



Annual Report and Accounts 2020

June 2021



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Foreword CBI President

CBI President, Lord Karan Bilimoria

When I became Vice-President of the CBI in June 2019, little did I know that the following year I would be President during the biggest public health challenge in a century, and the deepest UK recession in living memory.

A year of uncertainty

The world's most defining crisis came out of the blue, it has been a supply shock, a demand shock, a health crisis, and an economic crisis with the domino effect reverberating around the world. The challenge facing businesses and government has been enormous. The COVID-19 crisis has taken its toll. Too many businesses have folded. And many more face a tough battle to survive. Yet, at every stage of this crisis, we have worked with our members, the government, and unions to protect jobs and livelihoods. In 2020, the CBI held over 81,000 conversations with businesses – from daily webinars to Regional and National Councils, committees, and surveys – to gain insight from every sector and every part of the UK.

We heard about the day-to-day challenges of lockdown, struggling supply chains, and – more often than not – sheer efforts to keep the lights on. And we relayed that insight directly to government: setting a record with over 850 political engagements and more than 170 mentions in Parliament over the year. The government has continually listened to the CBI. The result was one of the most ambitious rescue packages in the world with over £400bn in support; with the UK government schemes, at their peak, supporting almost 9 million people on furlough and ensuring that 4.8m self-employed at the time could continue working, and keeping countless businesses afloat with emergency government guaranteed loans, grants, business rates relief, and VAT deferrals. There is no doubt that these efforts have saved millions of businesses and jobs. I believe we can look back on these moments with pride and conviction.

Opportunities ahead

Now, in 2021, our country stands at a crossroads. We are all too aware of the challenges this country faces, from regional economic inequalities and disparities across society, to the spectre of climate change and overcoming a virus which has devastated people, businesses and communities. But the COVID-19 crisis has instilled a deep-rooted desire to build back better and has seen the best of what business can do in the service of the nation. One of the key messages of the pandemic is the power of collaboration; businesses and government working

together. We marvel at the ongoing rollout of mass vaccines – a triumph of scientific enquiry, and the proof of what's possible when all parts of society work towards a common goal. We're working closely with the government to map our path out of lockdown – including a sensible workplace testing regime to help re-open our economy. And in March, we saw some great wins for business at the Budget – with an extended furlough scheme, a recovery loan scheme, restart grants, the extension of the VAT cut and further business rates relief; the result of several hard-fought CBI campaigns, and a testament to our strong partnership with the Treasury.

This year – 2021 – is a golden opportunity for the UK to redefine its place in the world.

There are great economic prizes for the UK through the EU deal with zero tariffs and zero quotas, to creating a new model of competitiveness outside the European Union, and levelling up our country, rejecting protectionism and increasing the UK's role on the global stage. The CBI stands with business to make this a success. Alongside the G7, the CBI will host the 'B7', a business conference, bringing together global industry groups to form recommendations for G7 leaders, and help shape their discussions, with three top priorities: climate, trade – including joint efforts to revive the WTO – and digital. UK businesses continue to lead in the global race to net zero. Like the pandemic, the climate crisis defies national borders – demanding an international, unified approach. And whether this is rhetoric or reality will be borne out in November, at a milestone in our political history – when the UK will host the UN's global climate summit, COP26, in Glasgow. We know the scale of the transition we need will not be possible without businesses investing, innovating, and leading the world. And, this year, we have a unique opportunity to demonstrate our national expertise. In this regard I was proud to Chair the CBI and University of Birmingham Heat Commission in July of 2020, which resulted in the report, Net-zero: The Road to Low-carbon Heat, making important recommendations which are being listened to and taken up by government.

Reimagining business

A defining feature of 2020 has also been the wave of business commitments to tackle inequality and racial disparities in the workplace. At the CBI, I've been proud to work with colleagues and business leaders on our campaign to 'Change the Race Ratio' – to increase racial and ethnic participation in business. The response we've seen so far has been overwhelming, and I am certain this is just the beginning of a journey to strengthen our economy and make the world of work a fairer place for all.

Altogether, these forces are set to make 2021 a defining year for the UK. The opportunities are there, we just have to seize them. In doing so, I would like to thank John Allan, former CBI President, for his support and mentorship as I began this role. I would also like to thank former CBI Director-General, Carolyn Fairbairn, for leading this organisation through some of the most challenging and transformative events our country has known. Her focus, determination, and collaborative spirit pushed us to aim higher and go further. In 2020 we welcomed Tony Danker to the Director-General role – bringing a wealth of ideas and energy to our work. I'd also like to thank the CBI Board, the President's and Chairs' Committees, and all wonderful CBI staff for all their expertise, passion, and dedication.

Finally, my thanks go to our CBI members – who have ceaselessly worked to protect their staff and communities, create jobs and opportunity, and shape our country's future for the better adapting amazingly at speed and showing phenomenal resilience in the face of such enormous challenge and uncertainty. Together, we look forward to brighter times ahead with business always being a force for good.



Lord Karan Bilimoria
President, CBI



Foreword CBI Director-General

CBI Director-General, Tony Danker

This has been a year like no other, with business, government, unions, and civil society stepping up and working together. It has been incredible to see what we can achieve when we collaborate. Employees, key workers, and business leaders have risen to one of the biggest challenges our nation has faced. We should be immensely proud of them.

And it is against this backdrop that I joined the CBI, as Director-General, in December 2020. What struck me is how tirelessly the CBI has worked to help industry lead with empathy, protect jobs and plan for a post-pandemic, and post-Brexit, recovery.

Stepping up in crisis

Under my predecessor, Carolyn Fairbairn, the CBI worked directly with the Treasury and the TUC to create the Coronavirus Job Retention Scheme. It was a lifeline for millions of people and an historic moment for us all. Together, we kept businesses afloat – securing tax deferrals, business rates relief, cash grants, and loan schemes. And in May, we worked with the Department for Business and health experts to build a national consensus on COVID-secure workplace guidance, helping to reassure firms, and their employees, that they could operate safely.

Winning for business

Beyond the pandemic, our campaigns have made a real difference. Last year the government committed to a £6 billion boost for digital infrastructure, £3 billion of new investment in energy efficiency, £800 million in funding to support the development of carbon capture technology, and £500 million towards rapid charging for electric vehicles – all key steps towards our net zero carbon pledge. And crucially, on Christmas Eve, the government secured a trade deal with the European Union – to the relief of companies on both sides of the channel. As we adapt and adjust to the terms of our new trading relationship with our closest market, we have to put politics aside and get back to business.

CBI performance

The CBI came through 2020 in a stable position. Looking at our commercial performance, we closed the year with total income of £23.7m, a modest operating surplus of £0.1m and a strong cash position.^a While, like many organisations, we missed hosting major conferences and in-person events – we adapted.

We made up for lost revenue by controlling expenditure and some new business streams such as the new 'CBI Economics' service – offering bespoke surveys and microeconomic analysis for UK firms.

Our 2020 Annual Conference was our biggest ever and the first to be held virtually. We attracted over 10,000 businesses and three million impressions on social media. Our speakers spanned the economy and the globe, including current and former Prime Ministers, CEOs, Olympians, Metro Mayors, unions, charities, and health experts.

Last year also saw the CBI redouble its efforts to support members in the UK's regions and nations – with over 500 business leaders from around 300 firms participating in the CBI's regional and national councils. We know 'levelling up' the UK economy is a task that cannot be met by government alone. It will take enterprise – passionate businesses, in every corner of the UK – investing and innovating, to make this political slogan a true reality.

Looking to the future

Looking further ahead, while we acknowledge the challenges that face us, I feel optimistic – both about the UK's economic recovery and the CBI's role in helping businesses realise new growth in a new era. History has taught us that our darkest times have often led us to make the greatest shifts for the better. And it is my belief that the scale of the shocks we're facing today – Brexit, COVID-19, and the climate crisis – demand a dramatic moment of unity and foresight. Which is why the CBI is launching a national economic strategy. It will identify where business-led opportunities for growth lie, and what we need to do to capture them. And we will use the CBI's convening power to seize these prizes. This strategy will define the CBI's work for the next five years.

So, in my first year as Director-General, I look forward to working with our members to overcome this crisis. Together, we can make the UK the most competitive, dynamic, and future-focused economy in the world with business at the service of the nation.



Tony Danker

Director-General, CBI



About the CBI

Who we are

We are the voice of business.

Across the UK, the CBI speaks on behalf of 190,000 businesses of all sizes and sectors, employing nearly seven million people between them. That's about one third of the private workforce. With offices in all nations of the UK as well as representation in Brussels, Washington, Beijing and Delhi, the CBI communicates the British business voice around the world.

What we do and why we do it

Helping business create a more prosperous society

Our purpose is to help business create a more prosperous society. Thriving businesses hire and train more staff, contribute more to the economy and invest in innovations that transforms the world we live in. Their impact can be a real force for good. And when business and government work together, both have even greater impact.

By uniting the voices of 190,000 UK organisations to create a shared understanding of what's important, we can work with government to build a future that benefits everyone.

We drive positive change through:

- **Campaigning:** Making a difference means taking a stand. We use the power of a united voice; 190,000 businesses – of every size, sector and from every region. We strive to be a loud, influential voice, campaigning for real changes to the policies that matter most to business. When we talk, people listen and act.
- **Collaborating:** We bring business and government together so both have even greater impact. We engage in hundreds of meetings with political stakeholders every year, sharing the real-world business impact of policy decisions with those that make them. The aim of all of our engagement is to protect our economy and grow prosperity.
- **Sharing:** We bring together business leaders hungry for change, enabling them to think big, share best practice and challenge the status quo. Because when we borrow brilliance, and benefit from the power of collective insight, the outcomes are better and reach further than could ever be possible alone.
- **Empowering:** We empower businesses with intelligence to make informed decisions and to help lay the foundations for success. We bring insight that our members can use to benchmark progress, use to grow, or to plant firm foundations in turbulent times. By supporting businesses to scan the horizon and anticipate risks, we build prosperity for all.



Why members join

The CBI is a member's partner for success. We fix challenges, mitigate risks and empower our members with a voice, inspiration and opportunities for growth.

Through the CBI, members can:

- **Influence change**
The CBI's campaigning expertise and access to the highest levels of government makes us a strong force for change. Members can drive change and protect their businesses from the political and economic risks that stifle success.
- **Prepare for the future**
Members can scan the horizon, anticipate risks and react positively using the insight, analysis and data that inform decisions and lay the foundations for success.
- **Connect for success**
Members make valuable connections that can take their businesses to new heights. They can share ideas, innovate, benchmark for success and never miss out on an opportunity for growth.

What we offer our members and the business community:

- **Campaigns that reduce political and economic risks**
Our campaigns help members to understand the implications of policy change and shape the business response to influence policy.
- **Business intelligence to make informed decisions**
Our business intelligence helps members to understand what's going on in the economy and in politics, giving them the outlook, data and analysis to plan ahead.
- **Inspiration, ideas & thought leadership**
The CBI's Ideas Forum combines online content and events to grant access to a cross-sector network of the UK's most innovative and thought-provoking senior business leaders.
- **Connections, networks and access**
CBI membership gives access to an unrivalled business network at home and abroad, with plenty of opportunities to build connections. With hundreds of CBI events, meetings and CBI Councils, we can offer first-rate insight, education and networking with key political figures, senior business leaders and innovative small business, from every sector.

More information: <https://www.cbi.org.uk/what-we-do/>



CBI impact in 2020

2020 has been a year like no other; COVID-19 has impacted almost all aspects of life and business. Rarely has the resilience and determination of business been needed more. It has been a year of tough decisions, of uncharted territory and social upheaval. But it has also been a year of collaboration, of unexpected innovation and of important conversations.


The CBI has said regularly that reputations are forged in crises. Firms across the UK have shown this to be true. For so many, the priority has been simple: survival. But at the same time, businesses have stepped up to support employees, keeping them safe and transforming approaches to flexible working. Businesses across the country continued to deliver for customers – innovating, digitising, and localising. And above all, despite the huge challenges, companies have supported jobs, public services, supply chains and communities.

In the midst of this unprecedented crisis the CBI has launched important long-term initiatives including [the Heat commission](#) to help us get to net zero by 2050, and [Change the Race Ratio](#) championing diversity and inclusion in business .

On the next page is a timeline of some of the key business support milestones the CBI helped shape in 2020 and the CBI's key policy asks throughout the year.



The CBI in action throughout 2020

 Over
81,000

The CBI has had over **81,000** conversations with businesses, on the key issues that matter to them, via our events, webinars, committees, councils and surveys

 **63,000**
people registered

for **80** daily coronavirus webinars for critical insight and guidance, with high-profile speakers including:

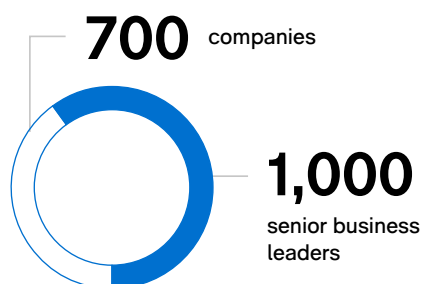
- **Matt Hancock**, Health Secretary
- **Ed Miliband**, Shadow Secretary of State for Business, Energy & Industrial Strategy



823

CBI in-person and digital events

including **125** webinars, with the Prime Minister and Leader of the opposition speaking at the CBI's 2020 Annual Conference



Through 28 Regional and National Councils and policy committees, we heard from over **1,000** senior business leaders across **700** companies



850+

political engagements

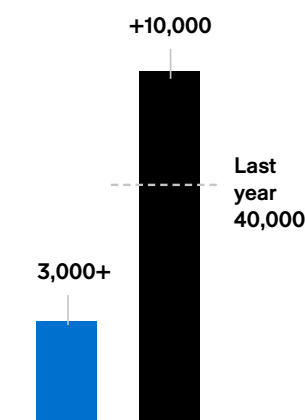
from across the political spectrum – that's more than double 2019 – and **170+** mentions in Parliament



This year the CBI has had

12 million
impressions

on Twitter, **50%** LinkedIn growth and reached over **50,000** SME businesses with COVID-19 advice on Facebook



50,000
articles and mentions

in the media which includes **3,000+** broadcast mentions and interviews, surpassing last year's figures by **10,000**

But don't just take our word for it...

"Fabulous content and input to support business decision-making during these unprecedented times."

- Sarah Hamilton-Hanna, HR EVP, TT electronics plc

"Very helpful and insightful webinars for the business world. Everyone is learning fast in this environment and it's helpful to hear from others as to how they are managing all the new and different challenges, as well as providing a very valuable forum to raise pertinent issues that the CBI can take to the government."

- Shaheda Natha, Director, International Tax, BDO UK LLP

"These have been turbulent times for businesses. I am very grateful for the constructive and pragmatic discussions we have had over the past months. We have worked together to help businesses become COVID-secure and deliver unprecedented support from government. My heartfelt thanks and admiration also goes to all of you, the CBI's members, and businesses up and down the country."

