Despite the FRS 102 valuation, the Trustees remain mindful of the long-term nature of the defined benefit pension scheme liabilities, and the impact that any movements in the liabilities of the scheme may have on the free reserves and the resources available for general application. The scheme was previously closed to future service accrual to mitigate some of the risk, and the Trustees continue to work closely with the scheme trustees to manage scheme-related risks.

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 the UNPRI. The Trustees have also agreed that, wherever possible, preference should be given to funds which support the UNSDGs.

The objective for each of the three investment portfolios is to generate a return in excess of inflation over the long term, while generating an income to support the ongoing activities of the Institution or the relevant specific restricted fund. Investments for each specific fund are managed within agreed asset allocation ranges, and their performance is regularly reviewed against appropriate benchmarks.

Grant making policy

The Institution does not generally make grants from its unrestricted funds. Grants are generally made to individuals in the form of scholarships or awards from the QUEST, Into Civil Engineering, and Trust funds. All grants are made in accordance with the objectives and restrictions of the relevant fund.

The Research and Development Enabling Fund is administered by the Research, Development and Innovation towards Engineering Excellence Panel. Grants from this fund are made to support research in civil engineering and are given to recipients in both industry and academia.

Streamlined Energy and Carbon Reporting (SECR)

We recognise that climate change is one of the most important issues facing every one of us today. As civil engineers, our members play a crucial role in the reduction of carbon emissions and the ICE aims to help the profession contribute towards the net zero carbon target and mitigate climate change.

In light of this we believe it is important that the ICE is transparent about its own carbon emissions. Whilst not legally required to do so, we are voluntarily reporting our energy and carbon emissions in compliance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. This requires an annual report on greenhouse gas emissions from UK energy use and business vehicles travel.

The table below summarises emissions in the year. The carbon footprint for the year ended 31 December 2021 was 461 tonnes CO₂e, which represents a carbon intensity of 1.56 tCO₂e per full time equivalent employee (2020: 1.38 tCO₂e).

| | Unit | Quantity 2021 | Carbon Footprint (tCO ₂ e) 2021 | Quantity 2020 | Carbon Footprint (tCO ₂ e) 2020 | Scope |
|--------------------------------------|------|------------------|---|------------------|---|-------|
| Electricity, One Great George Street | KWh | 865,688 | 184 | 813,540 | 190 | 2 |
| Gas, One Great George Street | KWh | 1,198,431 | 220 | 998,113 | 184 | 1 |
| Electricity, 8 Storey's Gate | KWh | 146,523 | 31 | 176,261 | 41 | 2 |
| Gas, 8 Storey's Gate | KWh | 124,317 | 23 | 93,940 | 17 | 1 |
| Business vehicle travel | vkm | 20,400 | 3 | 69,359 | 8 | 3 |
| | | | 461 | | 440 | |

We acknowledge that the carbon footprint for the years ended 31 December 2021 and 31 December 2020 is significantly lower than what might usually be expected because of the Covid-19 pandemic. Gas and electricity usage remain below their pre-pandemic levels as the Institution's offices have been closed, or partially closed, since March 2020 (with most staff continuing to work from home), whilst TTL's events and hospitality business was unable to operate for large parts of the past two years due to lockdowns. Furthermore, business travel has decreased as face-to-face activity ceased and moved online.

Whilst we expect the carbon footprint reported in future years to increase as we re-open our offices and resume face-to-face activity, we expect it to remain lower than the pre-pandemic levels due to positive changes we have made, such as the move to conducting Professional Reviews remotely, offering stronger digital knowledge content, and delivering more TTL activity online.

Methodology

Our reporting methodology is based on the UK Government's 2019 Environmental Reporting Guidelines and these carbon footprints have been calculated using the UK Government GHG Conversion Factors for Company Reporting for 2021. Energy use data was collected from energy bills. We have excluded all managed offices where we do not receive a separate charge for energy (which includes the Group's overseas offices).

Approximately 32% (2020: 63%) of the electricity at One Great George Street and 8 Storey's Gate is from renewable sources. However, in compliance with reporting standards, the carbon saving this creates is not included in the standardised carbon footprint reported above.

Whilst the Institution does not own any vehicles and thus does not purchase any vehicle fuel directly, UK staff and volunteers do sometimes use their own cars for the Institution's business. This has been voluntarily disclosed in the information above and is estimated based on mileage claims in the finance system. Business travel has been calculated using the factor for "Average car, unknown fuel".

Energy efficient action taken

The ICE is committed to the improvement of its environmental performance; however, the management of resources is an important issue for the Charity and it is operating within the constraint that both One Great George Street and 8 Storey's Gate have listed status. Despite this, however, we were still able to implement some energy reduction measures. In the year ended 31 December 2021, the following actions were undertaken to improve energy efficiency:

- We have continued our programme to replace halogen/incandescent bulbs with LED's; and
- We have had an independent specialist review the recommendations from the recent ESOS phase 2 report. The Building Committee are due to review the recommendations during the year ending 31 December 2022.

Structure, governance and management

The ICE is governed by a Trustee Board which is responsible for the Institution's strategic decision making. Last year's Annual Report set out how the Institution had embedded the governance review changes recommended by "The Orr Commission" and thereby completed the transition to a new governance structure. We plan to review the effectiveness of the new structure once it has had time to bed in.

The Trustee Board is chaired by the President and comprises three Vice Presidents, three trustees elected by the Council, four trustees elected by the membership and one trustee appointed by the Nomination Committee. All trustees are approved annually by the ICE Council.

In 2021, two trustees were elected for the first time by the membership. Because of the continuing transitional phase the Trustee Board consisted of the President, three Vice Presidents who, subject to annual agreement by Council, will succeed to the Presidency, one trustee appointed by the Nomination Committee, one Vice President selected under the previous governance structure (who will not succeed to the Presidency), one trustee selected under the previous governance structure, and three members elected by 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.

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 52.

- **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.
- **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.
- **Learning Society Committee:** The Learning Society Committee supports the ICE Council in delivering the Institution's knowledge programme.
- **Policy and External Affairs Committee:** The Policy and External Affairs Committee provides strategic direction in matters of government relations and policy.

- 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 15.
- 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 their potential impact is mitigated.

Risk management

The ICE must protect against a range of risks and the Trustees have embedded risk management within the Group. Strategic and operational risk registers are regularly updated by the management team and reviewed by the executive, the Audit Committee and the Trustee Board. 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.

At the macro level we track long term risks. These are, almost inevitably, creeping risks: initially they seem small or avoidable, but cumulatively over several years they manifest themselves as significant or even severe. As a result, the risk register is based around the following key strategic risks:

- Risks to income;
- Risks to delivering the five strategic strands;
- Changes to international and national qualification models;
- Changes to the Professional Engineering Institution landscape;
- Future legislation as it effects professional qualification, membership or charitable structures;
- Changes in the valuation of the DB Pension Scheme; and
- Long term risks to TTL income and or products.

The Institution is heavily reliant on two main sources of funding, membership subscriptions and profit from the TTL's commercial operations. At the date of this report all Covid-19 restrictions have been removed in the United Kingdom, but the Trustees acknowledge that this is not the case in all countries where the ICE and its members operate. Whilst income from membership subscriptions has proved to be robust, revenues from commercial activities have been affected by government restrictions put in place during the pandemic and will take some time to fully recover.

As a membership-based Institution it is imperative that we maintain our membership income streams and membership engagement. Although our membership numbers had reached pre-pandemic levels by the end of 2021, we face challenges from changes to qualification models and other Professional Engineering Institutions. It is therefore vital that we continue to attract new members and convert graduate members to chartered engineers. We have number of programmes for engaging with universities, sixth forms, and employers which have been hugely successful, and the introduction of the ICE Exam in 2022 will offer a new route to Chartered Professional Review for BEng graduate members.

The ICE has come to rely on TTL's surplus and historically budgets have been prepared on the assumption that TTL will always meet the profit target set. The pandemic, and the result for 2020, demonstrated that the ICE should not, and going forward, must not, rely on that assumption. The Group surpluses achieved in the years ended 31 December 2020 and 31 December 2021 have allowed the Institution to move to a budgetary and reserves model where in year activity is supported by TTL's prior year profit, rather than in year profit. This change reduces the risk that a sudden economic downturn reduces TTL's profit causing the Institution to have to unexpectedly curtail its charitable activities.

Whilst the Institution's IT services have been resilient throughout the pandemic and staff have been able to work effectively from home, there is a risk that IT infrastructure fails or that we fail to deliver a strategic IT solution that meets the needs of our members or staff. As a membership organisation we are particularly sensitive to the requirements of data protection legislation and the need to protect our systems. The ICE is Cyber Essentials accredited, and we continually review our systems, receiving assistance from specialist third parties where necessary, to ensure we are well placed to protect the data we hold.

Whilst accepting that absolute assurance cannot be achieved, the Trustees are satisfied overall that the major risks have been reviewed and systems or procedures have been established to manage those risks.

