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Annual Report and Accounts 2021



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Foreword CBI President

CBI President, Lord Karan Bilimoria

As many of you know I became CBI President during the pandemic in 2020, and it has been my privilege to work with you over the past two years to protect the economy, businesses and people's lives and livelihoods in these historic, challenging times. Throughout, we have worked closely with Government, identifying problems and challenges, and putting forward solutions and actions.

Protecting lives and livelihoods

This included from August 2020 onwards, the CBI pressing Government to roll out free mass lateral flow testing to every workplace and citizen in the country as part of the long-term strategy for dealing with COVID. We also called for the use of antiviral treatments to reduce the risk of hospitalisation and death.

And in April and May 2021, when there was the tragic surge in Covid cases in India, we coordinated – alongside the Indian High Commission in London, the British Asian Trust and other partners – business support for the humanitarian response. The generosity and willingness of UK firms to help was immediate and substantial, with businesses donating critical supplies from oxygen concentrators and cylinders to medicines, alongside other essential supplies and expertise.

CBI business leadership

To build on the lessons from the pandemic, we launched the CBI Health Council, bringing together leading businesses across the health sector. We also used our convening power in our CEO and Vice Chancellor Roundtable, to bring together universities and businesses in the vital campaign to use economic clusters to level-up our regions and nations.

And we led from the front on levelling-up, turning theory into practice with our first-ever pan-UK CBI Annual Conference, spanning six live locations across the country.

Leadership on the world stage

In 2021 we had the opportunity to lead on the world stage too, as the UK hosted the G7 and COP26. The CBI seized this chance to showcase the expertise of UK business as well as their commitment to building a fairer, more prosperous and sustainable future.

Ahead of June's G7 summit, the CBI hosted the B7 conference, drawing on the insights of our members to help shape the B7's recommendations to world leaders. Chairing the conference as CBI President, I was honoured to welcome over 200 CEOs from around the world, and again to represent the CBI and UK business at the B20 Summit in Italy – pushing for an equitable and sustainable recovery.

But there was, perhaps, no greater example of businesses' power to be a force for change than at COP26 in Glasgow in November 2021. Here, the focus and ambition of business to lead on net zero was evident everywhere. During the summit, it was incredible to see the scale of UK enterprise and ingenuity, and I was privileged to be personally present for one and a half of the two weeks, taking part in over 40 speeches and engagements.

In addition, the CBI also worked hard to ensure business insight informed the UK's trade negotiations following our exit from the EU. This included supporting the roll-over of the 66 EU bilateral trade agreements as well as the UK's new Free Trade Agreements such as with Australia and New Zealand, which together are estimated to be worth over £3bn to the UK economy. We also launched the first UK-Swiss Trade and Industry Council, which I jointly co-chaired. And we continue to promote the voice of business through our launch of the UK-India Industry Taskforce to stimulate economic growth between our two nations including in the ongoing India-UK FTA negotiations.

Looking to the future

In my final months as CBI President, we've been focused on helping businesses deal with the pressures of rising costs, the global energy crunch, supply chain challenges, labour shortages and the far-reaching impacts of the tragic conflict in Ukraine.

The CBI has been helping firms understand how to comply with sanctions and the government understand the complexities for business. And we're now seeing every firm in the country backing and complying with the sanctions – and many firms also ceasing to do business with Russia.

Most vitally, we've been working with Ukraine's Ambassador to the UK to harness and target business support to assist humanitarian efforts. In addition to supplying 3 million ration packs, medicines, medical products, fuel, power generators and other essential assistance, the CBI led and coordinated sending 540,000 food boxes, each enough to feed a person for a week. The support of CBI members has been unparalleled: many thanks to all of you who unhesitatingly helped. This exemplifies business as a force for good.

And one of my proudest achievements as CBI President will always be our work together to establish Change the Race Ratio. Launched in 2020, the campaign now has over 100 signatories, comprising leading UK firms, businesses and institutions, committed to increase ethnic and racial diversity at all levels of their business. If you haven't already, I urge you to sign up.

A strong voice for business

For this and so much, I want to thank our wonderful CBI team and our members for your passion and dedication to make this and so many other projects a success. My great thanks also go to the CBI Board and the President's and Chairs' Committees. I'm also incredibly grateful to Tony Danker – who, in his first one and a half years as Director General – has brought such energy and drive to the CBI.

Finally, I want to welcome our new Vice President, Brian McBride. As an experienced business leader, I know his skills and expertise will help the CBI and its members achieve even more in the years to come. And I wish him all the very best. Thank you.

Karan

Lord Karan Bilimoria CBE, DL
President, CBI



Foreword CBI Director-General

CBI Director-General, Tony Danker

For many UK businesses, 2021 was a tale of two halves. One shaped by challenge and uncertainty, but also a fierce determination to get back to growth.

At the start of the year, amid another COVID surge, the firms who could built on the lessons of previous national lockdowns to remain open and operate safely. For those who couldn't, the priority was to innovate to survive for when their business could restart.

Helping businesses to survive and thrive

Working with our members, the CBI pushed hard to secure funding for workplace testing in England and improved UK-wide guidance. We also called for emergency support to help those businesses most affected, such as guaranteeing 100% Business Rate relief in Scotland.