Rt. Hon. Alok Sharma MP, Former Secretary of State for Business, Energy and Industrial Strategy



Bold action in crisis: driving vital support for businesses during the pandemic

Since the start of the coronavirus pandemic, the CBI has worked closely with the government to protect lives and livelihoods. With businesses learning and adapting as the crisis has unfolded, the CBI has been urging the government to also remain agile, ensuring policy mirrors what is happening on the ground. With members' support, we have provided insight and economic analysis to the heart of government. That is what has led to unprecedented, agile coronavirus policies to support business and jobs.



20 MARCH

Historic Job Retention Scheme launched to protect UK jobs

In the face of millions of redundancies caused by pandemic cashflow concerns, the CBI worked closely with the Treasury and the TUC to develop a scheme to support continued employment during the crisis. The launch of the Job Retention Scheme was a landmark moment, and would eventually go on to **support 9.6m jobs** by covering 80% of furloughed workers' wages. The scheme was a direct result of CBI feedback and interventions, and continued to evolve based on our insights from members.

20 MARCH

Unprecedented tax deferral programme launched

In an unprecedented move, the government announced all Q1 VAT payments would be deferred until April 2021 – a £38bn package to act as a lifeline for struggling businesses.

20 MARCH

Business rates relief and direct cash grants to support distressed firms

Recognising the disproportionate impact the pandemic would have on retail, hospitality and leisure, the government announced those sectors would not have to pay business rates for the 2020-2021 tax year, as well as making direct cash grants available of up to £25,000.

PROTECTING JOBS



PROTECTING BUSINESS



KEEPING FIRMS OPEN



17 APRIL - 19 MAY

Business loans secured for firms of every size

The CBI called for an acceleration in support to distressed firms and outlined a range of measures to stave off firm closures and job losses. This led to the 100% government guaranteed bounce back loans of under £50k for small businesses, the Coronavirus Large Business Interruption Loan Scheme (CLBILS) for mid-tier firms and a new loan scheme for all firms above £45m turnover. By 18 October, **1.3m Bounce Back Loans were approved** with a total value of **£40bn**, with **623 loans approved** under the CLBIL Scheme.

22 JUNE

Introduction of the 1 metre plus rule helped organisations, including many smaller businesses, to reopen safely

30 JULY

Vital loan schemes of up to £5m opened up to small businesses thanks to changes to the Coronavirus Business Interruption Loan Scheme (CBILS)

10 MAY

The economy restarted with clear guidance for business

The CBI held talks with unions, health services and businesses to build national consensus on the restart, which directly fed into the government's guidance for business.

29 MAY

Major evolution of the Job Retention Scheme secured flexibility and a gradual build-up in business contributions

4 JUNE

£10bn Trade Credit Insurance guarantee announced to support supply chains and exports, safeguard businesses and protect jobs

8 JULY

Temporary VAT reduction from 20% to 5% provided lifeline for tourism and hospitality worth £4.1bn

10 JULY

Major new exemptions on quarantine policy reopened travel for business and leisure on a country-by-country basis

3 SEPTEMBER

The Health Secretary announced £500m funding for instant tests following CBI President, Lord Bilimoria, calling for widespread testing to help boost economic recovery

9 SEPTEMBER

New direct cash grants to help small businesses

Following CBI calls for additional business support, the government announced new direct cash grants to help small businesses if their area falls under new restrictions to protect public health.

30 OCTOBER

Welsh government changed rules on the sale of non-essential items during the 'firebreak', following calls from the CBI to allay confusion

5 NOVEMBER

Five-month extension to the JRS announced, to support jobs across the UK until the end of March

24 SEPTEMBER – 24 OCTOBER

Job Support Scheme provided a lifeline for viable jobs

Additional financial measures and the Job Support Scheme, a successor to the JRS, were announced to protect viable jobs in firms facing lower demand as a result of the pandemic. The initial scheme and extra help were announced following CBI engagement with the Chancellor and the Treasury on cashflow help.

New scheme provided breathing space for VAT payments

Businesses who deferred their VAT bills benefited from the New Payment Scheme, which allowed them to make 11 interest-free payments during the 2021-22 financial year instead of paying one lump sum.

Build back better: ensuring business' priorities are at the heart of recovery



Jobs, skill-building and opportunities for all

In a recent report, the CBI and McKinsey demonstrated that 9 out of 10 workers in the UK would need reskilling this decade. The pandemic has turned this challenge into a crisis, bringing the scarring impact of unemployment to communities across the country. The CBI has ensured that job retention, job creation and bold new ambition on training have been at the top of the government's priorities.

Lifetime Skills Guarantee to support upskilling and retraining

Adults without A level qualifications will be able to access a fully funded college course, with further measures to boost upskilling across people's lifetimes. The Lifetime Skills Guarantee was developed with the real-world requirements of business following CBI calls for the government to provide support for upskilling.

Package of reforms will boost skills and training in Scotland

Following consistent CBI campaigning, the Scottish government announced a £25m National Transition Training Fund to help people aged 25 and over upskill and move into sectors with the greatest growth potential. Business will have access to £5,000 in funding to recruit apprentices who have lost their jobs, maintaining future talent pipelines.

Kickstart Scheme to help under 25s find jobs

Businesses will now be able to access funding to create vital work placements to help young people enter the world of work. The CBI actively influenced the development of the new scheme, referencing the need for an under 25 jobs scheme in our pre-statement letter to the Chancellor. This must go hand in hand with the commitment the CBI secured in September to reform the apprenticeship levy.



The green economy and innovating towards a sustainable future

Now is the time to fast forward progress on delivering the UK's world leading net zero target. By investing in green growth – through both proven and new technologies – the government can create jobs and build a reliable, sustainable future. COP 26 must be a galvanising opportunity to showcase sustainable British innovation on a world stage.

Stand-out year will help achieve progress towards net-zero

Driven by a sustained CBI campaign of insight and evidence, 2020 was a milestone year in setting out clear steps and funding to reach net-zero. The government confirmed its manifesto pledge to deliver £800m in funding to support the development of Carbon Capture Use and Storage and a Low-Carbon Heat Support Scheme, and £500m for rapid charging for electric vehicles. The Chancellor announced £3bn of new investment in energy efficiency, made up of a £2bn Green Homes Grant scheme to deliver low-carbon heat, and £1bn to support public sector energy efficiency. The UK government made a U-turn on its renewable electricity policy, lifting the onshore wind ban. And following the publication of the CBI's Green recovery roadmap, the Prime Minister announced plans to invest in low-cost green energy, including next-generation turbines, supporting 60,000 jobs.



Government to confirm £6bn for digital infrastructure and forms connectivity taskforce

Businesses need fast, reliable and future-proof digital infrastructure to embrace modern technologies. The government has committed £5bn to support gigabit broadband rollout in the hardest to reach areas, and £1bn to improve mobile connectivity through the Shared Rural Network, following the CBI's roadmap. But firms continue to face barriers to adopting gigabit-capable technologies. Following CBI calls for government support to address these challenges, the Digital Infrastructure Minister announced a new connectivity taskforce - the Gigabit Take-up Advisory Group - with the CBI as the business voice.

Increases in public R&D funding will unlock innovation potential

Following CBI campaigns for increased funding to unlock innovation potential, the government committed to doubling public R&D investment to £22bn by 2024/25. Universities were facing a sharp decline in research funding owing to the collapse in international student numbers. Following the CBI raising these concerns to the Chancellor, the government is now set to introduce a university research support package.

Kick-starting demand and unleashing competitiveness

Alongside targeted action to set the UK on the path to a more prosperous future, immediate stimulus is needed to kick-start the recovery. This includes supporting those sectors and places hardest hit by the crisis and enhancing the UK's competitiveness in the key growth industries of the future.

Lower salary threshold for hiring migrant workers will maintain access to talent

With business concerned about continuing to access the right talent, the CBI set out businesses' priorities for a new immigration system in an open letter to the Home Secretary, urging a revised salary level. Following this, the government announced it would remove the cap on visas and lower the salary threshold to £25,600.

Accelerating shovel-ready projects to boost connectivity

Through infrastructure spending pledges, reviews into transport connectivity across the union and a commitment to delivering HS2 in full, business calls to identify our global competitive advantage have been answered. These steps will help business attract a wide pool of talent, increase regional connectivity and drive growth, delivering unprecedented access to investment, jobs, and new house building.





Fundamental review of business rates will address concerns of business

The CBI has long called for a fundamental rethink of the business rates system; the growing burden of business rates is out of kilter with the true economic situation, stifling business investment. The government's call for evidence is a huge step to addressing this.

Business to play vital role in shaping trade policy

The CBI secured renewal of our appointment on the Department of International Trade's Strategic Trade Advisory Group (STAG), which gives members a voice in confidential Ministerial discussions on the shape of the UK's global trade policy and the working of UK government consultation and trade.

Trade deals and access to overseas markets driven by member priorities

The agreement in principle on the UK-Japan trade deal meets key business focuses outlined by CBI members, including continuity of trade and better provisions on mobility and data. And the negotiating objectives for the UK-US trade deal also align with priorities the CBI lobbied for, including greater mobility in services, trade facilitations for SMEs, regulatory co-operation on innovative sectors, and

commitments on UK interests like food standards. Furthermore, the CBI has worked to improve the business environment in overseas markets – with reforms in India resulting in less time spent on regulatory compliance, supply chains unblocked in China and greater engagement at a state level on barriers to trade in the US.

Government will consult on the future of devolution in England

The government has committed to a White Paper to consult on the future of devolution in England. This will allow business to shape the future of this important agenda. The CBI has long called for such a move, stating in our report *Powering up places* that it was key to unlocking further, successful devolution in England.

UK-EU negotiations to reflect the key asks of business

In 2020, CBI worked on both sides of the channel, providing insight on the economic impacts on business. Both the UK and EU negotiating mandates had the objectives of zero tariffs and zero quotas for the trade of goods between the two. UK and EU commitments on mobility, qualifications and audio-visual services reflect key CBI asks. The UK mandate for the future EU relationship also provides positive commitments on customs arrangements in the approach to rules of origin and the simplification of administration at the border.



CBI people, stakeholders and diversity

CBI Staff Forum update

What is the CBI Staff Forum?

Established in 2017, the Staff Forum's role at the CBI is to provide "a genuine and effective vehicle for engaging CBI staff in business decisions and ensuring that a staff voice is represented at senior levels in a direct and unfiltered way". This includes direct two-way engagement with the Executive Committee at monthly meetings, and Director-General attendance at most Forum meetings. The Staff Forum currently consists of 16 employee representatives from across the CBI, with an independent HR representative also attending. Staff Forum members represent constituencies of colleagues across the CBI's offices in the UK and around the world.

The Forum is chaired by a Chair and Vice-Chair; Tim Miller was re-elected Chair for a second one-year term in October 2020, with Alistair Lamyman elected to the role of Vice-Chair. Tim is a Senior Sector Adviser in the Infrastructure and Energy policy directorate. Alistair is an Account Executive in the London, Commercial team.

Update from the CBI Staff Forum Chair

2020 has been a uniquely challenging year for CBI employees at all levels. There have been positives: in contrast to hard hit parts of the economy, the CBI has fortunately been busier than ever; our expertise, advice, networks and support have been invaluable to businesses in all sectors, right across the UK, and our work has directly saved many thousands of jobs. This has been rewarding, albeit hectic, driving commercial dividends for the organisation, and enabling employees to be recognised with a performance bonus for the year.

Yet 2020 has also been the most difficult year that staff and employees across the country have endured for a long time. The pandemic has added significant pressures, taking a toll on mental and physical health. Tragically, colleagues have lost relatives and loved ones to the virus, and seen family or friends go through worrying periods of poor health; many staff have been working at home full time in less-than-ideal circumstances for months on end; parents have spent the best part of a year home-schooling their children; and staff with caring responsibilities have found this balance even tougher due to the challenges presented by COVID-19.

The killing of George Floyd in May 2020, and the global movement against racial inequality that has followed his death, made this hard year many magnitudes harder for the CBI's black employees, and has affected staff of different ethnicities too. The CBI is on the right track with regards to what we say and do to improve inclusivity and diversity ourselves, and in the world of business but there have been lessons learnt along the way across both staff and management at the CBI; from how we talk about race and ethnicity with each other and our members, to understanding how these inequalities impact our friends and colleagues. There is a lot more to do on inclusivity, on race especially, but also on sexual orientation, disability, and social background.

As the CBI reaches a full year of working remotely, the next 12 months promises to be brighter. Colleagues are looking forward to working together in person again, while harnessing the increased flexibility around working patterns that we have utilised to great effect this year. The focus on employee mental health throughout the pandemic has been a huge positive for the organisation, and points to how the CBI can put in place new structures and routes for helping employees protect their mental health in tough times. We might even mark the end of 2021 with something approaching catharsis: a 'normal' Christmas party.

Importantly, in a new and untried working environment, the CBI has adapted and that includes closer and more regular contact between staff, the Staff Forum, and the CBI Executive Committee and HR team. Together, colleagues have been able to support one another through this tough period, learning quickly about how we need to operate as an organisation, and working effectively. Challenges remain, including a growing to-do list, a difficult environment for our members and lasting impacts on health. We will need to recognise that anxieties, caution and stress brought about by the pandemic won't simply disappear overnight; the Forum and the CBI leadership will need to support staff to re-adapt back to the workplace, busy social centres and public transport. But, building on the openness and collaboration of the last 12 months, the organisation is better equipped to face that head on in 2021. A big thank you to all the Staff Forum representatives past and present, who continue to give up their time to make the Forum a success.

The Staff Forum's work and priorities in 2020:

- With colleagues working apart from one another in 2020 – physically at least – the Staff Forum role took on a new dynamic. It has been a 'canary in the coalmine', providing the CBI Executive Committee with a regular temperature check on staff sentiment. This has given early sight of emerging challenges being faced by staff, helped CBI leaders understand the perception of external events and internal developments, and been a vital testing ground for communications from the Executive Committee to staff.

- The Staff Forum is also currently advising on the strategic review led by an external consultant, and now meets monthly with the director-general to give feedback on priorities, workload and mental health.
- Since the introduction of weekly all staff meetings, the Staff Forum has visibly held the CBI's leadership team to account, incorporating issues and topics raised by employees to the Forum into these public conversations. The Forum follows up all staff meetings to make sure the staff voice is reflected in any decisions made about topics discussed.
- Early in the pandemic, the Forum helped secure financial support for staff to purchase equipment and technology that helped colleagues work effectively at home, and has advised on social events, including wellbeing activities.
- The Forum has also supported HR as it developed or adapted internal policies that respond to the needs of employees during the pandemic.
- Encouragingly, the diversity of the Forum's representatives has increased for the current year following a joint effort between the Forum and the Race and Ethnicity Equality Network to encourage interest. The Staff Forum has worked more closely with this Network on racial equality, acting as an ally and supporter on internal action taken to improve ethnic diversity.
- The Forum is working closely with CBI leaders on plans to return to the CBI offices, and is contributing to the CBI's current strategic review. As we move towards a new hybrid model of working, the Forum aims to ensure all staff, wherever they work and whatever job they hold, to be able to continue working in the way that suits them best.
- The priorities for the Staff Forum continue to be shaped by arising staff feedback and organisational priorities, and a close working relationship with the employee networks. The commitment by each Staff Forum representative ensures that the Forum's objective to give employees a voice in CBI decisions is delivered on.