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 10 and 11 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, operates on a commercial basis and donates its profits to the ICE, and The Institution of Civil Engineers (Hong Kong) Limited, a company registered in Hong Kong.

The Institution is also an equal guarantor to Structural-Safety Limited ("SSL"), a company registered in England and Wales, with the Institution of Structural Engineers.

The ICE works with a number of charitable organisations in pursuit of its charitable objectives, including 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 2021 the assets of these funds, which are held in cash separately from the assets of the ICE, were valued at £674k (2020: £695k).

The Institution also works closely with the ICE Benevolent Fund, a charity registered in England and Wales, who provide benevolent services to ICE members and staff.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes".

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

Fundraising income is presented in our accounts within income from donations and legacies and includes grants.

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

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 2021 the PCP considered 16 complaints against members regarding their professional conduct. In three cases the PCP determined that there was no case to answer and the complaint was dismissed. In one case the complaint was withdrawn partway through the process. In one case, although the PCP determined that there may be a case to answer, it did not take the view that a referral to the Disciplinary Board was merited. Ten cases have been carried forward to 2022. Two new referrals to the Disciplinary Board were made and both are due to be heard in 2022.

Disciplinary Board

The Disciplinary Board heard two cases in 2021 that were referred by the PCP in 2020. In both cases the members were found guilty of improper conduct. One of the members was Admonished and one received a sanction of Suspension.

One of the cases heard by the Disciplinary Board in 2021 has been appealed.

Reservoir Safety - Reservoirs Committee

During 2021, the ICE Reservoirs Committee dealt with 45 applications from civil engineers seeking appointment or reappointment to panels of engineers under the relevant United Kingdom legislation for the construction, inspection and supervision of large, raised reservoirs. The committee found that 40 of the applicants qualified for appointment and five were not qualified.

Members

The role played by our members, who so generously volunteer their time to serve the Institution, cannot be overestimated. It is estimated that over 10,000 members volunteer their time each year. Their expertise is vital across a number of charitable activities, including

- The professional review process by which individuals are assessed for qualification to membership.
- Acting as STEM (Science, Technology, Engineering, and Mathematics) ambassadors to schools.
- The awarding of scholarships from the Queen's Jubilee Scholarship Trust fund.

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

Statement of Trustees' Responsibilities

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.

Signed on behalf of the Trustee Board:



Edward McCann BEng(Hons) MSc CEng FICE FRSA
President

29 March 2022

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

Opinion

We have audited the financial statements of the Institution of Civil Engineers for the year ended 31 December 2021 which comprise the consolidated statement of financial activities, the charity statement of financial activities, the balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2021 and of the group's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions related to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report and the President's Foreword. 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 (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- sufficient and proper accounting records have not been kept; 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 for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law applicable in both England and Wales and Scotland, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the group relevant to the preparation of the financial statements to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular the valuation of heritage and intangible assets and stock provisions.
- Reviewing the assumptions and judgements used by the professional actuary in relation to the charity's pension scheme.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP

Haysmacintyre LLP
Statutory auditor
10 Queen Street Place
London
EC4R 1AG

Date:

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated Statement of Financial Activities

For the year ended 31 December 2021

| | Note | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2021 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2020 £'000 |
|--|------|-----------------------------|---------------------------|--------------------------|------------------------|-----------------------------|---------------------------|--------------------------|------------------------|
| Income from: | | | | | | | | | |
| Donations and legacies | 1 | 268 | 706 | – | 974 | 592 | 834 | – | 1,426 |
| Charitable activities | | | | | | | | | |
| Membership and qualification | 2 | 16,707 | – | – | 16,707 | 16,290 | – | – | 16,290 |
| Knowledge | | 1,294 | – | – | 1,294 | 1,473 | – | – | 1,473 |
| Policy and public affairs | | – | 158 | – | 158 | – | 128 | – | 128 |
| Other trading activities | 3 | 15,553 | – | – | 15,553 | 13,232 | – | – | 13,232 |
| Investments | 4 | 191 | 49 | – | 240 | 201 | 52 | – | 253 |
| Joint venture | 16 | 7 | – | – | 7 | 128 | – | – | 128 |
| Other | 5 | 110 | – | – | 110 | 136 | – | – | 136 |
| Total | | 34,130 | 913 | – | 35,043 | 32,052 | 1,014 | – | 33,066 |
| Expenditure on: | | | | | | | | | |
| Raising funds | | | | | | | | | |
| Trading activities | 6 | 10,965 | – | – | 10,965 | 10,901 | – | – | 10,901 |
| Investment managers fees | 6 | 93 | 23 | – | 116 | 87 | 23 | – | 110 |
| Charitable activities | | | | | | | | | |
| Membership and qualification | 6 | 8,282 | 96 | – | 8,378 | 7,783 | – | – | 7,783 |
| Knowledge | 6 | 4,192 | – | – | 4,191 | 4,385 | – | – | 4,385 |
| Policy and public affairs | 6 | 1,601 | 125 | – | 1,727 | 2,007 | 93 | – | 2,100 |
| Regional activities | 6 | 3,665 | – | – | 3,665 | 4,557 | – | – | 4,557 |
| Grants and scholarships | 6 | – | 755 | – | 755 | – | 843 | – | 843 |
| Total expenditure | | 28,798 | 999 | – | 29,797 | 29,720 | 959 | – | 30,679 |
| Net gains on investments | | 1,590 | 300 | 105 | 1,995 | 884 | 142 | 59 | 1,085 |
| Net income | | 6,922 | 214 | 105 | 7,241 | 3,216 | 197 | 59 | 3,472 |
| Transfers between funds | | – | – | – | – | 40 | (40) | – | – |
| Other recognised gains | | | | | | | | | |
| Actuarial (losses) gains on defined benefit pension scheme | 24 | (9,102) | – | – | (9,102) | 1,876 | – | – | 1,876 |
| Gain on revaluation of heritage assets | 15 | – | – | – | – | 32 | – | – | 32 |
| Net movement in funds | | (2,180) | 214 | 105 | (1,861) | 5,164 | 157 | 59 | 5,380 |
| Reconciliation of funds: | | | | | | | | | |
| Total funds brought forward | | 69,691 | 4,495 | 1,152 | 75,338 | 64,527 | 4,338 | 1,093 | 69,958 |
| Total funds carried forward | | 67,511 | 4,709 | 1,257 | 73,477 | 69,691 | 4,495 | 1,152 | 75,338 |

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 29 to 51 form an integral part of these financial statements.

Charity Statement of Financial Activities

For the year ended 31 December 2021

| | Note | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2021 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2020 £'000 |
|--|------|-----------------------------|---------------------------|--------------------------|------------------------|-----------------------------|---------------------------|--------------------------|------------------------|
| Income from: | | | | | | | | | |
| Donations and legacies | 1 | 3,891 | 706 | – | 4,597 | 1,968 | 834 | – | 2,802 |
| Charitable activities | | | | | | | | | |
| Membership and qualification | 2 | 16,707 | – | – | 16,707 | 16,290 | – | – | 16,290 |
| Knowledge | | 1,294 | – | – | 1,294 | 1,473 | – | – | 1,473 |
| Policy and public affairs | | – | 158 | – | 158 | – | 128 | – | 128 |
| Other trading activities | 3 | 1,445 | – | – | 1,445 | 1,366 | – | – | 1,366 |
| Investments | 4 | 191 | 49 | – | 240 | 201 | 52 | – | 253 |
| Joint venture | 16 | 7 | – | – | 7 | 128 | – | – | 128 |
| Other | 5 | 110 | – | – | 110 | 136 | – | – | 136 |
| Total | | 23,645 | 913 | – | 24,558 | 21,562 | 1,014 | – | 22,576 |
| Expenditure on: | | | | | | | | | |
| Raising funds | | | | | | | | | |
| Trading activities | 6 | 625 | – | – | 625 | 600 | – | – | 600 |
| Investment managers fees | 6 | 93 | 23 | – | 116 | 87 | 23 | – | 110 |
| Charitable activities | | | | | | | | | |
| Membership and qualification | 6 | 8,282 | 96 | – | 8,378 | 7,783 | – | – | 7,783 |
| Knowledge | 6 | 4,192 | – | – | 4,192 | 4,385 | – | – | 4,385 |
| Policy and public affairs | 6 | 1,601 | 125 | – | 1,726 | 2,007 | 93 | – | 2,100 |
| Regional activities | 6 | 3,564 | – | – | 3,564 | 4,401 | – | – | 4,401 |
| Grants and scholarships | 6 | – | 755 | – | 755 | – | 843 | – | 843 |
| Total expenditure | | 18,357 | 999 | – | 19,356 | 19,263 | 959 | – | 20,222 |
| Net gains on investments | | 1,590 | 300 | 105 | 1,995 | 884 | 142 | 59 | 1,085 |
| Net income | | 6,878 | 214 | 105 | 7,197 | 3,183 | 197 | 59 | 3,439 |
| Transfers between funds | | – | – | – | – | 40 | (40) | – | – |
| Other recognised gains | | | | | | | | | |
| Actuarial (losses) gains on defined benefit pension scheme | 24 | (9,102) | – | – | (9,102) | 1,876 | – | – | 1,876 |
| Gain on revaluation of heritage assets | 15 | – | – | – | – | 32 | – | – | 32 |
| Net movement in funds | | (2,224) | 214 | 105 | (1,905) | 5,131 | 157 | 59 | 5,347 |
| Reconciliation of funds: | | | | | | | | | |
| Total funds brought forward | | 69,418 | 4,495 | 1,152 | 75,065 | 64,287 | 4,338 | 1,093 | 69,718 |
| Total funds carried forward | | 67,194 | 4,709 | 1,257 | 73,160 | 69,418 | 4,495 | 1,152 | 75,065 |

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 29 to 51 form an integral part of these financial statements.