Tim Miller

CBI Staff Forum Chair

Re-elected by CBI staff, October 2020



The culture and behaviours that underpin the CBI

The long term aims of our Great Teams strategy are to attract, retain and develop great people, enabling the CBI to help businesses create a more prosperous society.

We work together to:

- Attract great talent.
- Reward and recognise great performance.
- Create a diverse and inclusive environment.
- Create opportunities for progression and development.
- Lead and manage effectively.

Throughout 2020 we continued our work on making the CBI a great place to work, particularly focusing on our commitment to diversity and inclusion, and supporting our staff during the pandemic to work effectively and safely from home, maintaining positive wellbeing and mental health.



The year in numbers

In 2020 we had **36 new starters** join us, of which **28% identified as BAME** (exceeding our annual target of 20%). Voluntary turnover continued to **reduce, to 14%**, down from 16% in 2019. **50 employees received progression** (22%), either through in-role progression, promotion or recruitment into a new role.

The number of CBI employees in roles (excluding vacant positions) at the end of December 2020 was **232**.

In the Employee Opinion Survey carried out in November 2020, **96%** of staff were proud of what the CBI does, **88%** of staff would recommend the CBI as an employer, and **92%** of staff said that felt supported by the CBI during the pandemic.

The 6 CBI Behaviours



Agile – Is proactive and responsive in supporting an agile culture, demonstrating a learning mindset, with a focus on delivering value and adapting to change.



Collaborative – Builds rapport and engages, to share knowledge and skills, to build partnerships and achieve results.



Analytical – Evidence driven; gathering information, analysing, problem-solving, and making informed decisions.



Innovative – Is bold in their thinking and has the energy and tenacity to drive change and improvement and learn from their mistakes; innovating in small steps as well as big leaps.



Commercial – Understands our environment and has a commercial and financial mind-set, ensuring all activities deliver added value.



Takes ownership – Is accountable, showing pride and passion for what we do and communicates our purpose with clarity.

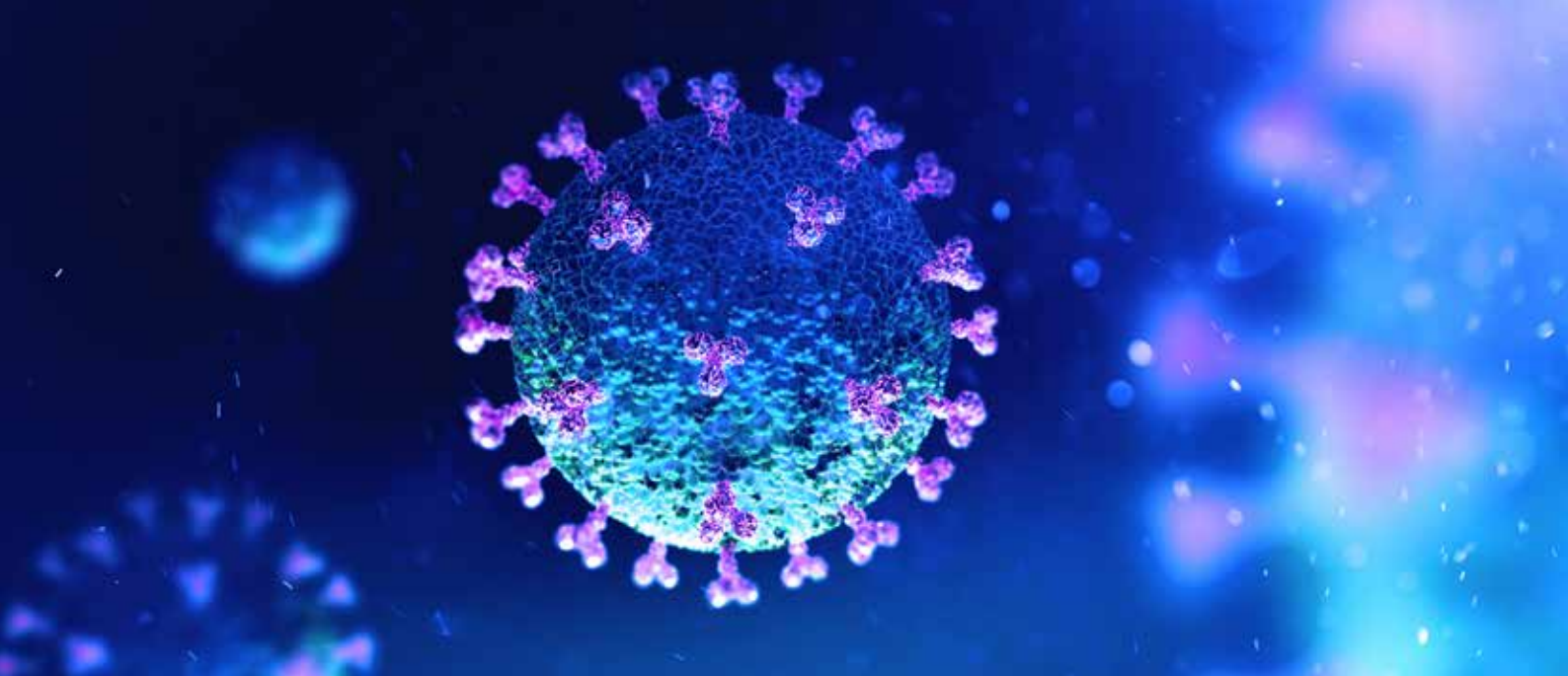
CBI staff networks

The CBI has multiple avenues of staff engagement throughout the business, this includes the below networks set up and lead by CBI staff to discuss issues pertinent to that group, work on projects and activities and represent the interests of that group to the wider business and CBI senior team.

- CBI Staff Forum
- Race and Ethnicity Equality Network
- Women's Network
- LGBT Network
- Families Network
- Health and Neurodiversity Disability

During 2020 we also established an Internal operations group to help support and input into the formation of staff specific COVID-19 policies.





Great Teams project update

Support during the COVID-19 pandemic

Supporting our staff during the pandemic has been our first priority as a business. In 2020 no staff were furloughed or received reduced pay and we put in place supportive people policies and resources to ensure staff could work from home safely and effectively. These included a COVID specific internal intranet site, a wellbeing hub, online learning, regular staff pulse checks, a revised time off for dependants' provision for those with caring responsibilities and access to additional equipment and IT for home working.

Continued commitment to the wellbeing of CBI staff

The wellbeing of our staff is paramount, and the CBI is a founding signatory of the Mental Health at Work Commitment, a commitment to creating an environment where our employees can thrive and remain well during the pandemic. Throughout the year we focused on creating an open culture around mental health starting with leadership and cascading throughout the organisation, increasing organisational confidence through management and staff training, provided increased tools and support for all staff to access, as well as holding several CBI wellbeing days and events. We also worked alongside and supported our Mental Health first aiders who are trained to identify signs of mental ill health and support our staff and promote positive mental wellbeing. We have also put in place a new reasonable adjustments policy and guidance and additional occupational health resource for all staff.

How we grow and develop our employees

Throughout the year we continued to focus on management development and equipping our managers with the skills to manage remotely. This included a number of online sessions, the creation of guidance and materials and the delivery of our own internal management development programme, Aspire.

We also launched a Parental Partnering Programme, matching soon-to-be and new parents with partners in the business who have already been through this transition and can share tips, advice, be a sounding board and offer support in navigating the journey.

Investment in people technology and data

During 2020 we rolled out a new suite of people technology and a new online HR system which modernises and simplifies many of our existing people practices and policies, empowering staff and managers to manage their own employee data, performance and development at the click of a button.

Improving diversity and inclusion at the CBI

CBI staff diversity and inclusion data as of December 2020 (based on 232 people in roles)

- **75%** of our workforce were White and 21% were from a BAME background.
- **58%** of our workforce identified as women and **42%** as men.
- **5%** of our workforce identified as LGBT.
- **3%** of our workforce identified as having a disability.

The CBI D&I strategy was launched in 2018 with a focus on:

- Fostering and championing an inclusive workplace internally and promoting diversity within our membership.
- Changing the culture, practices, and language within the CBI, and empowering everyone to own and deliver our strategy.
- Ensuring that we reflect the diverse voices in our membership.
- Being leaders in our approach to cultivating a diverse and inclusive environment.

We have 4 established employee networks:

- LGBT network
- Race and Ethnicity Equality network
- Working Families' network
- Women's network

Each network has an executive sponsor to support the work of the network and its co-chairs. In January 2021 we launched our Health and Neurodiversity Disability network. We also have a mental health first aiders forum which plays an active role in feeding into our mental health and well-being work and is chaired by our Head of Diversity and Inclusion.

Below are some of the key areas of focus in 2020:

- The Race at Work action plan
- Pay gaps (Gender and BAME)
- Flexible working
- Mental Health

Race at Work Action Plan

Following the killing of George Floyd, we felt as an organisation we needed to do more to tackle racial inequality and created our Race at Work Action Plan. Our actions fell within 4 main themes:

- **Culture.** Creating an environment where colleagues can talk openly about race and inclusion and share their stories.
- **Representation.** Ensuring diverse representation across all aspects of our organisation: in our recruitment, progression processes and succession planning, as well as in how we engage with our external stakeholders – members and government in particular – and our policy work.



- **Voice.** Using our communication channels and the work we do with the network to ensure their voices are heard and action is taken where necessary.
- **Engagement.** Bringing it all together, which includes using our data to drive change and training to help build allyship, ownership and ultimately equality.

The action plan is aligned with two business behaviours which are:

- **Takes Ownership** - Everyone is responsible for enacting change and has a role in calling out unfairness, stereotypes, microaggressions and inequalities in every facet of our organisation.
- **Collaboration** - Standing together as allies for change may not be comfortable for all, but it is needed for learning, understanding and real change.

We have made significant progress on our Race at Work Action plan and have:

- Created safe spaces for our Black, Asian, and other minority ethnic colleagues to talk about their experience of racism.
- Launched our Learn about Race page which includes, books, podcasts, and research for staff to help build a greater understanding on racial matters.
- Launched our monthly Allyship and Privilege training for all staff.
- Trained our commercial staff on racial awareness and looked not just at language and terminology but also at how to be effective allies and create more inclusive and diverse events, committees, and councils.
- Launched our race and inclusion webinar series in July 2020 to support members in their journey.

In 2021, we plan to do much more to support ourselves and our members and have already facilitated a session with our Trade Associations on their journey from awareness to advocacy and internally we plan to provide inclusive recruitment training to complement our policy and build a more diverse workplace.

Ethnicity Pay Gap

As of 31st December 2020, the CBI ethnicity pay gap was 25.1% which had fallen by 2.5% compared to our April 2020 figure of 27.6%. We know that the lower representation of BAME employees in senior management is a significant contributor to this gap.

In 2020 we committed to the following actions:

- ExCo and Management Board will provide sponsorship for those from a BAME background.
- Applying the Rooney rule for all management roles to ensure that at least one BAME candidate is interviewed during the recruitment process.



- Promoting the CBI mentoring programme, one focus of which is to strengthen the BAME talent pipeline and understanding other diverse groups.
- Setting a target of 15% BAME representation for senior management vacancies arising in our salary bands 1-2 by 2023.
- Setting a target of 25% BAME representation by 2023 for management in our salary bands 3-5
- Ensuring that all interviews include questions on diversity and inclusion and mental health and wellbeing.

Further detail is given in our 2020 Ethnicity Pay Gap action plan.

Gender Pay Gap

The CBI has voluntarily reported on the Gender Pay Gap for the last 3 years to ensure the organisation is held accountable to ensuring gender parity.

As of 31st December 2020, the CBI gender pay gap was 18.7% which was an increase of 8.4% from our April 2020 figure of 10.3%. As a small organisation we are mindful that one change in headcount can have an impact on our gap and we know that a contributor to the increase was the change in Director-General from Carolyn Fairbairn to Tony Danker in November 2020.. Overall, we maintained 50:50 gender representation at senior levels in 2020, but we also saw a greater representation of women in junior roles compared to men.

We know recruitment and progression is key to keeping our gap low and therefore we have committed to the following:

- Encouraging the take up of mentoring, especially for those in junior roles, by sharing success stories of the impact of mentoring.
- Championing our Parental Partnering Programme, for parents returning to work or who are about to go on leave, as well as supporting the uptake of Shared Parental Leave.

- Continuing to ensure we aim for 50:50 gender balanced shortlists for all advertised management roles.
- Ensuring gender balance when promoting staff outside of the annual performance review process.
- Ensuring gender-neutral language when we advertise and recruit our junior roles and support functions.
- Continuing to create a culture that champions flexible working but supports progression through our policies (i.e. pay and progression) and in our practices (recruitment).

Further detail is given in our 2020 Gender Pay Gap action plan.

Flexible working

At the CBI we have had policies regarding flexible working and time off for dependants for a number of years. However, during the pandemic we significantly extended these policies to ensure that we were doing what we could to enable our employees to take time off for caring responsibilities whilst continuing to work flexibly as far as reasonably possible. In 2021, we will continue to assess this policy and look at how the CBI can embrace hybrid models of working to make best use of our offices and the ability to work remotely. To enable our employees to work remotely we have also provided Display Screen Equipment support for all staff and we include disabilities and maternity assessments.

We work closely with the staff networks, especially the Working Families' network, to understand any concerns that they may have and monitor employee sentiment through regular pulse surveys as well as the annual employee opinion survey.

Mental Health

We believe good mental health and wellbeing is important for all staff to not just to be productive but to be their best selves and thrive. Our approach is based on:

- Creating a culture that prioritises mental health and wellbeing.
- Targeting actions towards early intervention.
- Prioritising health and wellbeing from the top.

As part of our support for mental health we have:

- A wellbeing online hub which includes webinars, resources and other tools to create and maintain good mental health, including access to the Healthy Minds app.
- Employee Assistance Programme for staff and families and private medical insurance for staff.
- Mental Health First Aiders to help individuals and teams address any issues that they may have and also provide insight on general themes for the organisation to follow up on.

- Regular pulse checks which allow us to better understand the well-being of our staff. We signpost support to our employees based on their response.
- Support for managers to develop mental health action plans for their teams and hold conversations on wellbeing with individuals.

Our 2020 D&I Survey showed that 96% would rank the CBI as a very or somewhat welcoming place to work for colleagues with mental health conditions. 92% were aware of the resources available to support their health and wellbeing.

Our 2020 Employee Opinion Survey showed that 77% of staff agreed that the CBI has helped build confidence and comfort in talking about mental health. 75% would feel comfortable disclosing mental ill health to their line manager.

In summary...

As an organisation we have made strides in creating a culture that is inclusive for all and where all feel like they belong, but we know we still have a lot of work to do to build on our 2020 work and actions.

This includes but is not limited to:

- Setting targets on our female and BAME representation at our events.
- Delivering on our Valuable 500 commitment to becoming a more disability inclusive organisation.
- Continuing to deliver on our Race at Work action plan.
- Supporting our members on their D&I journey through our BAME commercial strategy and wider D&I work including mental health.
- Renewing our support for women feeling comfortable and safe in the workplace, including at CBI events.



Supplier Relationships in 2020

The CBI partners with many organisations to support our policy work, our events and other member-facing commercial activities and to support the running of the organisation.

In entering into any partnership or supplier agreement we are always very conscious of the high-profile nature of the CBI. We therefore place a premium on scrutinising and choosing suppliers that provide high-quality products and services and who are also a good fit with the CBI brand. All such arrangements that we enter into are properly documented and managed so that expectations are both agreed and assessed. This is particularly important in the case of sponsorship for our events, which are in the public eye and which are an increasingly important part of our business.

The CBI has a policy of not taking excess credit from its suppliers and has signed up to the Prompt Payment Code. We pay suppliers in accordance with terms and conditions agreed when orders are placed - the default is within 30 days of invoice date. At 31 December 2020 the CBI had 12 days' purchases outstanding (2019: 14 days).

The CBI is committed to acting ethically and with integrity and although our turnover is below the £36m threshold, we have taken steps to ensure that modern slavery is not taking place anywhere in our organisation or within our wider supply chain and are committed to producing a Modern Slavery Statement annually. As part of this commitment, we have continued to work closely with suppliers to our office in Cannon Place to ensure that those providing services to us are paid the London Living Wage.

For more information click here to see the latest CBI Modern Slavery Statement:

<https://www.cbi.org.uk/legal/modern-slavery-statement/>

Corporate social responsibility, sustainability and compliance

CBI's corporate social responsibility

2020 was a difficult year for people, businesses and charities across the country and the impact of the pandemic meant that the CBI wasn't able to offer placements, as it has in previous years, to students from Mencap or the Social Mobility Foundation. We hope to resume these schemes within the CBI when it is safe to do so. The CBI is committed to conducting business in a responsible manner, supporting communities where we operate and working with partners on some of the challenges that we all face.

Staff volunteering: In 2020, the CBI updated its staff volunteering policy to allow CBI staff five volunteering days (instead of two) and many CBI employees used these days to support in the vaccine roll-out effort, volunteering in vaccinations centres and clinics or supporting local charities.

Raising money for charity: Despite not being able to run traditional fundraisers in 2020, the CBI and its members did continue to raise money for **Greggs Breakfast Club** throughout the year which helps school children get a nutritious start to the school day. CBI staff also raised £1,310 in December 2020, funding 5,240 meals for Fareshare, a UK wide charity that gets food to frontline charities and community groups in need.

Change the Race Ratio: The CBI is a founding member of the Change the Race Ratio. We are campaigning to Change the Race Ratio, starting by setting targets for greater racial and ethnic diversity at the Board, ExCo and ExCo minus one. Commitment to Change from the signatories include:

- Increase racial and ethnic diversity among Board members.
- Increase racial and ethnic diversity in senior leadership.
- Be transparent on targets and actions.
- Create an inclusive culture in which talent from all diversities can thrive.

Good Business Charter: The CBI is a founding and accredited member of the Good Business Charter which was set up to encourage responsible capitalism and good business practices throughout the UK business community. For accreditation with the Charter, the CBI showed commitment across ten areas:

1. Real living wage
2. Fairer hours and contracts
3. Employee well-being
4. Employee representation
5. Diversity and inclusion
6. Environmental responsibility
7. Pay fair tax
8. Commitment to customers
9. Ethical sourcing
10. Prompt payment to suppliers



CBI's approach to regulation and compliance in 2020

Scotland Lobbying Act

In 2020, in compliance with the Lobbying (Scotland) Act 2016, the CBI registered 13 counts of regulated lobbying with the Members of the Scottish Parliament, Special Advisers to the Scottish Government or Ministers of the Scottish Government. This data is publicly available via the [Lobbying Register website](#).

EU Transparency Register

The CBI in 2020 remained registered on the European Union's Transparency Register under the registration number: 73725676990-18. This data is publicly available via the [EU Transparency Register website](#).

Modern Slavery Act

The CBI is committed to acting ethically and with integrity and we have taken steps to ensure that modern slavery is not taking place anywhere in our organisation or within our wider supply chain and are committed to producing a [Modern Slavery Statement annually](#).

Anti-bribery policy

The CBI is committed to ensuring its staff act with integrity and honesty and operate a £25 threshold on gifts received by CBI staff where above this threshold they are required to be logged on an internal hospitality register. In 2020 the average 'gift' to CBI staff was around £65 and the bulk of entries in the hospitality register remained small tokens of gratitude.

UK Competition Act

The CBI undertakes measures to remain compliant with the Competition Act 1998. This includes guidance for CBI policy staff in the running of meetings with members and guidance for members including in the meeting papers on the CBI's approach to Competition Law.

Approach to sustainability, environment and recycling

The CBI has continued to seek to reduce the footprint of its activities where both possible and economically viable. 2020 was mostly a year of remote working so work-related emissions were down significantly in 2019, most notably those from business travel as well as Scope 2 emissions. The data sources have been expanded in 2020 to include the direct and indirect emissions resulting from our events programme, from homeworking and from commuting to and from the CBI places of work. This is the reason for the increase in Scope 3 emissions. Despite the inclusion of these new categories, total emissions decreased by 1% compared to 2019, from 301 to 297 tonnes of CO₂e, which represented a decrease in relation to the number of staff (FTE; Full Time Equivalents) of 5%. As there were in-person events only in the first quarter of 2020, if the economy opens up in the second half of 2021, we will expect to see this aspect increase in 2021, along with business travel.

The internal Sustainability Working Group is focussed on how the CBI can reduce its overall emissions and is finalising a CBI Internal Sustainability Strategy. The strategy identifies three areas for action that can have a material and relatively quick impact: travel (business and commuting), events and pensions (sustainable investment options for members of the CBI's defined contribution pension scheme). The group is also working with external advisors to formalise targets that the CBI can commit to for CO₂e reduction.

Global GHG emissions data for Reporting Year 1st January 2020 – 31st December 2020

Global GHG emissions data for Reporting Year 1st January 2020 – 31st December 2020

Emissions from:	Tonnes of CO ₂ e
Combustion of fuel & operation of facilities (Scope 1)	24
Electricity, heat, steam and cooling purchased for own use (Scope 2)	103
T&D losses from electricity and water cooling (Scope 3)	9
Business travel including flights, hotel stays and rail (Scope 3)	20
Events (Scope 3)	6
Commuting (Scope 3)	18
Homeworking (Scope 3)	117
Total	297
Intensity metric: tonnes CO₂e / FTE	1.25

Year on Year Comparison	Tonnes of CO ₂ e		Percentage change (%)
Emissions from:	2019	2020	
Scope 1	39	24	-38%
Scope 2	135	103	-24%
Scope 3	127	170	+34%
Total	301	297	-1%
Intensity metric: tonnes CO₂e / FTE	1.32	1.25	-5%

CBI's Corporate Governance

Key office holders

CBI President



Lord Karan Bilimoria CBE DL, President

Elected President by CBI members at the CBI Annual General meeting on 16 June 2020

<https://www.cbi.org.uk/about-us/our-people/cbi-board/lord-karan-bilimoria-cbe-dl/>

CBI Vice President



John Allan, CBE, Vice President

Elected Vice President by CBI members at the CBI Annual General meeting on 16 June 2020

<https://www.cbi.org.uk/about-us/our-people/leadership-team/john-allan/>

CBI Director-General



Tony Danker, Director-General

Started term as Director-General on 30 November 2020

<https://www.cbi.org.uk/about-us/our-people/cbi-board/tony-danker/>

CBI Board



Chair: Lord Karan Bilimoria, President

First attended CBI Board, October 2019

<https://www.cbi.org.uk/about-us/our-people/leadership-team/john-allan/>

CBI Board



Vice Chair: John Allan, CBE, Vice President

First attended CBI Board, October 2018

<https://www.cbi.org.uk/about-us/our-people/leadership-team/john-allan/>

Executive Directors:



Tony Danker, Director-General

First attended CBI Board, December 2020

<https://www.cbi.org.uk/about-us/our-people/cbi-board/tony-danker/>



Neil Tomkins, Director of Finance and Corporate Services

First attended CBI Board, December 2017

<https://www.cbi.org.uk/about-us/our-people/leadership-team/neil-tomkins/>

Non-Executive Directors:



Anna Marks, Partner, Deloitte LLP*

First attended CBI Board, June 2018

<https://www.cbi.org.uk/about-us/our-people/cbi-board/anna-marks/>



Alison McGregor

First attended CBI Board, December 2017

<https://www.cbi.org.uk/about-us/our-people/cbi-board/alison-mcgregor/>



David Gavaghan, Managing Director, Aurora Prime Real Estate

First attended CBI Board, September 2016

<https://www.cbi.org.uk/about-us/our-people/cbi-board/david-gavaghan/>



Heidi Mottram, CBE, CEO, Northumbrian Water Limited

First attended CBI Board, December 2014

<https://www.cbi.org.uk/about-us/our-people/cbi-board/heidi-mottram/>



Dame Vivian Hunt, Managing Partner, McKinsey & Company

First attended CBI Board, June 2019

<https://www.cbi.org.uk/about-us/our-people/cbi-board/dame-vivian-hunt/>

*Denotes Chair of CBI Audit Committee

CBI Executive Committee

The CBI Executive Committee is the key group responsible for the day-to-day running of the CBI.



Tony Danker

Director-General

<https://www.cbi.org.uk/about-us/our-people/cbi-board/tony-danker/>



Henrietta Jowitt

Deputy Director-General, Commercial

<https://www.cbi.org.uk/about-us/our-people/leadership-team/henrietta-jowitt/>



John Foster

Interim Director of Policy & Communications

<https://www.cbi.org.uk/about-us/our-people/leadership-team/john-foster/>



Matthew Fell

Chief UK Policy Director

<https://www.cbi.org.uk/about-us/our-people/leadership-team/matthew-fell/>



Neil Tomkins

Director of Finance and Corporate Services

<https://www.cbi.org.uk/about-us/our-people/leadership-team/neil-tomkins/>



Rain Newton-Smith

Chief Economist

<https://www.cbi.org.uk/about-us/our-people/leadership-team/rain-newton-smith/>

CBI Chairs' Committee

The CBI Chairs' Committee is comprised of all the Chairs from the CBI's Regional and National Councils and sector based Standing Committees, it is responsible for setting and steering CBI policy on behalf of the CBI Council. The Chairs' Committee meets quarterly and is chaired by the CBI President.

CBI Regional and National Councils

Full name	Job Title	CBI Member	Council
Adrian Bratt	General Counsel and Company Secretary	Princess Yachts	South West Council
Adrian Doran	Head of Corporate Banking, Northern Ireland	Barclays Bank Plc	Northern Ireland Council
Alex Vaughan	Chief Executive	Costain Group plc	South East and Thames Valley Council
Darren Wilson	CEO	LKAB Minerals Ltd	East Midlands Council
Donald McGarva	CEO	Amino Technologies PLC	East of England Council
Greg Lawson	Partner	Pinsent Masons	West Midlands Council
Ian Funnell	Chief Executive Officer	ABB Ltd	North West Council
Jacqui Hall	President	CNG Ltd	Yorkshire and the Humber Council
Judith Everitt	Chief Operating Officer	The Crown Estate	London Council
Kath Roberts	Senior Partner, Cardiff	Eversheds Sutherland	Wales Council
Keith Anderson	CEO	Scottish Power	Scotland Council
Lee Perkins	Chief Operating Officer	The Sage Group	North East Council

CBI Standing Committees

Full name	Job Title	CBI Member	Council
Angela Noon	Chief Financial Officer Siemens	Siemens	Economic Growth Board
Greg Craig	CEO	Skanska	Construction Council
Harriet Hounsell	Chief People Officer	Nomad Foods	Employment and Skills Board
Hugh Milward	General Manager, Corporate, External, Legal	Microsoft	Tech Group
Janine Juggins	EVP Global Tax	Unilever plc	Taxation Committee
Joanne Smith	Chief Executive Officer	TCC Group	SME Council
Juliet Eccleston	CEO and Founder	AnyGood?	Sharing Economy UK
Karen Betts	Chief Executive	Scotch Whisky Association	International Trade Council
Lizi Hills	Strategic Finance Director	Burger King UK	Under 35 Council
Nicola Lovett	CEO	ENGIE	Public Sector Partnership Council
Peter Mather	Group Regional Vice President - Europe & Head of Country - UK	BP International Ltd	Energy and Climate Change Board
Robin Fieth	CEO	The Building Societies Association	Trade Association Council
Stephen Paine	MD, Global Head of Infrastructure	Deutsche Bank AG London	Infrastructure Board
Stephen Warwick	Vice President, Cloud Integration Development & UK Lab leader	IBM United Kingdom	Innovation Council
Sue Douthwaite	Advisory Board Chair	Queens University Management School	Financial Services Council
Tom Crotty	Group Director	INEOS Holdings Ltd	Manufacturing Council



CBI Board

Purpose of the CBI Board

The CBI Board is chaired by the President and is constituted as a standing committee, with delegated authority of both the Council and the previous Finance & General Purposes Committee. It is responsible for all matters other than those specified for the Chairs' Committee and those retained by the CBI Council. The Board is the ultimate decision taking body on all operational, financial, strategic and corporate governance aspects of the CBI. It is supported by an Audit Committee and Remunerations Committee.

Responsibility of the CBI Board

- CBI business plan (strategy, long term viability and resourcing).
- Signing off the annual budget and annual accounts of the CBI.
- Responsible for corporate governance of the CBI.
- Review of the CBI's risk and control processes.
- Approval of the overall levels of insurance for the CBI.
- Major changes to the benefits or funding of the CBI pension plans.
- Changes to the basis of funding to the CBI exceeding 10% of income.
- Transactions with single or annual impact exceeding £1m.
- Re-organisation affecting more than 10% of the staff.
- Receive updates from and ensure effectiveness of the CBI Audit Committee and Remuneration Committee.