Balance Sheets

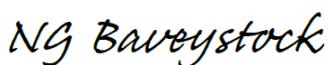
at 31 December 2021

| | Note | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|---|------|------------------------|------------------------|--------------------------|--------------------------|
| Fixed Assets | | | | | |
| Intangible assets | 13 | 2,658 | 1,548 | 1,710 | 539 |
| Tangible assets | 14 | 27,420 | 27,182 | 27,226 | 26,900 |
| Heritage assets | 15 | 15,241 | 15,240 | 15,241 | 15,240 |
| Investments | 16 | 23,808 | 21,937 | 24,109 | 22,238 |
| | | 69,127 | 65,907 | 68,286 | 64,917 |
| Current Assets | | | | | |
| Stocks | 17 | 367 | 316 | – | – |
| Debtors | 18 | 4,479 | 4,211 | 1,973 | 2,559 |
| Cash at bank and in hand | | 12,001 | 8,093 | 10,722 | 6,935 |
| | | 16,847 | 12,620 | 12,695 | 9,494 |
| Creditors: amounts falling due within one year | 19 | (12,065) | (11,207) | (7,821) | (7,632) |
| Net current assets | | 4,782 | 1,413 | 4,874 | 1,862 |
| Creditors: amounts falling due after one year | 20 | (432) | (474) | – | (206) |
| Total net assets before pension scheme asset | | 73,477 | 66,846 | 73,160 | 66,573 |
| Defined benefit pension scheme asset | 24 | – | 8,492 | – | 8,492 |
| Total net assets | | 73,477 | 75,338 | 73,160 | 75,065 |
| Funds | | | | | |
| Endowment funds | 26 | 1,257 | 1,152 | 1,257 | 1,152 |
| Restricted funds | 27 | 4,709 | 4,495 | 4,709 | 4,495 |
| Unrestricted income funds | 28 | 59,710 | 53,398 | 59,393 | 53,125 |
| Pension reserve | 28 | – | 8,492 | – | 8,492 |
| Revaluation reserve | 28 | 7,801 | 7,801 | 7,801 | 7,801 |
| Total funds | | 73,477 | 75,338 | 73,160 | 75,065 |

The financial statements were approved by the trustees on 29 March 2022 and signed on their behalf by:



Edward McCann
President



Nick Baveystock
Director General and Secretary



Keith Howells
Senior Vice President

The accounting policies and notes on pages 29 to 51 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

| | 2021 £'000 | 2020 £'000 |
|---|----------------|---------------|
| Cash flows from operating activities | | |
| Net income for the year (as per the statement of financial activities) | 7,241 | 3,472 |
| Adjusted for: | | |
| Investment income | (240) | (253) |
| Joint venture income | (7) | (128) |
| Net investment gains | (1,995) | (1,085) |
| Depreciation | 792 | 995 |
| Amortisation | 380 | 344 |
| Loss on disposal of tangible fixed assets | 3 | 4 |
| Loss on disposal of intangible assets | 5 | – |
| Donated heritage assets | (1) | (4) |
| Net interest on defined benefit pension scheme | (110) | (125) |
| Defined benefit pension scheme deficit reduction payments | (500) | (500) |
| (Increase) decrease in stocks | (51) | 89 |
| (Increase) decrease in debtors | (268) | 125 |
| Increase in creditors | 1,301 | 66 |
| Net cash provided by operating activities | 6,550 | 3,000 |
| Cash flows from investing activities | | |
| Investment income | 240 | 253 |
| Distribution from joint venture | 37 | 10 |
| Proceeds from the sale of investments | 17,708 | 5,842 |
| Purchase of investments | (17,433) | (5,873) |
| Purchase of tangible fixed assets | (928) | (383) |
| Purchase of intangible fixed assets | (1,662) | (310) |
| Net cash used in investing activities | (2,038) | (461) |
| Cash flows from financing activities | | |
| Repayment of borrowing | (423) | (432) |
| Net cash used in financing activities | (423) | (432) |
| Change in cash and cash equivalents in the reporting period | 4,089 | 2,107 |
| Cash and cash equivalents at 1 January | 8,114 | 6,007 |
| Cash and cash equivalents at 31 December | 12,203 | 8,114 |

| | At 1 January 2021 £'000 | Cash flows £'000 | Other non-cash changes £'000 | At 31 December 2021 £'000 |
|--|----------------------------------|------------------------|---------------------------------------|------------------------------------|
| Analysis of changes in net debt | | | | |
| Cash and cash equivalents | | | | |
| Cash in hand | 2,409 | 349 | – | 2,758 |
| Short term deposits | 5,684 | 3,559 | – | 9,243 |
| Cash held by investment manager for reinvestment | 21 | 181 | – | 202 |
| | 8,114 | 4,089 | – | 12,203 |
| Borrowings | | | | |
| Debt due within one year | (429) | 423 | (206) | (212) |
| Debt due after one year | (206) | – | 206 | – |
| | (635) | 423 | – | (212) |
| Total | 7,479 | 4,512 | – | 11,991 |

The accounting policies and notes on pages 29 to 51 form an integral part of these financial statements.

Principal accounting policies

For the year ended 31 December 2021

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) (second edition effective 1 January 2019), 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 subsidiary undertakings, 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 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 Charity's forecasts and projections, which are being continually updated in light of the ongoing Covid-19 pandemic. 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 2022, 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.

Fund 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 asset as recognised in the accounts.

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 notes 26 to 28 of 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. Government grant income for amounts claimed from HMRC under the Coronavirus Job Retention Scheme is accounted for in the period in which the associated salary payments are made to furloughed staff.

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 recognised 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 Group 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

Expenditure on charitable activities is reflected in these accounts under five main headings:

- Membership and qualification
- Knowledge
- Policy and public affairs
- Regional activities
- Grants and scholarships

Expenditure on charitable activities includes both direct costs and 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 note 8 to the accounts.

Grants payable

Grants payable, including scholarships, are recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

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 Charity.

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 considered to be recoverable 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 Tax 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. Investments in subsidiary companies are included at cost less any provision for impairment. Investments in non-charitable companies under a joint venture arrangement are included at fair value, which is the Group’s and/or Charity’s share of the net assets of the commercial company as at the balance sheet date.

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 |
| Furniture, fixtures and equipment | 5% to 20% per annum |

Intangible assets

Software acquired from third parties is capitalised when it is probable that the expected future economic benefits that are attributable will flow to the Group and their costs can be reliably measured. 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 15. 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 are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Valuation of heritage assets

The valuation of heritage assets is based on estimates provided by external professional valuers based on their experience and judgement. Further detail on heritage assets is provided with the heritage assets accounting policy above and within note 15.

Defined 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. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 December 2019 has been used by the actuary in valuing the pension asset at 31 December 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension asset.

The scheme rules include instructions for dealing with any residual surplus in the scheme at the point of wind up and these make provision, in certain circumstances, for the return of a surplus to the Charity. Given there is a degree of uncertainty within the rules, significant accounting judgement is exercised in determining whether to recognise the pension scheme asset on the balance sheet, and, if applicable, in determining the value of the asset that is recognised.

The Trustees have reassessed the position of the scheme as at 31 December 2021, and have taken the decision to derecognise the pension scheme asset on the basis that the amount of any residual surplus that may be returned to the Charity cannot be measured reliably, nor can the timing of the return of any residual surplus be estimated reliably given the potential remaining life of the scheme. Further details of this are set out in note 24.

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 8.

Notes to the financial statements

For the year ended 31 December 2021

1. Income from donations and legacies

| Group | Unrestricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 |
|----------------------------|-----------------------------|---------------------------|------------------------|-----------------------------|---------------------------|------------------------|
| R&D Enabling Fund | – | 106 | 106 | – | 110 | 110 |
| Quest | – | 548 | 548 | – | 638 | 638 |
| Shaping the World | – | – | – | – | 43 | 43 |
| Other donations | 1 | 32 | 33 | 3 | 43 | 46 |
| Government Grants | 221 | – | 221 | 502 | – | 502 |
| Overseas Government Grants | – | – | – | 44 | – | 44 |
| Legacies | 46 | 20 | 66 | 43 | – | 43 |
| | 268 | 706 | 974 | 592 | 834 | 1,426 |

| Charity | Unrestricted Funds £'000 | Restricted funds £'000 | Total 2021 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 |
|---|-----------------------------|---------------------------|------------------------|-----------------------------|---------------------------|------------------------|
| R&D Enabling Fund | – | 106 | 106 | – | 110 | 110 |
| Quest | – | 548 | 548 | – | 638 | 638 |
| Shaping the World | – | – | – | – | 43 | 43 |
| Other donations | 1 | 32 | 33 | 3 | 43 | 46 |
| Legacies | 46 | 20 | 66 | 43 | – | 43 |
| Gift aid donation from subsidiary undertaking | 3,844 | – | 3,844 | 1,922 | – | 1,922 |
| | 3,891 | 706 | 4,597 | 1,968 | 834 | 2,802 |

2. Income from membership and qualification

| Group and charity | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Annual subscriptions | 14,505 | 14,505 |
| Professional development and admission | 1,761 | 1,387 |
| Other fees and service income | 441 | 398 |
| | 16,707 | 16,290 |

All income from membership and qualification activities was unrestricted in both 2021 and 2020.

3. Income from trading activities

| Group and charity | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Events and sponsorship | 480 | 402 | 335 | 245 |
| Rental income | 136 | 134 | 1,092 | 1,103 |
| Turnover generated by Thomas Telford Limited | 14,937 | 12,696 | – | – |
| Interest receivable | – | – | 18 | 18 |
| | 15,553 | 13,232 | 1,445 | 1,366 |

All income from trading activities was unrestricted in both 2021 and 2020.

4. Income from investments

| Group and charity | Unrestricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 |
|----------------------------|-----------------------------|---------------------------|------------------------|-----------------------------|---------------------------|------------------------|
| Dividends from investments | 187 | 49 | 236 | 188 | 51 | 239 |
| Interest income | 4 | – | 4 | 13 | 1 | 14 |
| | 191 | 49 | 240 | 201 | 52 | 253 |

5. Other income

| Group and charity | Total 2021 £'000 | Total 2020 £'000 |
|--|------------------------|------------------------|
| BRE Global Ltd collaboration agreement | – | 11 |
| Net interest on defined benefit pension scheme asset | 110 | 125 |
| | 110 | 136 |

All other income was unrestricted in both 2021 and 2020.

6. Expenditure

| Group | Direct costs £'000 | Awards & grants £'000 | Support costs £'000 | Total 2021 £'000 | Direct costs £'000 | Awards & grants £'000 | Support costs £'000 | Total 2020 £'000 |
|------------------------------|-----------------------|--------------------------|------------------------|------------------------|-----------------------|--------------------------|------------------------|------------------------|
| Raising Funds | | | | | | | | |
| Trading activities | 10,699 | – | 266 | 10,965 | 10,632 | – | 269 | 10,901 |
| Investment managers fees | 116 | – | – | 116 | 110 | – | – | 110 |
| | 10,815 | – | 266 | 11,081 | 10,742 | – | 269 | 11,011 |
| Charitable Activities | | | | | | | | |
| Membership and qualification | 4,351 | – | 4,027 | 8,378 | 4,003 | – | 3,780 | 7,783 |
| Knowledge | 2,958 | – | 1,234 | 4,192 | 3,066 | – | 1,319 | 4,385 |
| Policy and public affairs | 1,188 | – | 538 | 1,726 | 1,284 | – | 816 | 2,100 |
| Regional activities | 2,581 | – | 1,084 | 3,665 | 3,247 | – | 1,310 | 4,557 |
| Grants and scholarships | 76 | 679 | – | 755 | 94 | 749 | – | 843 |
| | 11,154 | 679 | 6,883 | 18,716 | 11,694 | 749 | 7,225 | 19,668 |
| | 21,969 | 679 | 7,149 | 29,797 | 22,436 | 749 | 7,494 | 30,679 |

| Charity | Direct costs £'000 | Awards & grants £'000 | Support costs £'000 | Total 2021 £'000 | Direct costs £'000 | Awards & grants £'000 | Support costs £'000 | Total 2020 £'000 |
|------------------------------|-----------------------|--------------------------|------------------------|------------------------|-----------------------|--------------------------|------------------------|------------------------|
| Raising Funds | | | | | | | | |
| Trading activities | 359 | – | 266 | 625 | 331 | – | 269 | 600 |
| Investment managers fees | 116 | – | – | 116 | 110 | – | – | 110 |
| | 475 | – | 266 | 741 | 441 | – | 269 | 710 |
| Charitable Activities | | | | | | | | |
| Membership and qualification | 4,351 | – | 4,027 | 8,378 | 4,003 | – | 3,780 | 7,783 |
| Knowledge | 2,958 | – | 1,234 | 4,192 | 3,066 | – | 1,319 | 4,385 |
| Policy and public affairs | 1,188 | – | 538 | 1,726 | 1,284 | – | 816 | 2,100 |
| Regional activities | 2,480 | – | 1,084 | 3,564 | 3,091 | – | 1,310 | 4,401 |
| Grants and scholarships | 76 | 679 | – | 755 | 94 | 749 | – | 843 |
| | 11,053 | 679 | 6,883 | 18,615 | 11,538 | 749 | 7,225 | 19,512 |
| | 11,528 | 679 | 7,149 | 19,356 | 11,979 | 749 | 7,494 | 20,222 |

7. Awards & grants

| Group and charity | 2021 £'000 | 2020 £'000 |
|-------------------------------------|---------------|---------------|
| Research and Development grants | 69 | 121 |
| Into Civil Engineering scholarships | 71 | 60 |
| Queen's Jubilee Scholarship Trust | 506 | 550 |
| Trust Fund awards and prizes | 33 | 18 |
| | 679 | 749 |

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

| Group and charity | 2021 No | 2020 No |
|---|------------|------------|
| Research and Development grants – organisations | 3 | 6 |
| Into Civil Engineering scholarships – individuals | 16 | 14 |
| Queen's Jubilee Scholarship Trust – individuals | 339 | 362 |
| Trust Fund awards and prizes - individuals | 85 | 72 |
| | 443 | 454 |

Grants made to organisations from the Research and Development Enabling Fund are as follows:

| Organisation | Purpose | 2021 £'000 | 2020 £'000 |
|----------------------------------|--|---------------|---------------|
| Brunel University | Stainless steel reinforced concrete in fire – is spalling important? | 20 | – |
| Brunel University | Development of resilient healthcare estate for better infection control. | – | 25 |
| Imperial College London | Ground and existing tunnel response to building demolition, excavation and new construction. | – | 34 |
| Liverpool John Moores University | Durability analysis of a cement free breakwaters developed using waste based geopolymer and recycled aggregate - an approach to decarbonise shore protection globally. | 24 | – |
| Liverpool John Moores University | Corrosion resistant bio-concrete with blended ashes whilst solving waste problems of UK biomass plants. | – | 26 |
| Strathclyde University | Concrete dams and sea walls assessment using two new Geophysical monitoring systems. | – | 25 |
| University College London | SeeCarbon: Revealing and reducing infrastructure's carbon footprint in a digitally open, socio-technical way. | 25 | – |
| James Ogden Genspira | Funding for an innovative new tidal energy mechanism. | – | 5 |
| Dr Jannik Gieseckam | Updating the Infrastructure Carbon Review emissions dataset. | – | 6 |
| | | 69 | 121 |

8. Support costs

| Group and charity | Premises costs £'000 | IT costs £'000 | Charity management costs £'000 | Total 2021 £'000 | Premises costs £'000 | IT costs £'000 | Charity management costs £'000 | Total 2020 £'000 |
|------------------------------|-------------------------|-------------------|-----------------------------------|------------------------|-------------------------|-------------------|-----------------------------------|------------------------|
| Membership and qualification | 991 | 1,393 | 1,644 | 4,028 | 922 | 1,341 | 1,517 | 3,780 |
| Knowledge | 303 | 427 | 504 | 1,234 | 322 | 468 | 529 | 1,319 |
| Policy and public affairs | 132 | 186 | 219 | 537 | 199 | 290 | 327 | 816 |
| Regional activities | 35 | 558 | 491 | 1,084 | 63 | 697 | 550 | 1,310 |
| | 1,461 | 2,564 | 2,858 | 6,883 | 1,506 | 2,796 | 2,923 | 7,225 |
| Trading activities | 65 | 92 | 109 | 266 | 66 | 95 | 108 | 269 |
| | 1,526 | 2,656 | 2,967 | 7,149 | 1,572 | 2,891 | 3,031 | 7,494 |