Membership of the CBI Board

Membership of the CBI Board must include the Director-General, and the Director of Finance and Corporate Services. There must be a majority of Non-Executive Directors at all times. The term of appointment for Non-Executive Directors is for an initial three years, with the option of a further three-year extension. Appointments to the position are made by the CBI President and are subject to member approval at the CBI Annual General Meeting.

One third of the CBI Board retire by rotation at each annual general meeting. This requirement is applied separately to the executive and Non-Executive Directors. There is no maximum number of terms of office but in practice the intention is to permit Non-Executive Directors up to two terms of three years.

Points to note on membership of the CBI Board in 2020

- After the CBI Annual General Meeting held on the 16 June 2020, Lord Karan Bilimoria was formally elected President of the CBI and therefore Chair of the Board, while former CBI President, John Allan was elected to the position of Vice President.
- As the new Director-General to the CBI, Tony Danker joined the CBI Board in an executive capacity from the 30 November 2020.

Roles and responsibilities of a Non-Executive Director

In line with the UK Corporate Governance Code, Non-Executive Directors of the CBI Board provide constructive challenge, help monitor and manage corporate wide risk and provide guidance on CBI strategy. This includes:

- Scrutiny of management's performance in meeting agreed goals and objectives and the monitoring of performance.
- Satisfying themselves on the integrity of financial information and that controls and risk management systems are robust and defensible.
- Providing challenge and guidance on the CBI's business plan, strategy and budget.
- Demonstrating behaviours conducive to effective decision making by the collective Board.

Induction for Non-Executive Directors

The CBI runs a formal induction process for new or incoming members of the Board. This is customised depending on the needs and knowledge of the incoming Board members and their previous involvement or experience with the CBI. In 2020, there were no formal inductions to the CBI Board. As the new Director-General, Tony Danker received an induction on the CBI governance arrangements.

CBI Board attendance for 2020

	Q1 16 Mar 2020	Q2 08 Jun 2020	Q3 15 Oct 2020	Q4 7 Dec 2020
Non-Executive Director				
Chair: Lord Karan Bilimoria	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Alison McGregor	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Anna Marks	ATTENDED	ATTENDED	ATTENDED	ATTENDED
David Gavaghan	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Heidi Mottram	ATTENDED	APOLOGIES	ATTENDED	ATTENDED
John Allan	ATTENDED*	ATTENDED*	ATTENDED	ATTENDED
Vivian Hunt	ATTENDED	APOLOGIES	ATTENDED	ATTENDED
Executive Director				
Carolyn Fairbairn	ATTENDED	ATTENDED	ATTENDED	N/A
Tony Danker	N/A	N/A	N/A	ATTENDED
Neil Tomkins	ATTENDED	ATTENDED	ATTENDED	ATTENDED

N/A denotes the individual had either not yet joined the CBI Board or had stepped down from their Board position so were not required to attend the meeting.

*John Allan was CBI President at this meeting and therefore formally chaired the meeting.

Overview of key items discussed in 2020

Quarter	Main items for discussion
	<p>Standing items for each Board meeting in 2020:</p> <ul style="list-style-type: none"> Minutes of the previous meeting. Update on recent CBI work and activity by the Director-General. Update on the CBI finances and quarterly performance by the Director of Finance and Corporate Services and Chair of Audit Committee.
Q1	<ul style="list-style-type: none"> The Board received an update from the CBI President, John Allan on the recruitment process for the next CBI Director-General. This meeting was focussed on the CBI's response to the COVID-19 crisis, this included updates on the CBI's resilience internally with staff moving to a working from home model, CBI support and guidance for members and the ongoing engagement with Government on the financial support required for the business community.
Q2	<ul style="list-style-type: none"> The CBI Board focussed their discussion on the impact of COVID-19 on the CBI. This ranged across three main themes: the impact on CBI staff and their wellbeing, the impact on the CBI's commercial performance and how the CBI was supporting its members, and the strategic impact this would have on the CBI in the future.
Q3	<ul style="list-style-type: none"> The Board discussed creating a new process for routine CBI information to be sent to the CBI Board on a monthly basis, this included a press summary from the previous month, the key metrics and financial information for each month and an overview of any key CBI outputs. Following a discussion at the previous session of the CBI Audit Committee, the Board reviewed and discussed the CBI's approach to risk management and the updated CBI risk register presented by Neil Tomkins, the Director of Finance and Corporate Services.
Q4	<ul style="list-style-type: none"> Tony Danker, the CBI Director-General provided the Board with an update from his first few weeks in role and what he had learned from listening to CBI members, staff and stakeholders over the last month. Tony outlined his thoughts on a future strategy review for the CBI internally and a piece of work externally that could build an economic vision for the UK. The Director-General and the Director of Finance and Corporate Services presented the CBI Budget for 2021 which was agreed by the CBI Board.

CBI Audit Committee

Purpose of the CBI Audit Committee

The CBI Audit Committee is a key sub-committee of the CBI Board. It is chaired by a Non-Executive Director of the CBI Board who works closely with the CBI Director of Finance and Corporate Services. The Audit Committee plays a primary role in signing off the CBI accounts and is responsible for risk and compliance.

Responsibilities of the Audit Committee

- The integrity of the financial statements of the CBI.
- The corporate accounting and financial reporting process.
- Systems for identification and management of risk and internal controls at the CBI.
- External audit and internal audit (or other arrangements as appropriate).
- Compliance with laws, regulations and ethical codes of practice.
- Ensuring the long-term viability of the business by providing constructive challenge and review. of the CBI's strategic and financial plans.

Membership of the Audit Committee

Membership of the CBI Audit Committee is comprised of the CBI Director of Finance and Corporate Services in an executive capacity and three Non-Executive Directors from the CBI Board. Appointments of both members of the committee and its Chair are made by the CBI President with each appointment being notified to and ratified by the CBI Board. Representatives from the CBI auditors (Buzzacott LLP) attend each Audit Committee meeting. Anna Marks was appointed chair of the CBI Audit Committee in April 2018.



External Auditors of the CBI

The Audit Committee is responsible for recommending a firm of auditors of appropriate independence and experience and for the approval of all audit fees and terms of engagement. Auditors of the CBI are approved via a vote at the Annual General Meeting and held under review by the CBI Audit Committee (currently Buzzacott LLP).

The Audit Committee monitors regularly the non-audit services being provided to the CBI by its external auditors. The Audit Committee follows the guidelines set out in the Financial Reporting Council Ethical Standard in monitoring the non-audit services being provided to the CBI by its external auditors.

The Audit Committee's policy is to undertake a formal assessment of the auditors' objectivity and independence each year which includes:

- Review, and agreement, of non-audit services provided to the CBI and related fees.
- Review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit.
- Obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

CBI auditor rotation

A review of the CBI auditors and the CBI approach to auditor rotation was conducted at the Audit Committee on 26 September 2019. It was agreed the CBI will, in following best practice in audit firm rotation, offer a tender for the position of auditors of the CBI every 10 years with a mandatory 20-year limit on the CBI auditors being in post. The CBI will also request a change in Partner from the auditor every 5 years. This process will begin from the end of the next audit Partner rotation in 2025.

CBI Audit Committee attendance in 2020

	Q2 30 Apr 2020	Q3 17 Sep 2020	Q4 26 Nov 2020
Non-Executive Director			
Chair: Anna Marks	ATTENDED	ATTENDED	ATTENDED
David Gavaghan	ATTENDED	ATTENDED	ATTENDED
Heidi Mottram	ATTENDED	ATTENDED	ATTENDED
Executive Director			
Neil Tomkins	ATTENDED	ATTENDED	ATTENDED

Overview of key items discussed in 2020

Quarter	Main items for discussion
	<p data-bbox="451 421 925 443">Standing items for each Board meeting in 2020:</p> <ul data-bbox="451 477 1252 622" style="list-style-type: none"> <li data-bbox="451 477 794 499">• Minutes of the previous meeting. <li data-bbox="451 504 1220 560">• Update from the Director of Finance and Corporate Services on the income, expenditure and the operating result for the previous quarter. <li data-bbox="451 564 954 586">• An update from the CBI auditors, Buzzacott LLP. <li data-bbox="451 591 1252 613">• Meeting between the Non-Executive Directors without CBI employees present.
Q2	<ul data-bbox="451 645 1316 925" style="list-style-type: none"> <li data-bbox="451 645 1268 701">• Review and approval of the CBI's Viability Statement and the Annual Report and Accounts for 2019. <li data-bbox="451 705 1220 728">• The Audit Committee reviewed various cash investment options for the CBI. <li data-bbox="451 732 1252 788">• Discussion around the CBI's approach to reducing modern slavery in its supply chain and review and approval of the CBI's 2020 Modern Slavery Statement. <li data-bbox="451 792 1316 871">• The Audit Committee discussed and reviewed the effectiveness of Buzzacott, the CBI auditors and recommended them for re-election as the auditors of the CBI at the AGM in June 2020. <li data-bbox="451 875 1268 925">• The Audit Committee Non-Executive Directors had a routine discussion with the CBI Auditors without CBI staff present.
Q3	<ul data-bbox="451 958 1316 1149" style="list-style-type: none"> <li data-bbox="451 958 1204 981">• Discussion of the CBI risk management process and updated risk register. <li data-bbox="451 985 1300 1041">• Review of the CBI's Return to Office plans and approach to re-opening of the CBI's office in a safe and controlled manner. <li data-bbox="451 1046 1316 1102">• In their update, Buzzacott discussed the recent review they had conducted into the CBI's payroll process. This review found no major concerns. <li data-bbox="451 1106 1316 1149">• Buzzacott and the Audit Committee discussed the purpose and objectives of the Going Concern and Viability Statements in the CBI Annual Report and Accounts.
Q4	<ul data-bbox="451 1182 1316 1238" style="list-style-type: none"> <li data-bbox="451 1182 1316 1238">• The Audit Committee discussed the proposed CBI Budget for 2021 which would be presented to the CBI Board on the 7 December 2020.

CBI Remuneration Committee

CBI's Remuneration Committee (RemCo) consists of two Non-Executive members of the CBI Board. In 2020 this was John Allan, and subsequently Lord Karan Bilimoria, as President and Heidi Mottram. The CBI Director-General and Director of Finance and Corporate Services are also invited to attend meetings. The RemCo has one standing meeting a year, usually in February, to approve Executive Committee salaries after the annual performance reviews finish in January of each year and before the annual salary increments are implemented for the coming year (in March). Other meetings take place as and when required.

Responsibility of the Remuneration Committee

- Approving the salaries and bonuses of Executive Committee members as proposed by the Director General.
- Reviewing and confirming the Director-General's salary, bonus and non-standard benefits.
- Approving bonus criteria and payments for CBI staff generally (not including specific commission arrangements).
- Approving standard annual CBI salary increases.

CBI Remuneration Committee meetings in 2020

Non-Executive Director	26 Feb 2020 (by e-mail)	7 Dec 2020
Heidi Mottram	ATTENDED	ATTENDED
John Allan	ATTENDED	N/A
Lord Karan Bilimoria	N/A	ATTENDED
Executive Director		
Carolyn Fairbairn	ATTENDED	N/A
Tony Danker	N/A	ATTENDED
Neil Tomkins	ATTENDED	ATTENDED



Overview of key items discussed in 2020

The February meeting (conducted via e-mail) confirmed the proposal of the salary increases for 2020 and bonuses for 2019 for Executive Committee members and for the Director-General. Everyone at the CBI, including the Director-General and other senior managers, are subject to the same performance review process and the same scale of annual salary increases depending on individual performance grades. It was agreed that the overall criteria for the payment of a bonus for 2019 had not been met and hence no bonus would be payable to staff, including the Director-General and Executive Committee members. The criteria for the bonus payment for 2020 were agreed.

The December 2020 meeting discussed and clarified the remit of the Remuneration Committee. Members also confirmed the bonus of £700 per person in recognition of the CBI's overall performance in 2020 and meeting the stated bonus criteria. The salary increase for 2021 for staff, including the Executive Committee, was agreed. The Committee also formally reviewed the salary of the Director-General (who absented himself for this part of the meeting).

CEO pay ratios

Although not required to do so, the CBI is following best practice for quoted companies of more than 250 employees and reporting the pay ratios for the Director General.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option B	12:1	9:1	7:1
2020	Option B	11:1	9:1	7:1

Option B (using the rank of employees based on the latest gender pay gap data) has been used to identify the “best equivalent” representatives of the 25th, 50th, 75th percentiles of company remuneration in the year.

The salaries and allowances of the 25th, 50th and 75th percentiles have been increased to take into account pension and medical insurance benefits that individuals receive although paid by the employer. This gives a more relevant comparison with the Director-General’s Single Total Figure of Remuneration.

The 2020 calculation of the Director-General’s Single Total Figure of Remuneration takes into account the change of Director-General in November 2020. The ratios to the percentiles remained consistent to those in 2019.





CBI Council overview

Our mandate comes from our members who have a direct say in what we do and how we do it

The CBI Council is the main governance body of the CBI and is made up of all the CBI Councils and Standing Committees comprised of over 1,000 council and committee representatives from over 700 CBI member companies. The chair of each Standing Committee and Regional and National Council sits on the CBI's Chairs' Committee which is ultimately responsible for setting and steering CBI policy positions. Each quarter we engage these councils and committees on our work for either a steer, for information or for sign off and this is supported by wider member engagement from other committees, working groups, events and member meetings.

Regional and National Council members are elected to a term of office by the CBI's regional membership base. Standing committee members are invited to join based on their sector experience and technical expertise. To represent wider member views, we also use surveys, working groups, 1-2-1 meetings and member roundtable events. Our policy experts and account managers stay in regular contact with our members to consult on priorities. This is a rigorous and continuous process aimed at achieving a strong member mandate. Members may have different views and a key role for the CBI is to find consensus so that we can present governments and stakeholders with viable, evidence backed solutions with broad based support.

In 2020 all our Regional and National Councils switched to working virtually. They received key political and economic intelligence from the CBI and discussed bespoke issues relevant to that Council. The CBI Council is consulted on one key policy issue each quarter. In 2020 these were:

Q1 2020: Re-skilling the future of the UK workforce.

Q2 2020: Shaping the recovery post COVID-19.

Q3 2020: Changes in working practices as a result of COVID-19.

Q4 2020: Stepping up globally to level up locally: international trade and investment as a driver of economic recovery.

CBI Chairs' Committee is ultimately responsible for setting and steering CBI policy

The Chairs' Committee is the CBI's most senior policy standing committee and is ultimately responsible for the CBI's mandate and setting, steering and signing off key CBI policy positions. The committee holds a seat for all of the chairs of our Regional and National Councils and subject-based Standing Committees and plays a key role in settling and steering CBI policy. The CBI Director General and entire executive team join each meeting and it is chaired by the CBI President on a quarterly basis.