The methods used to apportion overheads are as follows:

| | | 2021 £'000 | 2020 £'000 |
|---------------------------------|-----------------|---------------|---------------|
| Charity management costs | | | |
| Finance | Headcount | 1,006 | 980 |
| Pension overhead | Headcount | 187 | 163 |
| Human Resources | Headcount | 446 | 340 |
| Governance | Headcount | 511 | 534 |
| Depreciation and repairs | Estimated usage | 817 | 1,014 |
| | | 2,967 | 3,031 |
| Premises costs | Headcount | 1,526 | 1,572 |
| IT costs | Headcount | 2,656 | 2,891 |
| | | 7,149 | 7,494 |

9. Net income

| | | Group 2021 £'000 | Group 2020 £'000 |
|---|--|------------------------|------------------------|
| This is stated after charging: | | | |
| Depreciation of tangible fixed assets | | 1,017 | 995 |
| Amortisation of intangible assets | | 380 | 344 |
| Loss on disposal of tangible fixed assets | | 4 | 4 |
| Loss on disposal of intangible assets | | 5 | – |
| Auditors' remuneration | | | |
| Audit services | | 34 | 33 |
| Non-audit services | | 20 | 3 |
| Investment management fees | | 116 | 110 |
| Amounts payable under operating leases | | | |
| Equipment | | 18 | 20 |
| Property | | 184 | 202 |

10. Staff costs

| | | Group 2021 £'000 | Group 2020 £'000 |
|-----------------------|--|------------------------|------------------------|
| Wages and salaries | | 14,079 | 13,995 |
| Social security costs | | 1,388 | 1,352 |
| Pension costs | | 861 | 875 |
| Temporary staff | | 153 | 245 |
| | | 16,481 | 16,467 |

An amount of £116k (2020: £256k) paid out as redundancy or termination payments is included in wages and salaries above.

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

| | | Group 2021 No | Group 2020 No |
|-----------------------|--|---------------------|---------------------|
| Charitable activities | | 214 | 221 |
| Trading activities | | 98 | 116 |
| | | 312 | 337 |

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

| | Group 2021 No | Group 2020 No |
|---------------------|---------------------|---------------------|
| £60,000 - £70,000 | 15 | 19 |
| £70,001 - £80,000 | 11 | 8 |
| £80,001 - £90,000 | 4 | 7 |
| £90,001 - £100,000 | 4 | 3 |
| £100,001 - £110,000 | 4 | 3 |
| £110,001 - £120,000 | 1 | 4 |
| £120,001 - £130,000 | 1 | – |
| £130,001 - £140,000 | 1 | – |
| £140,001 - £150,000 | 4 | 1 |
| £180,001 - £190,000 | 1 | 2 |
| £190,001 - £200,000 | 1 | – |
| £200,001 - £210,000 | – | 1 |
| £220,001 - £230,000 | 1 | 1 |

Pension benefits are accruing for 12 employees as a result of the salary link in the defined benefit scheme for those in the bandings above £60k (2020: 11). The scheme closed to future accrual on 30 November 2010. Pension payments to the defined contribution scheme for those in bandings above £60k totalled £269k (2020: £266k).

Key management personnel of nine staff, one of whom was appointed during the year and one of whom resigned (2020: eight, one of whom was appointed during the year), detailed within the Reference and Administration section on page 3, received remuneration, including benefits and employer pension contributions, of £1,216k in the year (2020: £1,159k).

11. 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.

| | 2021 £'000 | 2020 £'000 | 2021 No | 2020 No |
|--|---------------|---------------|------------|------------|
| Expenses reimbursed to or paid on behalf of Trustees | 2 | 6 | 4 | 7 |

Directors' and Officers' Liability insurance has been purchased by the Group at a cost of £12k (2020: £8k).

12. Related parties

In addition to the transactions below, Trustees and Council Members use facilities of the Group on the same terms as other Members or external customers. This includes access to events, the purchase of goods or services, including the use of catering facilities. For the year ended 31 December 2021 and 31 December 2020 all such transactions with related parties are considered within the normal scope of transactions.

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. There were no related party transactions in which the individual had direct influence over.

Ed McCann is a trustee of the Institution and a Director of Useful Simple Limited. During the year, the Institution made a payment of £10,000 (2020: £nil) to Useful Simple Group Limited, a subsidiary of Useful Simple Limited, for the provision of research.

Liz Waugh is a trustee of the Institution and a Director of Coast Communications & Marketing Limited. During the year the Institution made a payment of £nil (2020: £254) to Coast Communications & Marketing Limited for marketing services.

The Trustees donated in aggregate £95 (2020: £102) to the Charity during the year. Of these amounts, £60 (2020: £65) was donated towards the Queen's Jubilee Scholarship Trust fund, £35 (2020: £32) was donated towards the Research and Development Enabling Fund, and £nil (2020: £5) was donated towards the Shaping the World Fund.

13. Intangible assets

| Group | Total 2021 £'000 |
|---|------------------------|
| Cost | |
| At 1 January 2021 | 5,190 |
| Additions | 1,495 |
| Disposals | (5) |
| At 31 December 2021 | 6,680 |
| Amortisation | |
| At 1 January 2021 | 3,642 |
| Charge for the year | 380 |
| On disposals | – |
| At 31 December 2021 | 4,022 |
| Net book value at 31 December 2021 | 2,658 |
| Net book value at 31 December 2020 | 1,548 |

All intangible assets relate to computer software and licensed products.

| Charity | Total 2021 £'000 |
|---|------------------------|
| Cost | |
| At 1 January 2021 | 2,808 |
| Additions | 1,313 |
| Disposals | – |
| At 31 December 2021 | 4,121 |
| Amortisation | |
| At 1 January 2021 | 2,269 |
| Charge for the year | 143 |
| On disposals | – |
| At 31 December 2021 | 2,411 |
| Net book value at 31 December 2021 | 1,710 |
| Net book value at 31 December 2020 | 539 |

14. Tangible fixed assets

| Group | Freehold property £'000 | Fixtures, fittings & equipment £'000 | Total 2020 £'000 |
|---|-------------------------------|---|------------------------|
| Cost/valuation | | | |
| At 1 January 2021 | 37,267 | 5,288 | 42,555 |
| Additions | 920 | 113 | 1,033 |
| Disposals | – | (50) | (50) |
| At 31 December 2021 | 38,187 | 5,351 | 43,538 |
| Depreciation | | | |
| At 1 January 2021 | 12,098 | 3,275 | 15,373 |
| Charge for the year | 481 | 311 | 792 |
| On disposals | – | (47) | (47) |
| At 31 December 2021 | 12,579 | 3,539 | 16,118 |
| Net book value at 31 December 2021 | 25,608 | 1,812 | 27,420 |
| Net book value at 31 December 2020 | 25,169 | 2,013 | 27,182 |

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.

| | Freehold property £'000 | Fixtures, fittings & equipment £'000 | Total 2020 £'000 |
|---|----------------------------|---|------------------------|
| Charity | | | |
| Cost/valuation | | | |
| At 1 January 2021 | 37,267 | 4,462 | 41,729 |
| Additions | 920 | 113 | 1,033 |
| Disposals | – | (28) | (28) |
| At 31 December 2021 | 38,187 | 4,547 | 42,734 |
| Depreciation | | | |
| At 1 January 2021 | 12,098 | 2,731 | 14,829 |
| Charge for the year | 481 | 223 | 704 |
| On disposals | – | (25) | (25) |
| At 31 December 2021 | 12,579 | 2,929 | 15,508 |
| Net book value at 31 December 2021 | 25,608 | 1,618 | 27,226 |
| Net book value at 31 December 2020 | 25,169 | 1,731 | 26,900 |

15. Heritage assets

| Group and charity | 2021 £'000 | 2020 £'000 | 2019 £'000 | 2018 £'000 | 2017 £'000 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Valuation at 1 January | 15,240 | 15,204 | 15,200 | 15,193 | 7,420 |
| Additions | – | – | 4 | 5 | – |
| Donations | 1 | 4 | – | 2 | 4 |
| Revaluation | – | 32 | – | – | 7,769 |
| Valuation at 31 December | 15,241 | 15,240 | 15,204 | 15,200 | 15,193 |
| Printed works | 6,947 | 6,947 | 6,947 | 6,947 | 6,947 |
| Pictures | 3,927 | 3,927 | 3,927 | 3,927 | 3,927 |
| Other artefacts | 4,367 | 4,366 | 4,330 | 4,326 | 4,319 |
| | 15,241 | 15,240 | 15,204 | 15,200 | 15,193 |

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.