CBI Board takes ownership of operational, strategic and financial decisions

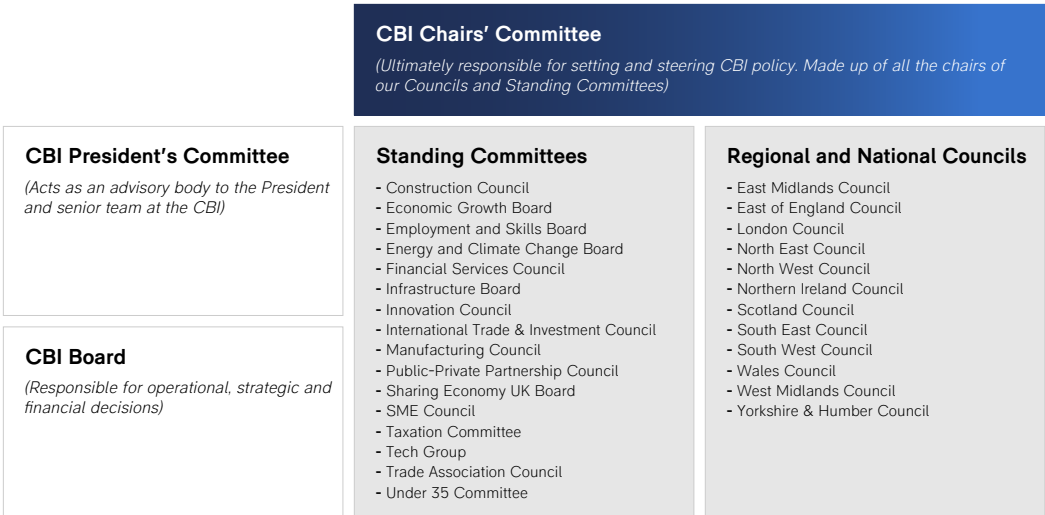
The CBI Board is responsible for strategic and financial decisions at the CBI including the CBI business plan, strategy and long-term viability, signing off the annual budget and yearly accounts and reviewing risk and control process at the CBI. It is comprised of several Non-Executive Directors, the Director-General and the Director of Finance and Corporate Services. The Board meets quarterly and is chaired by the CBI President. The Board is assisted by an Audit Committee and a Remuneration Committee comprising of CBI Non-Executive Directors. Day to day management of the CBI is in the hands of the Director-General supported by an Executive Committee.

CBI President's Committee acts as an advisory body to the CBI President

The President's Committee is one the CBI's most senior committees, comprising of business leaders, Chairs and CEOs drawn from the UK's leading companies. The committee acts as an advisory body and its purpose is to advise the President and CBI senior team on all issues of national importance. The committee heard from a range of speakers in 2020 at a vital time for UK business engagement with the Government, this included Permanent Secretary, Alex Chisholm, Rt. Hon. Rishi Sunak and the Governor of the Bank of England, Andrew Bailey. The meeting is chaired by the CBI President and is attended by the CBI Director-General and entire CBI executive team.



CBI Council structure



CBI Council in numbers

1119

Committee and Council representatives

766

CBI member companies represented on the CBI council

12

Regional and National Councils across the whole UK

16

Sector and policy based Standing Committees

34%

Women represented on the CBI Council

80%+

Portion of the CBI Council from non FTSE 350 businesses

The UK Corporate Governance Code

Although the CBI is not a publicly listed company it does where appropriate try to meet the principles of the UK Corporate Governance Code (the Code) on a comply or explain basis.

The CBI keeps its compliance to the Code under review, the last formal review was presented back to the CBI Audit Committee on 26 September 2019.

In 2021, the CBI developed a Non-Executive Director job specification in consultation with the President and Director-General for the recruitment of a Non-Executive Director to the CBI Board.

For Q4 2021, the CBI plans to conduct an end of year annual self-assessment to the CBI Board, this was postponed from 2020 due to the COVID-19 pandemic.

The CBI Board does not currently have a senior non-executive director, after review and with agreement from the CBI Audit Committee, given the size and nature of the CBI it was felt that the CBI President could and does fulfil this role.

The CBI Board (while supported by an Audit Committee and Remuneration Committee) does not have a designated Nomination Committee. Given the size of the CBI, a Nomination Committee is not considered necessary, this position was reviewed as part of the Corporate Governance Code audit conducted in 2019.

The CBI Board does not currently evaluate the performance of CBI Board Directors. The CBI Director-General is evaluated annually by the CBI President and all other directors of the CBI are evaluated by their manager in line with the CBI annual evaluation process.



A full minute of each CBI Board meeting is kept on record and made available to the Board before the following meeting. The Board minutes are also made available annually to the CBI auditors.

The CBI operates a Whistleblowing Policy which is kept under review by the CBI Audit Committee. The current policy allows for any member of CBI staff to make an anonymous protected disclosure to the Director of HR or the CBI Director-General. Where the employee believes that the issue is particularly sensitive and it would not be appropriate to raise it to either of these people, then the disclosure can be made to the Chair of the CBI Audit Committee.

Non-Executives may take independent professional advice on an issue if thought necessary.

The terms and conditions of appointment of Non-Executives to the CBI Board have been made available for inspection on request.

The Code sets out criteria for independence. Non-Executive members of the CBI Board are required to advise the CBI if they do not meet the criteria and the CBI maintains a register of interests on all Executive and Non-Executive Board members. This is updated annually around April of each year and made available to the CBI auditors.

Given the nature of the CBI as a membership organisation, all Non-Executive members of the CBI Board have prior involvement with CBI activity through their employers being members of the CBI and through activity such as being part of CBI Council. Prior CBI involvement is reviewed during the recruitment process for Non-Executive Directors for the CBI Board.



Financial Performance in 2020

Income

The CBI's total income in 2020 was £23.7m, down by £1.7m on the previous year. The main reason for the decrease was the significant drop in commercial income.

- **Commercial Income** is derived from our events (sponsorship and delegate fees), leadership programmes, surveys and data licensing. In 2020 we also initiated a new consultancy revenue stream, CBI Economics.

Overall commercial income fell by 44% (£1.4m) to £3.2m in 2020 due to COVID-19 causing the cancellation of most in-person events and the leadership programmes. It should be noted that the other aspects of commercial income performed strongly in the year but as they are a smaller proportion of the overall revenue could not make up the shortfall.

Some of the deficit in income was off-set by savings on costs for events that didn't ultimately take place. This helped commercial expenditure to fall by £0.5m and hence the net contribution from commercial activities was down by £0.9m on 2019.

- **Membership Income**, by contrast, stood up well to the external environment in 2020. At £21.7m for the year, it was down by just by £0.3m (1%) from 2019. The level of concessions granted to members was much higher than previous years but recruitment was strong, especially amongst SMEs, and the year saw a significant increase in the number of members.

Expenditure

Total expenditure for the year was £23.6m. Excluding the commercial expenditure which varies directly with the level of commercial income, expenditure decreased by £0.7m (3%) compared to the previous year. Payroll costs went up largely because of the annual salary increment that took effect at the start of 2020 but headcount was kept under close control especially after the impact of the pandemic. Savings were generated in many areas, most notably travel and office-related costs. Marketing costs increased with new expenditure on the CBI webinars which ran from the end of March throughout the rest of the year.

Operating Surplus

Not unsurprisingly, due to the impact of COVID-19, the 2020 result was below that of 2019. Nevertheless, as a result of the large savings in expenditure, the shortfall from income was managed so that the Operating Result for the year was a small surplus of £0.1m.

Capital Expenditure

In 2020 the CBI continued its commitment to invest in IT and in its office infrastructure. The main IT investments were in a number of new systems (survey, events and HR) as well as continued investment in the website. The total capital spend for 2020 was £0.3m (2019: £0.4m).

Cash

Cash and short-term deposits at the year-end were £9.1m compared to £8.3m at the end of 2019. This was mainly due to the high level of early collection of membership subscriptions for January 2021.

The CBI has moved its cash out of long-notice accounts in order to have more flexibility over the use of cash in 2021. At the end of 2020 £2.1m of the £9.1m was placed on deposit, a decrease of £1.0m on 2019.

Financial Position

The balance sheet remained in a net asset position mainly due to the impact of the pension scheme (see below). Excluding the pension asset, there was a small net liability at the end of 2020 of £0.3m (2019: £0.0m). The increase in the liability was largely due to the additional VAT due on payments for 2021 membership received before the year end.



Pension plan

At the end of 2019 the Plan had an accounting surplus of £6.3m on a FRS102 basis. During the course of 2020, the CBI made cash contributions to its defined benefit pension plan of £0.6m. Nevertheless, total liabilities increased by more than total assets (due to reasons set out in note 14 to the accounts) which reduced the surplus to £3.7m at the end of 2020. The surplus has been recognised on the statement of financial position in accordance with FRS102 requirements.

Going concern & risk management

The accounts have been drawn up on a going concern basis (see Note 1 b), Accounting Policies).

Viability Statement

The long-term viability of the CBI depends on our ability to continue to grow membership revenue and to develop alternative, but complementary, income streams, underpinned by maintaining healthy cash reserves.

The budget for 2021 was approved by the Board as part of an outline rolling three-year plan to the end of 2023. However, it has been recognised that, as a result of the new Director-General's term, a strategy review is being carried out in the first half of 2021. The results of this review will be considered by the Board later in 2021 and may affect the financial plans for the outer years of the three-year period.

Progress against the budget and plan targets are reviewed on a regular basis by the Executive Committee and by the CBI Board. The plans are assessed in the context of the risks and opportunities facing the CBI. The principal risks taken into account (as set out in more detail in the Risk section below) are:

External Risks

1. Deep recession severely hits core revenue streams
2. CBI perceived as not relevant to modern-day UK
3. CBI's 'whole economy' model undermined by structural economic fragmentation

Strategic Risks

4. Lack of track record in growing non-membership income
5. Lack of growth in size and nature of membership base
6. Lack of diversity damages the CBI brand and limits development

Operational Risks

7. Internal CBI policy or practice fails to meet the values espoused externally
8. Cyberattack results in the loss of sensitive information
9. COVID-19 impacts on day-to-day operations

More details on these risks and the mitigating factors are in the Risks section below.

The main impact of the crystallisation of these risks would be seen in terms of reduced revenue. Sensitivity analysis has been undertaken to assess the likely degree of reductions in revenue and to also identify the mitigating actions that could be taken to adjust the wider cost base of the CBI. The CBI is considered viable if the model demonstrates that cost savings could return the organisation to at least break-even and that a sufficient cash balance can be maintained.

On the basis of the three-year plan and an assessment of principal risks, their possible impact and the mitigation that would be undertaken, the Board has a reasonable expectation that the CBI will be able to continue in operation and meet its liabilities as they fall due over the period to December 2023.

Risk

The Board has overall accountability for ensuring that risk is effectively managed and, on behalf of the Board, the Audit Committee reviews the effectiveness of the CBI's risk process.

Each business area is responsible for identifying, assessing and managing the risks in their respective area annually. In addition, we performed a top-down risk identification review during 2020. Risks are measured against a defined set of criteria, considering likelihood of occurrence and potential impact to the CBI.

This information is combined to form a consolidated view of risk. The top risks (based on likelihood and impact) form our Risk Profile, which is reported to the Executive Committee for review and challenge, ahead of final review and approval by the Board.

To ensure that our risk process drives continuous improvement across the business, the CBI Executive Committee and Audit Committee regularly monitor the ongoing status and progress of key action plans against key risks.

We continue to drive improvements to our risk management process and the quality of risk information generated, whilst at the same time maintaining a simple and practical approach.

The objective of our risk management approach is to identify and assess all significant risks to the achievement of our strategic objectives.

At the annual risk review in October 2020, the below risks and mitigations were approved by the Board.

Risk	Mitigation
External Risks	
Deep recession severely hits core revenue streams	We have budgeted cautiously for 2021 and experience so far indicates that membership revenue has proved remarkably resilient. The strategy review will help ensure that the organisation remains focused on products and services that deliver member value in both the short and long terms demonstrating the inherent ROI of CBI membership.
CBI perceived as not relevant to modern-day UK	We will continue to ensure that we maintain a strong profile on those business issues that matter to our members and to government and the wider society. This will be given added emphasis by the economic vision work being developed as part of the strategy review.
CBI's 'whole economy' model undermined by structural economic fragmentation	We will continue to develop the strength of our service across regions and nations of the UK. Use of digital channels will help the gathering and assessing of insight and also engagement more generally across a wider range of members and stakeholders.
Strategic Risks	
Failure to meet commercial (non-membership) revenue targets and lack of diversification of income streams has a short-term impact on profitability and leaves the CBI over-reliant on membership income in the long term.	A strong pivot to digital delivery of some event categories will allow a new financial model for events. We will assess and invest behind alternative revenue streams.
Failure to expand the membership base further means that it is harder to drive income and to maintain the strength of the CBI mandate and policy ideas.	Recruitment has proved strong in 2020 and the first quarter of 2021. Membership numbers have increased especially at the SME level and plans are in place to push this further as a core part of the strategy review.
Lack of diversity damages the CBI brand and limits development	We have a comprehensive Diversity and Inclusion action plan in place that covers internal operations, events and member engagement, and policy interventions.
Operational Risks	
Internal CBI policy or practice fails to meet the values espoused externally	The internal governance process within the CBI is well established and overseen by a manager with specific responsibility. The CBI has a set of agreed behaviours that provide the framework for how the organisation acts and forms part of each individual's annual assessment.
Cyberattack results in the loss of sensitive information	Phishing tests are carried out on a regular basis to maintain staff awareness of IT security issues. This is followed up by internal communications campaigns. Technical penetration testing is also carried out on a periodic basis. The CBI systems are constantly updated to optimise cyber security.
COVID-19 impacts on day-to-day operations	Working from home processes are in place and working well including a focus on staff wellbeing. The return to the office is being managed carefully with regular consultation with staff.

Internal controls & financial reporting

The CBI Board is ultimately responsible for the CBI's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, not absolute, assurance against material misstatement or loss.

The Audit Committee has reviewed the ongoing process for identifying, evaluating and managing the risks faced by the CBI, and this process will be regularly reviewed by the CBI Board on the basis of the Audit Committee's own review. The CBI continues to review and improve the effectiveness of its system of financial and nonfinancial controls, including operational and compliance controls, risk management and the high-level internal control arrangements. During 2020 we continued to monitor the risk across the organisation especially in the context of the move to remote working. At the request of the CBI, the CBI's auditors produced a report on controls over the payroll process. There were no significant concerns arising from the report.

The CBI's key internal control procedures include the following:

- Authority to operate the regional and overseas offices and projects within the CBI is delegated to their respective managers within limits set by the Director-General and the Director of Finance and Corporate Services under the overall supervision of the CBI Board. The appointment of managers to most senior positions within the CBI requires the approval of the Director-General.
- Systems and procedures are embedded in the CBI at both corporate and directorate level to identify, control and report on the major risks including credit, liquidity, operational error and fraud. Exposure to these risks is monitored by management and by the CBI Board as a whole and the CBI Board is responsible for determining the appropriate strategy to manage those risks.



- Annual financial plans are prepared and are reviewed and approved by the CBI Board. Results are monitored regularly. Reports on progress compared with the plans and budgets are prepared each month. All expenditure, including capital expenditure, is regulated by a budgetary process and an authorisation system.
- The CBI Board monitors compliance with policies and standards and the effectiveness of internal control structures across the CBI. This is augmented by the Director-General's reports to the CBI Board on significant changes in the business or external environment that affect significant risks.
- The Audit Committee considers the controls which are in force and any perceived gaps in the control environment. The Audit Committee also considers and determines relevant action in respect of any control issues raised by the external auditors.

The CBI Board keeps the effectiveness of this system of control under review. The key processes used by the CBI Board in carrying out its reviews of the effectiveness of internal controls include:

- Financial reports, which identify variances from plan and prior period performance, identify performance issues, and discuss the risks that arise and the steps being taken to mitigate those risks.
- Discussions with senior personnel on risk and control issues.
- Consideration by the Audit Committee of reports from the external auditors.

Internal Audit

The CBI does not have an internal audit function. This is considered appropriate given the size and organisational structure of the CBI and the close involvement of the executive directors and senior management in the day-to-day operations.

Statement of Responsibilities in relation to the Accounts

Under the CBI's Charter and bye-laws, the Council is required to cause proper books to be kept so as to show a true and fair view of the state of the CBI's affairs and to explain its transactions. The Council is also required to present audited accounts at each Annual General Meeting. The members of the CBI Board discharge these responsibilities on behalf of the Council and have elected to prepare these accounts in accordance with FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

In preparing these accounts the members of the CBI Board 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 accounts.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the CBI will continue to operate.

The Director-General and the Director of Finance and Corporate Services have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the CBI and to detect fraud and other irregularities.

The members of the CBI Board are responsible for the maintenance and integrity of the corporate and financial information included on the CBI's website. Legislation in the United Kingdom governing the preparation and dissemination of the accounts and other information included in annual reports may differ from legislation in other jurisdictions.

The members of the CBI Board who held office at the date of approval of these accounts confirm that, so far as they are aware, there is no relevant audit information of which the CBI's auditors are unaware. Each member of the CBI Board also confirms that he/she has taken such steps as he/she considers necessary to make himself/herself aware of any relevant audit information and to establish that the CBI's auditors are also aware of that information.

The members of the CBI Board consider that the Annual Report and accounts, taken as a whole, are fair, balanced and understandable.



Independent Auditor's Report

Opinion

We have audited the accounts of Confederation of British Industry ('CBI') for the year ended 31 December 2020, which comprise the Income Statement, Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland.

In our opinion the accounts:

- Give a true and fair view of the state of CBI's affairs as at 31 December 2020 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

In auditing the accounts, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the accounts is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a review of future projections of income and expenditure in combination with CBI's cash and reserves position at year end, and examining the assumptions behind these projections against our knowledge obtained during the course of the audit. The key assumptions relate to the retention and recruitment of members, the agreed pension funding requirements and the ability of the CBI to continue to manage costs tightly, at the same time as investing to grow the business.

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 CBI's ability to continue as a going concern for a period of at least 12 months from when the accounts are authorised for issue.

In relation to CBI's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the accounts about whether the directors' considered it appropriate to adopt the going concern basis of accounting.

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

Our approach to the audit

In order to arrive at our opinion, we undertook a variety of audit procedures, designed to provide us with sufficient audit evidence to conclude, with reasonable but not absolute certainty, whether the accounts are free from material misstatement, whether caused by fraud or error. Our audit included an examination of, on a test basis, evidence supporting the amounts and disclosures in the accounts. Our work also included an assessment of the accounting principles used and significant estimates made by management, as well as evaluating the accounts as a whole.

Key Audit Matter	How our scope addressed this matter
Revenue recognition: The timing of revenue recognition may be incorrect or revenue recognised may be incomplete or overstated, particularly in relation to members' prepaid subscriptions, amounts included within deferred income and concessions given to members.	<p>Our audit work on revenue recognition focused on the different revenue streams received by CBI, including members' subscriptions, commercial activities and project income to ensure that accounting policies are reasonably applied.</p> <p>We tested the integrity of the CRM system and controls over membership income, particularly in respect to concessions given to both new and existing members.</p> <p>We tested, on a sample basis, the recognition of membership income to determine if it had been correctly treated as revenue in the year or deferred.</p> <p>We found the recognition of income to be materially correct.</p>
Staff Costs: As a significant proportion of the CBI's expenditure, there is a risk that any errors could lead to the accounts being materially misstated.	<p>We carried out detailed analytical review procedures in order to create an expectation of staff costs with which to compare actuals, and then investigated any material departures from this expectation.</p> <p>We tested a sample of employee monthly salary payments to authorised contracts.</p> <p>A sample of staff joiners and leavers were tested to ensure that they were accurately added to, or removed from, the payroll and that this action was appropriately authorised.</p>

We examined the disclosure of directors' remuneration in the accounts for completeness and accuracy.

We evaluated the changes to the payroll process controls during the year.

We found the staff costs and disclosure of directors' remuneration to be materially correct. We found the changes in the payroll process controls to be appropriate.

Impact of Covid-19:

The Covid-19 pandemic has impacted the day to day operations of CBI and its financial performance and disclosures in the accounts to describe the effect of the pandemic on the activities, financial performance and risk management of CBI may not be sufficient.

We reviewed the disclosures that have been included in the Annual report, ensuring that they give an accurate reflection of the impact of the Covid-19 pandemic upon the CBI, with regard to both the challenges faced and subsequent steps taken to mitigate any risk arising.

Our approach to the consideration of going concern is included in the conclusions relating to going concern section above.

Accounting estimates:

Certain accounting entries within the accounts are made on the basis of an estimate and changes in the assumptions made could lead to a shift in the reported results. The most material estimates within CBI's accounts include the estimated useful economic lives of tangible fixed assets (and hence the annual depreciation charges) and the provision for bad debts.

We re-performed the depreciation calculation in order to ensure the charge for the year was accurate and in line with policy. We are satisfied that depreciation has been calculated in accordance with the accounting policy and that the accounting policy is appropriate. We are also satisfied that estimates used for useful economic lives of assets are reasonable given that there were no assets with a £nil net book value at year end.

We reviewed the recoverability of membership debtors and the assumptions used in the calculation of the provision for bad debts. Management's methodology is to apply historical data from the CRM system to outstanding memberships as at 31 January to estimate the provision for bad debts required. We consider this methodology to be appropriate.

The accounting estimates and their application are deemed appropriate for the CBI.

Defined benefit plan:

The assumptions used to calculate the value of assets and liabilities in the defined benefit pension plan may not be appropriate, which may result in the pension asset shown in the Statement of Financial Position being misstated.

We have reviewed the actuarial valuation and the assumptions used and compared them to relevant benchmarks. The assumptions used are deemed reasonable for the CBI.

As a management expert, we have assessed whether it is appropriate to place reliance on the work of the actuary, including consideration of their competence, independence and scope of work performed. We have concluded that it is appropriate to place reliance on them.

We reviewed the Plan rules and concur with management's assessment that the CBI has an unconditional right to a refund from the Plan on the date it is wound up and we are satisfied that the surplus should continue to be recognised in the accounts.

Our application of materiality

The concept of materiality was applied in planning and performing our audit. The threshold at which we consider an amount as being material to the accounts as a whole was set at £235,000. This is based on the amount of total income recognised in the Income Statement for the year ended 31 December 2020. We report individual unadjusted differences on the accounts over £11,750 to the Audit Committee.

Materiality is used as guidance for the audit team in exercising judgement over their approach to audit testing and interpretation of the results. The level of materiality should not be interpreted as an absolute limit but as a guide to values that may be considered to have an impact on the view given by the accounts.

Other Information

The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the accounts themselves. If, based on the work we have performed, we concluded 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

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

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- The information given in the annual report is inconsistent in any material respect with the accounts; or
- There are material omissions or matters to draw attention to in the assessment of principal risks facing CBI in the annual report.

Corporate governance statement

The Corporate Governance Code sets standards of good practice and compliance for publicly listed companies. Whilst compliance with the code is not mandatory for CBI, it chooses to follow the principles of the Code, where applicable, and reports on this on “comply or explain” basis in the annual report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the accounts or our knowledge obtained during the audit:

- Directors’ statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 64;
- Directors’ explanation as to its assessment of the entity’s prospects, the period this assessment covers and why the period is appropriate set out on page 64;
- Directors’ statement that they consider the accounts, taken as a whole, are fair, balanced and understandable set out on page 69;
- Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 65;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 65; and
- The section describing the work of the audit committee set out on page 50.

Responsibilities of members of the CBI board

As explained more fully in the statement of responsibilities in relation to the accounts, the board members are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the board members are responsible for assessing CBI's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate CBI or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- We obtained an understanding of the legal and regulatory frameworks that are applicable to CBI and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and those that relate to data protection (General Data Protection Regulation).



We assessed the susceptibility of CBI's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions; and
- Assessed whether judgements and assumptions made in determining the accounting estimate for the provision for bad debts and depreciation were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Reading the minutes of meetings of those charged with governance; and
- Enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Other matters which we are required to address

We were appointed by the board to audit the accounts for the year ended 31 December 2013. Our total uninterrupted period of engagement is eight years, covering the years ended 31 December 2013 to 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the CBI and we remain independent of the CBI in conducting our audit. In addition to the audit, we have provided tax compliance services and reviewed the operation of key payroll controls.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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



27 May 2021

Buzzacott LLP
Statutory Auditors
130 Wood Street
London
EC2V 6DL

CBI accounts for 2020

Income Statement - For the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Income			
Members' subscriptions	1(d) & 2	21,657	21,952
Rents and licence fees		122	142
Commercial activities		1,782	3,176
Interest on short-term deposits		23	56
Other income		107	141
Total		23,691	25,467
Expenditure			
Payroll	4	14,287	13,800
Pension costs	4	1,007	925
Travel and subsistence		150	722
Other staff costs		453	924
Office expenses		1,014	1,200
Premises costs		3,003	3,034
Subscriptions to other organisations		1,179	1,209
Commercial activities		924	1,455
Legal and professional costs		376	356
Promotional activities and surveys		498	310
Functions and entertaining		53	273
Depreciation	1(e) & 8	511	518
Finance charges	6	113	72
Past pension service cost	14	22	0
Miscellaneous expenses		30	9
Total		23,620	24,807
Operating result before tax	3	71	660
Taxation charge	7	(44)	134
Retained surplus for the year		115	526
Statement of Comprehensive Income for the year ended 31 December 2020			
		2020 £000	2019 £000
Retained surplus for the year		115	526
Actuarial loss recognised in the pension scheme	14	(3,474)	(1,139)
Current tax benefit arising on Employer contributions to the DB pension scheme	7	91	103
Deferred tax cost arising on Employer contributions to the DB pension scheme		(114)	-
Deferred tax benefit arising on actuarial loss		683	195
Total recognised loss for the year		(2,850)	(408)

All amounts relate to continuing activities.

Statement of Financial Position - At 31 December 2020

	Notes	£000	2020 £000	£000	2019 £000
Fixed assets					
Tangible fixed assets	8		2,145		2,328
Current assets					
Debtors and prepayments	9	10,068		10,791	
Short-term deposits		2,097		3,095	
Cash at bank		6,972		5,188	
		19,137		19,074	
Less current liabilities					
Amounts falling due within one year					
Creditors, accruals and deferred income	10	(21,933)		(21,690)	
Net current liabilities			(2,796)		(2,616)
Total assets less current liabilities			(651)		(288)
Deferred tax asset	12		374		284
Net liabilities excluding pension asset			(277)		(4)
Pension asset net of deferred tax	14		3,690		6,267
Net asset including pension asset			3,413		6,263
Represented by					
Accumulated surplus			3,413		6,263
Accumulated surplus					
			2020 £000		2019 £000
Opening surplus			6,263		6,671
Total recognised losses for the year			(2,850)		408
Closing surplus			3,413		6,263

These accounts were approved and authorised for issue by the CBI Board on 25 May 2021 and were signed by:



Tony Danker
Director-General



Neil Tomkins
**Director of Finance and
Corporate Services**

Statement of Cash Flow - For the year ended 31 December 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Operating Result before taxation	71	660
Adjusted for:		
Depreciation	511	518
Past pension service cost	22	-
Finance charges	113	72
Decrease in debtors	743	327
Increase/(Decrease) in creditors	376	(392)
Decrease in deferred income	(108)	(279)
Contributions to pension plan	(600)	(550)
Interest receivable	(23)	(56)
Net cash from operating activities	1,105	300
Cash flows from investing activities		
Interest received	22	34
Purchase of tangible fixed assets	(328)	(373)
Net cash used in investing activities	(306)	(339)
Cash flows from financing activities		
Interest and other charges paid	(13)	(65)
Net cash used in financing activities	(13)	(65)
Change in cash and cash equivalents	(786)	104
Cash and cash equivalents at 1st January	8,283	8,387
Cash and cash equivalents at 31st December	9,069	8,283
Analysis of cash and cash equivalents		
	2020 £000	2019 £000
Cash at bank	6,972	5,188
Short-term deposits	2,097	3,095
Total cash and cash equivalents	9,069	8,283

Notes to the accounts

1. Accounting policies

(a) Basis of preparation

The Confederation of British Industry was set up by royal charter, registered number RC000139 (England and Wales)

These accounts have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (‘FRS 102’). The accounts have been prepared on the historical cost basis.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the CBI’s accounts.

The accounts have been prepared under FRS 102 and presented in sterling and rounded to the nearest £’000.

The CBI’s registered office is Cannon Place, 78 Cannon Street, London, EC4N 6HN.

(b) Going concern

The accounts have been drawn up on a going concern basis. Management has developed medium-term financial projections and future cash flows on the basis of the current business model and after consideration of the risks and uncertainties noted on page 64. The key assumptions relate to the retention and recruitment of members, the agreed pension funding requirements and the ability of the CBI to continue to manage costs tightly, at the same time as investing to grow the business. Management has applied sensitivities to these variables for the period to the end of July 2022, and concluded that it is reasonable to expect that the CBI will have sufficient resources to operate until at least this date.

The majority of the CBI’s income is raised by Membership Subscriptions. If the CBI considered that there may be a serious prospect that it could not raise sufficient funds to carry out our core functions, there are contingency plans in place to cover such a shortfall. In addition, the cash reserves of £9.1m provide a buffer against volatility which the CBI will look to increase over time.