16. Fixed asset investments

| | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|-----------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Listed investments | 23,720 | 21,819 | 23,720 | 21,819 |
| Investments in subsidiaries | – | – | 301 | 301 |
| Joint venture | 88 | 118 | 88 | 118 |
| | 23,808 | 21,937 | 24,109 | 22,238 |

Listed investments

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Group and charity | | |
| Listed investments | | |
| Market value at 1 January | 21,798 | 20,682 |
| Acquisitions at cost | 17,433 | 5,873 |
| Disposals at book value (proceeds: £17,708k, realised gains: £835k) | (16,873) | (5,635) |
| Net unrealised investment gains | 1,160 | 878 |
| Market value at 31 December | 23,518 | 21,798 |
| Cash held by investment managers for reinvestment | 202 | 21 |
| | 23,720 | 21,819 |
| Historical cost at 31 December | 21,765 | 19,630 |
| Cumulative unrealised investment gains | 1,753 | 2,168 |

An analysis of the market value of quoted investments at 31 December 2021 is as follows:

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Total 2021 £'000 |
|-----------------------|--------------------------------|------------------------------|-----------------------------|------------------------|
| Mutual Funds | 17,409 | 3,340 | 1,164 | 21,913 |
| Exchange Traded Funds | 1,276 | 246 | 83 | 1,605 |
| Cash | 155 | 37 | 10 | 202 |
| | 18,840 | 3,623 | 1,257 | 23,720 |

Investments in subsidiaries

| | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|---------------------|------------------------|------------------------|--------------------------|--------------------------|
| Investments at cost | – | – | 1 | 1 |
| Long term loans | – | – | 300 | 300 |
| | – | – | 301 | 301 |

Thomas Telford Limited

Thomas Telford Limited (“TTL”), a company incorporated in England and Wales (company registration number 02556636), is a wholly owned trading subsidiary of the Charity whose net profits are donated to the Charity under a Deed of Covenant. 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 operation of a job board.

At 31 December 2021 the Charity owned the entire issued share capital of 502 ordinary shares of £1 each in TTL. A summary of the results and the financial position of the company at 31 December 2021 is shown below.

| | 2021 £'000 | 2020 £'000 |
|--------------------------------------|---------------|---------------|
| Summary statement of income: | | |
| Turnover | 16,369 | 14,589 |
| Cost of sales | (3,009) | (3,138) |
| Gross profit | 13,360 | 11,451 |
| Other operating charges | (9,507) | (9,517) |
| Operating profit | 3,853 | 1,934 |
| Interest receivable | 9 | 6 |
| Interest payable | (18) | (18) |
| Net result | 3,844 | 1,922 |
| Gift Aid distribution to the charity | (3,844) | (1,922) |
| Profit for the year | – | – |

| Summary statement of financial position and retained earnings: | 2021 £'000 | 2020 £'000 |
|---|-----------------------------|-----------------------------|
| Fixed assets | 1,136 | 1,283 |
| Current assets | 4,304 | 3,760 |
| Current and non-current liabilities | (5,424) | (5,027) |
| Total net assets | 16 | 16 |
| Called up share capital | 1 | 1 |
| Retained earnings | 15 | 15 |
| | 16 | 16 |

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 2021 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 the results and the financial position of the company at 31 December 2021 is shown below.

| Summary statement of income: | 2021 £'000 | 2020 £'000 |
|---|-----------------------------|-----------------------------|
| Income | 532 | 520 |
| Expenditure | (481) | (488) |
| Profit on ordinary activities before taxation | 51 | 32 |
| Income tax (charge) credit | (7) | 1 |
| Profit for the year | 44 | 33 |

| Summary statement of financial position and retained earnings: | 2021 £'000 | 2010 £'000 |
|---|-----------------------------|-----------------------------|
| Fixed assets | 5 | 8 |
| Current assets | 310 | 261 |
| Current liabilities | (13) | (11) |
| Total net assets | 302 | 258 |
| Retained earnings | 302 | 258 |

Joint venture

The investment in the joint venture represents the Charity's investment in Structural-Safety Limited ("SSL"), a company incorporated in England and Wales (company registration number 11750936) 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 ("IStructE"). In the event of the company being wound up members are required to contribute an amount not exceeding £1 each.

A summary of the results and the financial position of the company at 31 December 2021 is shown below.

| Summary statement of income: | 2021 £'000 | 2020 £'000 |
|---|-----------------------------|-----------------------------|
| Income | 236 | 402 |
| Cost of sales | (84) | (50) |
| Gross profit | 152 | 352 |
| Other operating charges | (138) | (97) |
| Profit on ordinary activities before taxation | 14 | 255 |
| Tax charge | – | – |
| Profit for the year after taxation | 14 | 255 |

| Summary statement of financial position and retained earnings: | 2021 £'000 | 2020 £'000 |
|---|-----------------------------|-----------------------------|
| Fixed assets | 231 | 162 |
| Current assets | 93 | 156 |
| Current liabilities | (148) | (83) |
| Total net assets | 176 | 235 |

The total net assets are represented by retained net profits. The retained net profits are shared equally by the two partners. As such, the investment by the Charity as at 31 December 2021 comprises:

| Group and charity | 2021 £'000 | 2020 £'000 |
|----------------------------------|-----------------------------|-----------------------------|
| Investment at 1 January | 118 | – |
| Share of profits in the year | 7 | 128 |
| Gift aid distribution received | (37) | (10) |
| Investment at 31 December | 88 | 118 |

17. Stocks

| | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|------------------------------------|---|---|---|---|
| Raw materials and consumables | 31 | 27 | – | – |
| Finished goods and good for resale | 336 | 289 | – | – |
| | 367 | 316 | – | – |

18. Debtors

Amounts falling due within one year

| | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|--|---|---|---|---|
| Trade debtors | 3,093 | 2,798 | 585 | 644 |
| Amount owed by subsidiary undertakings | – | – | 207 | 734 |
| Other debtors | 208 | 272 | 191 | 189 |
| Prepayments and accrued income | 1,178 | 1,063 | 990 | 914 |
| Taxes recoverable | – | 78 | – | 78 |
| | 4,479 | 4,211 | 1,973 | 2,559 |

Included within the amount owed by subsidiary undertakings is a loan of £300k (2020: £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.

19. Creditors: amounts falling due within one year

| | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|--|---|---|---|---|
| Trade creditors | 1,035 | 1,352 | 659 | 883 |
| Amount owed to subsidiary undertakings | – | – | 255 | 162 |
| Taxation and social security | 535 | 366 | 515 | 363 |
| Other creditors | 823 | 443 | 784 | 392 |
| Accruals | 1,728 | 1,150 | 807 | 628 |
| Deferred income | 7,732 | 7,467 | 4,589 | 4,775 |
| Loan falling due within one year | 212 | 429 | 212 | 429 |
| | 12,065 | 11,207 | 7,821 | 7,632 |

| | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|--------------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Deferred Income | | | | |
| Balance at 1 January | 7,467 | 6,898 | 4,775 | 4,082 |
| Amounts released from previous years | (7,467) | (6,898) | (4,775) | (4,082) |
| Resources deferred in the year | 7,732 | 7,467 | 4,589 | 4,775 |
| Balance at 31 December | 7,732 | 7,467 | 4,589 | 4,775 |

Deferred income includes income from membership subscriptions, journal subscriptions, training, and catering and room hire received in advance.

20. Creditors: amounts falling due after one year

| | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|---------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Deferred income | 432 | 268 | – | – |
| Loan falling due after one year | – | 206 | – | 206 |
| | 432 | 474 | – | 206 |

| | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| The loan is repayable as follows: | | | | |
| Within one year | 212 | 429 | 212 | 429 |
| Between two and five years | – | 206 | – | 206 |
| | 212 | 635 | 212 | 635 |

In December 2010, the 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 per month inclusive of interest commenced in June 2012, decreased to £37k per month from October 2020, and then to £36k from April 2021. The loan is secured by a first charge on the property at One Great George Street and is fully drawn.

21. Operating lease commitments

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

| | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|----------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Land and buildings | | | | |
| Within one year | 104 | 125 | 82 | 88 |
| Between one and two years | 21 | 49 | 21 | 28 |
| Between two and five years | – | 17 | – | 17 |
| | 125 | 191 | 103 | 133 |

| | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|------------------|------------------------|------------------------|--------------------------|--------------------------|
| Equipment | | | | |
| Within one year | 8 | 10 | 7 | 9 |

At 31 December 2021 the Group had total commitments under operating leases of £133k (2020: £201k).

22. Contingent liabilities

The Group and Charity had no contingent liabilities at 31 December 2021 or 31 December 2020.

23. Capital commitments

At 31 December 2021 the Group and Charity had the following capital commitments in respect to the refurbishment of 8 Storey's Gate:

| | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Contracted for, but not provided in the financial statements | 40 | – | 40 | – |

At 31 December 2021 the Group and Charity had the following capital commitments in respect to the development of computer software:

| | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Authorised, but not contracted | – | 1,265 | – | 1,265 |
| Contracted for, but not provided in the financial statements | 699 | 157 | 687 | – |
| | 699 | 1,422 | 687 | 1,265 |

24. 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.

Analysis of amounts charged to the statement of financial activities

| | 2021 £'000 | 2020 £'000 |
|--|---------------|----------------|
| Components of pension cost | | |
| Net interest income | (110) | (125) |
| Total pension income recognised in the statement of financial activities | (110) | (125) |
| Components of losses (gains) recognised in year | | |
| Actuarial gains immediately recognised | (3,553) | (1,876) |
| Derecognition of net pension scheme asset | 12,655 | – |
| Total recognised actuarial losses (gains) | 9,102 | (1,876) |

Reconciliation of the fair value of the Pension Fund assets and liabilities

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Amounts recognised in the balance sheet | | |
| Present value of funded obligation | (47,315) | (49,778) |
| Fair value of plan assets | 59,970 | 58,270 |
| Derecognition of net pension scheme asset | (12,655) | – |
| | – | 8,492 |
| Change in benefit obligation | | |
| Benefit obligation at 1 January | 49,778 | 46,616 |
| Interest cost | 613 | 917 |
| Benefits paid | (1,430) | (1,504) |
| Actuarial (gains) losses | (1,395) | 5,613 |
| Experience (gains) losses on liabilities | (184) | 699 |
| Changes to demographic assumptions | (67) | (2,563) |
| Benefit obligation at 31 December | 47,315 | 49,778 |

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Change in plan assets | | |
| Fair value of plan assets at 1 January | 58,270 | 52,607 |
| Interest on assets | 723 | 1,042 |
| Actuarial gains (losses) | 1,907 | 5,625 |
| Employer contributions | 500 | 500 |
| Administration costs | – | – |
| Benefits paid | (1,430) | (1,504) |
| Fair value of plan assets at 31 December | 59,970 | 58,270 |
| Actual return on plan assets | 2,630 | 6,667 |
| Funded status and net amount recognised | 12,655 | 8,492 |

The most recent triennial actuarial valuation as at 31 December 2019 showed a deficit of £2.0m.

Fund assets

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| The weighted average asset allocation at the year-end was as follows: | | |
| Equities | 7.6% | 21.0% |
| Corporate Bonds | 22.2% | 15.0% |
| Diversified Growth | 7.3% | 22.0% |
| Liability-Driven Investment | 24.3% | 28.3% |
| Cash | 38.6% | 13.7% |
| | 100.0% | 100.0% |

Principal Actuarial Assumptions

| | 2021 | 2020 |
|--|----------------------|-------|
| Discount rate | 1.80% | 1.25% |
| Inflation (RPI) | 3.60% | 3.15% |
| Inflation (CPI) | 2.80% | 2.35% |
| Salary increases | 3.30% | 2.85% |
| Pension increases (RPI capped at 5%) | 3.40% | 3.00% |
| Pension increases (RPI capped at 5% with 3% floor) | 3.7% | 3.50% |
| Commutation | 20% of total pension | |
| Life expectancy at age 65 of male aged 45 | 22.9 | 22.9 |
| Life expectancy at age 65 of male aged 65 | 21.6 | 21.6 |
| Life expectancy at age 65 of female aged 45 | 26.0 | 26.0 |
| Life expectancy at age 65 of female aged 65 | 24.6 | 24.5 |

Mortality assumptions used in 2021 and 2020 are based upon 108% of the S3PMA tables for male members and 99% of the S3PFA series tables for female members. Future improvements are assumed to be in line with the CMI projection model, assuming improvements have peaked. The long-term improvement is assumed to be 1.25% per annum (2020: 1.25% per annum), with a default smoothing parameter reflecting a decline at older ages, a 0.25% (2020: 0.25%) initial addition.

Five-year history

| | 2021 £'000 | 2020 £'000 | 2019 £'000 | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|---------------|---------------|---------------|
| Benefit obligation at 31 December | (47,315) | (49,778) | (46,616) | (43,363) | (46,293) |
| Fair value of plan assets at 31 December | 59,970 | 58,270 | 52,607 | 47,529 | 50,199 |
| Surplus for FRS 102 purposes | 12,655 | 8,492 | 5,991 | 4,166 | 3,906 |
| Derecognition of surplus | (12,655) | – | – | – | – |
| Net pension asset | – | 8,492 | 5,991 | 4,166 | 3,906 |

Contributions

The Charity contributed £500k to the scheme in the year to 31 December 2021. Contributions to be paid to the scheme during the annual period beginning after the reporting period are expected to be £125k. 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 2021 was £844k (2020: £854k).

25. Analysis of net assets between funds

| Group | General funds £'000 | Designated funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2021 £'000 |
|--|------------------------|---------------------------|---------------------------|--------------------------|------------------------|
| Fixed assets | – | 45,319 | – | – | 45,319 |
| Investments | 18,368 | 560 | 3,623 | 1,257 | 23,808 |
| Current assets | 9,845 | 5,819 | 1,183 | – | 16,847 |
| Creditors: amounts falling due within one year | (7,723) | (4,245) | (97) | – | (12,065) |
| Creditors: amounts falling due after one year | – | (432) | – | – | (432) |
| | 20,490 | 47,021 | 4,709 | 1,257 | 73,477 |

| Charity | General funds £'000 | Designated funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2021 £'000 |
|--|------------------------|---------------------------|---------------------------|--------------------------|------------------------|
| Fixed assets | – | 44,177 | – | – | 44,177 |
| Investments | 18,669 | 560 | 3,623 | 1,257 | 24,109 |
| Current assets | 9,545 | 1,967 | 1,183 | – | 12,695 |
| Creditors: amounts falling due within one year | (7,724) | – | (97) | – | (7,821) |
| | 20,490 | 46,704 | 4,709 | 1,257 | 73,160 |

Comparative information for prior year:

| Group | General funds £'000 | Designated funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2020 £'000 |
|--|------------------------|---------------------------|---------------------------|--------------------------|------------------------|
| Fixed assets | – | 43,970 | – | – | 43,970 |
| Investments | 16,913 | 550 | 3,322 | 1,152 | 21,937 |
| Current assets | 6,856 | 4,489 | 1,275 | – | 12,620 |
| Creditors: amounts falling due within one year | (7,529) | (3,576) | (102) | – | (11,207) |
| Creditors: amounts falling due after one year | (206) | (268) | – | – | (474) |
| Defined benefit pension scheme asset | – | 8,492 | – | – | 8,492 |
| | 16,034 | 53,657 | 4,495 | 1,152 | 75,338 |

| Charity | General funds £'000 | Designated funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2020 £'000 |
|--|------------------------|---------------------------|---------------------------|--------------------------|------------------------|
| Fixed assets | – | 42,679 | – | – | 42,679 |
| Investments | 17,214 | 550 | 3,322 | 1,152 | 22,238 |
| Current assets | 6,556 | 1,663 | 1,275 | – | 9,494 |
| Creditors: amounts falling due within one year | (7,530) | – | (102) | – | (7,632) |
| Creditors: amounts falling due after one year | (206) | – | – | – | (206) |
| Defined benefit pension scheme asset | – | 8,492 | – | – | 8,492 |
| | 16,034 | 53,384 | 4,495 | 1,152 | 75,065 |

26. Analysis of endowment funds

| Group and charity | 2021 £'000 | 2020 £'000 |
|--------------------------------|---------------|---------------|
| Opening balance at 1 January | 1,152 | 1,093 |
| Net investment gains | 105 | 59 |
| Closing balance at 31 December | 1,257 | 1,152 |

Endowment funds comprise 41 separate Trust 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.

27. Analysis of restricted funds

| Group and charity | 1 January 2021 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | Gains/ (losses) £'000 | 31 December 2021 £'000 |
|---|-------------------------------|-----------------|----------------------|--------------------|-----------------------------|---------------------------------|
| Shaping the World | 27 | – | – | – | – | 27 |
| Into Civil Engineering | 219 | – | (71) | – | – | 148 |
| Research and Development Enabling Fund | 507 | 106 | (69) | – | – | 544 |
| Innovation and Research Focus | 24 | – | – | – | – | 24 |
| Infrastructure Client Group | 117 | 158 | (125) | – | – | 150 |
| David Butler Education & Inspiration Fund | 112 | 32 | (96) | – | – | 48 |
| Queen's Jubilee Scholarship Trust | 2,721 | 597 | (593) | – | 233 | 2,958 |
| Trust Funds | 768 | 20 | (45) | – | 67 | 810 |
| | 4,495 | 913 | (999) | – | 300 | 4,709 |

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 was significantly greater than the funding received. During the previous year donations of £40k 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. No further contributions were received in the year ended 31 December 2021, nor are they expected in future years.

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 2021, and there are plans to review the contingents in 2022.

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.