(c) Critical accounting estimates and areas of judgement

Preparation of the accounts requires the management of the CBI to make significant judgements and estimates. The items in the accounts where these judgements and estimates have been made include:

- Estimating the useful economic life of tangible fixed assets.
- Valuation of the pension scheme and assumptions used in the valuation.
- Estimating the bad debt provision for outstanding membership subscriptions.
- Estimating the future income and expenditure when assessing the going concern of the CBI.

(d) Members' subscriptions and commercial income

Membership subscriptions are invoiced two months before the start of the subscription period. Income from members' subscriptions is recognised at the start date of the subscription period, with any income relating to future years being deferred to the relevant year. The bad debt provision for outstanding membership subscription at the year end has been calculated using historic data of resignations from the three previous years and then adjusting for specific items. The CBI has also estimated the resignation value of subscriptions invoiced but unpaid at the year end relating to next year based on the resignation value from previous years.

Commercial income is recognised in the month when the commercial activity takes place. Income received for events in the future is deferred until the event occurs.

(e) Capitalisation & depreciation

The CBI capitalises assets with a value of £1,000 or more. Depreciation is provided on assets on the basis of their cost and from the date they are brought into use on a straight line basis over their estimated useful lives, generally as follows:

Office furniture and equipment	-	10%-33% per annum
Computer hardware and software	-	25%-33% per annum
Website costs	-	33% per annum
Motor vehicles	-	25% per annum
Plant and machinery	-	5%-10% per annum
Leasehold improvements	-	Over the term of the lease or the estimated life of the asset if shorter

(f) Leases

Regular annual rental charges and income under operating leases are charged or credited to the income and expenditure account when the amounts are incurred.

(g) Taxation

The charge for taxation is based on the profit before tax and takes into account deferred tax.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required under FRS102.

(h) Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the year end. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or the rate agreed where a forward contract was used. Exchange differences are taken into account in arriving at the retained surplus for the year.

(i) Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material. The CBI's bad debt provisions are based on historic data from previous years and the current information available.

(j) Expenditure

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

(k) Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than a month from the date of acquisition. Deposits for more than a month but less than one year have been disclosed as short term deposits.

(l) Creditors and provisions

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

(m) Financial instruments

The majority of the CBI's financial assets and financial liabilities are of a kind that qualify as basic financial instruments. The CBI also enter into a number of forward contracts to mitigate exchange rate movements on payments in foreign currencies. Any forward contracts outstanding at the year end are revalued at the year end exchange rate, with the gain or loss recognised in the income statement. Other than the forward contracts all other transactions are initially recognised as the transaction value and subsequently measured at their settlement value.

(n) Pensions

The CBI currently provides a group pension plan and other personal pension plans to staff and makes regular payments into the schemes. All the schemes are defined contribution plans. The amounts paid by the CBI are charged to pension costs in the year.

The CBI previously operated a pension plan providing benefits based on final pensionable pay. This scheme was closed to all staff on 31st March 2012. The assets of the plan are managed by third-party investment managers and are held separately in trust. Independent professionally qualified actuaries undertake regular valuations of the plan. These inform the level of contributions paid by the CBI to fund the benefits set out in the rules of the plan.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using an attained age method and are discounted at the current rate of return of a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit or surplus (to the extent it is recoverable) is recognised in full. The movement in the scheme deficit/surplus is split between operating charges, and finance items in the statement of comprehensive income.

2. Members subscriptions

	2020 £000	2019 £000
Subscriptions	21,735	22,008
Provision for bad debts	(78)	(56)
	21,657	21,952

3. Operating result

	2020 £000	2019 £000
Operating result before taxation is stated after charging:		
Auditor's remuneration:		
Audit	35	34
Other services - tax and related advice	13	9
Rentals payable under operating leases:		
Land and buildings	1,595	1,600
Motor vehicles and equipment	56	55
Depreciation	511	518
and after crediting:		
Rentals receivable under operating leases:		
Land and buildings	122	142

The CBI contributed £4k (2019: £0k) to charities in lieu of sending corporate Christmas cards.

The CBI makes no political contributions.

4. Staff costs

	2020 No.	2019 No.
The average number of staff employed by the CBI during the year was:	235	238

	£000	£000
Their aggregate payroll costs were:		
Salaries	12,910	12,364
Social security costs	1,377	1,436
	14,287	13,800
Pension costs	1,007	925
	15,294	14,725

5. Remuneration of directors and key management personnel

The key management personnel of the CBI in charge of directing, controlling, running and operating the CBI on a day to day basis are the directors.

Of the staff included within staff costs in note 4, 23 were called directors in 2020, (2019: 19). Their total emoluments, including the estimated money value of non cash benefits, were £2,533k (2019: £2,427k). Of this £29k related to severance costs (2019: £75k). All but 3 (2019: 1) of the directors are members of one of the CBI's pension plans. The CBI cost of the plans for these directors was £88k (2019: £72k).

The emoluments of the executive members of the CBI Board were:

	2020 £000	2019 £000
Carolyn Fairbairn - Director-General	326	368
Tony Danker - Director General	57	-
Neil Tomkins - Finance Director	164	160
	547	528

Payments of £74k (2019: £72k) were made for money purchase pension schemes for the Director-General's benefit.

6. Finance charges

	2020 £000	2019 £000
Bank charges and foreign exchange differences	13	65
Defined benefits scheme admin expenses	100	7
	113	72

7. Taxation

(i) Analysis of taxation for the year:

	2020 £000	2019 £000
<i>Income statement</i>		
<i>Current tax</i>		
UK corporation tax on operating result	(6)	101
Adjustment in respect of earlier years	(74)	(1)
	80	100
<i>Deferred tax</i>		
Accelerated capital allowances	36	174
Adjustment in respect of earlier years	-	(140)
Taxation charge on operating result	44	134

(ii) Factors affecting the current tax charge for the year:

The tax assessed for the year differs from that at the standard rate of corporation tax of 19% (2019: 19%).

The differences are explained below:

Income statement

Operating result before tax	71	660
Tax at standard rate of corporation tax	13	125
Expenses not deductible for tax purposes	14	6
Adjustment in respect of prior years	(44)	(1)
Tax charge on operating result for the year (note 7(i))	(17)	130

Statement of comprehensive income

Tax at standard rate of 19% (2019: 19%) on total losses recognised in the statement of comprehensive income	(601)	(214)
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Comprised

Movement in deferred tax asset due to pension scheme surplus	(510)	(111)
Effect of future corporation tax rate reduction to 17% (2016:17%)	-	-
Current taxation credit for the year	(91)	(103)
	(601)	(214)

Tax relief is available on pension plan contributions in excess of the expenditure deductible from the income statement amounting to an additional tax deduction of £600k (2019: £550k). This additional tax relief arises from funding a deficit in the plan and is accounted for in the statement of comprehensive income.

8. Tangible Fixed assets

	Plant & machinery	Office furniture & equipment	Computer hardware & software	Leasehold improvements	Total £000
Cost:					
At 1 January 2020	73	822	2,754	2,575	6,224
Additions	-	3	325	-	328
At 31 December 2020	73	825	3,079	2,575	6,522
Depreciation:					
At 1 January 2020	55	456	2,269	1,116	3,896
Charge for year	10	69	259	173	511
At 31 December 2020	65	525	2,528	1,289	4,407
Net book value:					
At 31 December 2020	8	300	551	1,286	2,145
At 31 December 2019	18	366	485	1,459	2,328

9. Debtors and prepayments

	2020 £000	2019 £000
Trade debtors	8,210	9,264
Corporation tax	20	-
Other debtors	133	128
Forward contracts	346	351
Prepayments and accrued income	1,359	1,048
	10,068	10,791

10. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	272	463
Corporation tax	-	24
Other taxes and social security	2,383	1,811
Forward contracts	337	340
Other creditors and accruals	3,106	3,108
Deferred income	15,835	15,944
Total	21,933	21,690

Other taxes and social security includes employer contributions of £81k (2019: £79k) to the defined contributions plans. Other creditors and accruals includes an accrual for holiday pay of £428k (2019: £186k).

11. Financial Instruments

The carrying amount of the CBI's financial instruments at 31 December 2020 were:

Financial assets	2020 £000	2019 £000
Measured at undiscounted rate receivable	8,455	9,571
Measured at fair value through profit or loss	346	358
Bank and cash	9,069	8,283
Total	17,870	18,212

Financial liabilities	2020 £000	2019 £000
Measured at undiscounted rate receivable	3,351	3,571
Measured at fair value through profit or loss	336	340
Total	3,687	3,911

12. Deferred tax asset

Deferred tax is principally a result of accelerated capital allowances	2020 £000	2019 £000
At 1 January	(284)	(291)
Prior year deferred tax rate adjustment	(30)	-
Credit/(Debit) for the year	(60)	7
At 31 December	(374)	(284)

Deferred tax is calculated at 19% (2019: 17%) being the taxation rate expected to be applicable when the timing differences reverse. The CBI is expecting to make a surplus in the future which will use up the remaining deferred tax asset.

13. Commitments

At 31 December 2020 the CBI had the following future minimum commitments under non-cancellable leases:

	2020		2019	
	Land and buildings £000	Equipment £000	Land and buildings £000	Equipment £000
Within one year	1,517	-	1,521	21
In the second to fifth years inclusive	5,490	59	4,545	59
Over five years	3,842	-	6,179	-
	10,849	59	12,245	80

There were capital commitments of £Nil at 31 December 2020 (2019: £Nil)

14. Pension schemes

The CBI operates a defined benefits pension plan in the UK - the Confederation of British Industry Retirement Benefits Plan ('the Plan'). The Plan was closed to new entrants on 1 May 2009 and to further benefit accruals from 31 March 2012. All staff are offered membership of a group pension plan, to which the CBI contributes, or a contribution to approved personal pension plans, all of which are defined contribution arrangements. The Plan's assets are held in separate trustee administered funds.

Contributions to the Plan are determined by the results of triennial formal actuarial valuations, the last of which was carried out as at 31 December 2017. The results of the valuation as at 31 December 2017 have been rolled forward to 31 December 2020 by a qualified actuary independent of the CBI.

The CBI paid £600k, £337k in deficit reduction and £263k to cover Plan expenses over the year to 31 December 2020.

As the Plan is closed to future accrual, there were no regular contributions in 2020. At 31 December 2020 the pension Plan had an accounting surplus of £3,781k under FRS102. From the 1 January 2019 it was agreed with the trustees that the yearly company contributions would be £600k to cover both deficit reduction and Plan expenses.

Risks

The main risks the Company is exposed to by the Plan are:

- **Mortality risk** - the assumptions adopted by the Company make allowance for future improvements in life expectancy. However, if life expectancies improve at a faster rate than assumed, this would result in greater payments from the Plan and consequently increases in the Plan's liabilities. The Company and the Plan's Trustees review the mortality assumption on a regular basis to minimise the risk of using inappropriate assumptions.
- **Investment risk** - the Plan invests its assets in a portfolio of asset classes. There is residual risk that as the selected portfolio matures, there is the possibility of not being able to reinvest the assets at the assumed rates. The Plan's Trustees review the structure of the portfolio on a regular basis to minimise these risks.
- **Inflation risk** - increases to benefits in the Plan are linked to inflation. If inflation is greater than expected, the liabilities will increase.

Components of benefit cost recognised in Income Statement	2020 £000	2019 £000
Net interest cost on net defined assets	(163)	(236)
Administration Expenses	263	243
Past service cost recognised	22	-
Net benefit cost in income statement	122	7

Amount recognised in OCI

Actuarial losses arising from changes in assumptions	12,991	8,734
Experience gains on liabilities	-	-
Actuarial gains on assets	(9,517)	(7,595)
Loss/(Gain) recognised in OCI	3,474	1,139

Funded Status

The funded status of the Plan at the year end and the related amounts recognised on the statement of financial position are:

	2020 £000	2019 £000
Plan assets	112,628	105,658
Plan liabilities	(108,074)	(98,108)
Pension surplus	4,554	7,550
Related deferred tax liability	(864)	(1,283)
Net pension asset	3,690	6,267

The assumptions used to determine the Plan's defined benefit obligation at end of year are:

		At 31 december 2020	2019
Future inflation assumption	-RPI	3.2%	3.2%
	-CPI	2.5%	2.2%
Future increase in pensions in payment (LPI max 5%, min 3% p.a.)		3.6%	3.6%
Discount rate		1.4%	2.1%

The life expectancies are based on the S1NA light tables, with adjustments to reflect the Plan's membership. Future improvements are based on the CMI projections model with a long-term improvement of 1.25%.

	Male		Female	
Life expectancy at 31 December	2020	2019	2020	2019
From 65 and now 65	22.8	22.7	24.3	24.2
From 65 and now 45	24.1	24	25.9	25.7

The change in Plan liabilities during the year were:

	2020 £000	2019 £000
Plan liabilities at start of year	98,108	89,909
Interest cost	2,007	2,563
Past service costs	22	-
Actuarial losses/(gains) arising from changes in demographic assumptions	365	(1,702)
Actuarial losses arising from changes in financial assumptions	12,626	10,436
Benefits paid	(5,054)	(3,098)
Plan liabilities at end of year	108,074	98,108

The change in Plan assets during the year were:

	2020 £000	2019 £000
Plan assets at start of year	105,658	98,055
Interest income	2,170	2,799
Experience gains/(losses)	9,517	7,595
Employer contributions	600	550
Administration expenses	(263)	(243)
Benefits paid	(5,054)	(3,098)
Plan assets at end of year	112,628	105,658

Following the triennial actuarial valuation as at 31 December 2017, and having moved into a surplus position with respect to the statutory funding objective of Technical Provisions, the CBI and the trustee agreed to reduce the funding of £83k to £50k per month. This funding rate commenced 1 January 2019 with the aim of becoming 100% funded on a Self Sufficiency basis.

The CBI paid contributions to the Plan of £600k in the year (2019: £550k).

The Plan Asset Allocation at the year end was as follows:

	2020 £000	2019 £000
Bonds	71,574	69,940
Property	3,548	3,554
LDI	35,515	29,729
Cash and Other	1,991	2,435
Total	112,628	105,658

Experience adjustments DB Pension Plan	2020 £000	2019 £000
Fair value of asset, end of year	112,628	105,658
Defined benefit obligation, end of year	108,074	98,108
Funded status	4,554	7,550
Experience adjustment on Scheme assets gain	(9,517)	(7,595)

Deferred tax is calculated at 19% (2019:17%) being the taxation rate expected to be applicable when the Plan deficit reverses.

The impact on the assets/(liabilities) of the Plan and the surplus/(deficit) (before consideration of deferred tax) shown in the statement of financial position of changes in the major assumptions is shown below:

	Increase in Liabilities
Decrease discount rate by 0.25%	4,843
Increase rate of inflation by 0.25%	2,562
Life expectancies increase by 1 year	5,562
RPI +0.25%	1,679
CPI +0.25%	867



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