Comparative information for prior year:

| Group and charity | 1 January 2020 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | Gains/ (losses) £'000 | 31 December 2020 £'000 |
|---|-------------------------------|-----------------|----------------------|--------------------|-----------------------------|---------------------------------|
| Shaping the World | 34 | 3 | (10) | – | – | 27 |
| Shaping the World – Capital Appeal | – | 40 | – | (40) | – | – |
| Into Civil Engineering | 272 | 7 | (60) | – | – | 219 |
| Research and Development Enabling Fund | 517 | 111 | (121) | – | – | 507 |
| Innovation and Research Focus | 24 | – | – | – | – | 24 |
| Infrastructure Client Group | 72 | 127 | (82) | – | – | 117 |
| David Butler Education & Inspiration Fund | 80 | 32 | – | – | – | 112 |
| Queen's Jubilee Scholarship Trust | 2,590 | 669 | (642) | – | 104 | 2,721 |
| Trust Funds | 749 | 25 | (44) | – | 38 | 768 |
| | 4,338 | 1,014 | (959) | (40) | 142 | 4,495 |

28. Analysis of unrestricted funds

| Group | 1 January 2021 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | Gains/ (losses) £'000 | 31 December 2021 £'000 |
|---------------------------------|-------------------------------|-----------------|----------------------|--------------------|-----------------------------|---------------------------------|
| General fund | 16,034 | 34,009 | (27,949) | (3,155) | 1,551 | 20,490 |
| Designated funds | | | | | | |
| Funds retained in subsidiaries | 273 | – | – | 44 | – | 317 |
| Funds retained in joint venture | 118 | 7 | – | (37) | – | 88 |
| Kenneth Watson Travel Award | 432 | 4 | (3) | – | 39 | 472 |
| Shaping the World | 240 | – | – | – | – | 240 |
| Fixed assets fund | 34,878 | – | (846) | 2,344 | – | 36,376 |
| Fixed asset commitments | 1,423 | – | – | (696) | – | 727 |
| Digital transformation fund | – | – | – | 500 | – | 500 |
| Estate maintenance fund | – | – | – | 500 | – | 500 |
| Revaluation reserve | 7,801 | – | – | – | – | 7,801 |
| Pension reserve | 8,492 | 110 | – | 500 | (9,102) | – |
| | 69,691 | 34,130 | (28,798) | – | (7,512) | 67,511 |

| Charity | 1 January 2021 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | Gains / (losses) £'000 | 31 December 2021 £'000 |
|---------------------------------|-------------------------------|-----------------|----------------------|--------------------|------------------------------|---------------------------------|
| General fund | 16,034 | 23,524 | (17,508) | (3,111) | 1,551 | 20,490 |
| Designated funds | | | | | | |
| Funds retained in joint venture | 118 | 7 | – | (37) | – | 88 |
| Kenneth Watson Travel Award | 432 | 4 | (3) | – | – | 472 |
| Shaping the World | 240 | – | – | – | 39 | 240 |
| Fixed assets fund | 34,878 | – | (846) | 2,344 | – | 36,376 |
| Fixed asset commitments | 1,423 | – | – | (696) | – | 727 |
| Digital transformation fund | – | – | – | 500 | – | 500 |
| Estate maintenance fund | – | – | – | 500 | – | 500 |
| Revaluation reserve | 7,801 | – | – | – | – | 7,801 |
| Pension reserve | 8,492 | 110 | – | 500 | (9,102) | – |
| | 69,418 | 23,645 | (18,357) | – | (7,512) | 67,194 |

General fund

The general fund totalling £20,490k (2020: £16,034k) 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 £500k (2020: £500k).

Funds retained in subsidiaries

This fund represents the net assets of the Group which are retained within the subsidiaries and which are not available to the Institution for its ongoing work.

Funds retained in joint venture

This fund represents the net assets of the Group which are retained within the joint venture, Structural-Safety Limited, and which are not available to the Institution for its ongoing work.

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.

Shaping the World

The Shaping the World fund comprises an amount designated by the Trustees towards the Shaping the World initiative. The initiative aims to bring together civil engineers across the globe with the aim of helping to alleviate the effects of major future challenges such as population growth and climate change and to ensure that future infrastructure is resilient, adaptable, and available to all.

The funding is currently uncommitted against future expenditure, and the Trustees continue to explore ways in which the fund may be used in future years to maximum effect.

Fixed assets fund

The fixed asset fund represents the net book value of the Charity'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 fixed assets are essential to the ongoing work of the Charity, as without them the Charity'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.

The balance of this fund excludes the net book value of the fixed assets which are owned by subsidiary undertakings and which are included within the funds retained in subsidiaries.

Fixed asset commitments

This fixed asset commitments fund represents amounts designated towards capital commitments and which are not available to the Institution for its ongoing work.

Digital transformation fund

This fund represents amounts designated by the Trustees for future investment in improving and transforming the Institution's digital offering. This fund was created in the year with an initial designation of £500k and further designations are expected in future years. The fund will be drawn on as development takes place.

Estate maintenance fund

This fund represents amounts designated by the Trustees for redevelopment and major repairs of the Institution's estate. This fund was created in the year with an initial designation of £500k and further designations are expected in future years. The fund will be drawn on as the expenditure takes place.

Comparative information for prior year:

| Group | 1 January 2020 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | Gains/ (losses) £'000 | 31 December 2020 £'000 |
|---------------------------------|-------------------------------|-----------------|----------------------|--------------------|-----------------------------|---------------------------------|
| General fund | 14,400 | 31,804 | (28,655) | (2,383) | 868 | 16,034 |
| Designated funds | | | | | | |
| Funds retained in subsidiaries | 240 | – | – | 33 | – | 273 |
| Funds retained in joint venture | – | 118 | – | – | – | 118 |
| Kenneth Watson Travel Award | 413 | 5 | (2) | – | 16 | 432 |
| Shaping the World | 240 | – | – | – | – | 240 |
| Fixed Assets fund | 35,474 | – | (1,063) | 467 | – | 34,878 |
| Software development fund | – | – | – | 1,423 | – | 1,423 |
| Revaluation reserve | 7,769 | – | – | – | 32 | 7,801 |
| Pension reserve | 5,991 | 125 | – | 500 | 1,876 | 8,492 |
| | 64,527 | 32,052 | (29,720) | 40 | 2,792 | 69,691 |

| Charity | 1 January 2020 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | Gains / (losses) £'000 | 31 December 2020 £'000 |
|---------------------------------|-------------------------------|-----------------|----------------------|--------------------|------------------------------|---------------------------------|
| General fund | 14,400 | 21,314 | (18,198) | (2,350) | 868 | 16,034 |
| Designated funds | | | | | | |
| Funds retained in joint venture | – | 118 | – | – | – | 118 |
| Kenneth Watson Travel Award | 413 | 5 | (2) | – | 16 | 432 |
| Shaping the World | 240 | – | – | – | – | 240 |
| Fixed Assets fund | 35,474 | – | (1,063) | 467 | – | 34,878 |
| Software development fund | – | – | – | 1,423 | – | 1,423 |
| Revaluation reserve | 7,769 | – | – | – | 32 | 7,801 |
| Pension reserve | 5,991 | 125 | – | 500 | 1,876 | 8,492 |
| | 64,287 | 21,562 | (19,263) | 40 | 2,792 | 69,418 |

29. 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 (2020: 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 2021 the funds held by the Institution had a combined balance of £674k (2020: £695k).

Boards, committees and panels

| | | |
|---|--|--|
| Members of Council (2021-2022 session) | Edward McCann (President) | Ken Ho (Hong Kong) |
| | Rachel Skinner (Immediate Past President) | Mark Jamieson (Middle East and Africa) |
| | Keith Howells (Senior Vice President) | Sarah Jones (Wales) |
| | Andrew Alder | Julian Lineham (Americas) |
| | Jeffrey Ashurst (North West) | Jose Lores (Europe and Central Asia) |
| | Yvonne Aust (West Midlands) | Jim Martin |
| | Rebecca Barkham | Paul Mitchelmore (East of England) |
| | Richard Bayfield | Dr Priti Parikh |
| | Edward Bingham (East Midlands) | David Porter |
| | Julie Bregulla | Lucy Rew |
| | Norman Brent (South East) | Steven Robertson (Scotland) |
| | Phillip Brown (Northern Ireland) | Daaoud Shafi |
| | Kate Cairns | Ivor Thomas |
| | Gillian Castka | Katy Toms (South West) |
| | Norman Chan | Sally Walters |
| | David Coles | Julie Wood |
| | Matthew Colton (Asia Pacific excl Hong Kong) | Ben Weller |
| | Njemile Faustin | Graham Yates (North East) |
| | David Hirst (Yorkshire and Humber) | Yan Zhou (London) |

The following served as members of Council until their retirement in November 2021:

| | |
|---|----------------------------------|
| Paul Sheffield CBE (Immediate Past President) | Ryan Doolan |
| John Beck | Giedre Jurkonyte |
| Martin Crapper | Brenda O'Loan (Northern Ireland) |
| Gary Cutts (South West) | Neil Sandberg |
| Blessing Danha | |

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

| Committee | |
|------------------------------------|---------------------|
| <i>Nominations</i> | Paul Sheffield |
| <i>Membership Committee</i> | Anusha Shah |
| <i>Learning Society</i> | Richard Threlfall |
| <i>Policy and External Affairs</i> | Jonathan Spruce |
| <i>UK Regional Affairs</i> | Paula McMahon |
| <i>International</i> | Dr Sabih Khisaf |
| <i>Finance, Assurance and Risk</i> | Andrew Alder |
| <i>Group Remuneration</i> | Professor Tim Broyd |
| <i>Audit</i> | David Porter |

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