Through our campaigning, we argued successfully for the Spring Budget to provide a financial lifeline to firms. Amongst other vital measures, this included extending the Coronavirus Job Retention Scheme, launching the Recovery Loan Scheme, and further business rates and VAT relief alongside additional grant support for hard-hit sectors.

Crucially, the Chancellor answered our call to kick-start business investment, creating the new super-deduction.

Drawing on the CBI's A New Settlement for Learning to Live with the Virus, the Government adopted a more balanced approach to managing the virus by prioritising mass testing over mass self-isolation, through the UK's Covid-19 roadmap.

And these successes reflected our efforts throughout the year to renew the CBI's relationship with the UK government, and government's relationship with business.

At the same time, businesses were having to adapt to the UK's new trading regime with the EU. Putting their New Year's plans on hold indefinitely, our expert teams in London and Brussels worked round the clock to help guide and support firms across all four nations of the UK through the day-to-day realities and demands of this changing partnership.

Transforming the UK economy

Yet, despite all the setbacks, every business I spoke to remained ambitious and hungry for growth.

It was that energy and insight that we used to power and inform **Seize the Moment** - a ten-year economic strategy for the UK, led and delivered by business in partnership with our nations' governments.

Seize the Moment argues that in response to the once-in-a-generation coalescing shocks of Brexit, COVID and Climate Change, the UK must and can build the most competitive, dynamic and future-focused economy in the world.

Rising to the challenge of historic times

Business-as-usual won't cut it. Not for the UK economy. Not for the future success of our people. And not for the CBI. Such is the intensity of the headwinds that we're now facing alongside the scale of the growth prizes within the UK's reach, it's no longer enough for us to solely advocate for change. The CBI - to truly speak for business, and to truly act for business - must be an agent for change too.

This focus on galvanising business action was front and centre of the CBI's presence at the B7 and B20, COP26 and our 2021 Annual Conference.

In Glasgow, an 800-strong audience of business leaders, politicians, and campaigners attended our COP Gala Dinner to hear U.S. Special Presidential Envoy for Climate, John Kerry and UK Secretary of State for Business, Energy and Industrial Strategy, Kwasi Kwarteng speak, alongside messages from the Prime Minister of New Zealand, Jacinda Ardern and Chancellor of the Exchequer, Rishi Sunak. Their attendance reinforcing that business can't get to net zero without government, and government can't get to net zero without business.

While just days later, for the first time ever, we travelled from Tyneside to Belfast, Birmingham to Yeovil, and Swansea to Woking to host the CBI's three-day Annual Conference. Throughout our message was clear: nowhere and no-one should be left behind in the UK's quest for economic growth. And the CBI is backing its aspirations with action, through our Thriving Regions work and two demonstrator projects in high-potential cluster regions.

CBI performance

So, it's been another incredibly busy year. None of that would be possible, of course, without a stable financial foundation. The CBI's total income in 2021 was £25.0m, up by £1.3m (5.7%) on the previous year and expenditure was at £24.4million. The healthy year-on-year increase in income resulted in an improved Operating Result before tax of £0.7m.

What's next?

Let me end with huge thanks to our outgoing President, Lord Bilimoria. Karan's energy, efforts and commitment to the job have been incredible and his work's had a huge impact for members.

At the same time, I want to welcome our new Vice-President, Brian McBride, who I look forward to working with over the next two years, to ensure the CBI can rise to seize the moment, as history is made around us.

In this, our people and our members continue to be our greatest strength. So, thank you for your expertise and support too. It makes everything we do possible. And I look forward to achieving even more with you in 2022.



Tony Danker

Director General, CBI



About the CBI

Who we are

There's no organisation quite like the CBI. We represent 190,000 UK businesses, employing nearly 7 million people – that's about a third of the private sector workforce. Our members come from all kinds of businesses, from startups to FTSE 100s, in every sector and in every region. This gives us deep understanding of the specific issues in your sector, while also being able to see where that fits into the wider economy. This scale, and our ability to see the big picture helps members achieve more than they could on their own, or solely working with a specialist trade association. And it also means that when we talk, government listens. Senior politicians and government stakeholders rely on the CBI to be a united voice, convening views from across sectors as the engine room of UK business.

What we do and why we do it

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 innovation 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.

Why members join us

Shape change

We actively shape the future economy in a way that works for UK business – and so do our members. That means proactively speaking to government about issues and opportunities, ensuring firms of all kinds get to use their voice. We spot what's coming down the track and make sure it's given a business steer. We make sure business has a seat at the table, we roll up our sleeves and we get things done. And we offer members the insight and intelligence to know what this means for them.

Lead change

We don't just shape the change that's already coming: we drive tangible change that UK business is asking for. Our vision for the economy shows that there are many prizes to be won from a greener, more innovative, regionally thriving UK. Economic prizes that boost prosperity. Social prizes that make the UK a better place to live and work for every part of society. Prizes that push the UK into the spotlight on the world stage and make our little island impossible to ignore. But to get there we all need to drive that change. UK business needs to be that change.

Embrace change

The scale and pace of change can be terrifying. But when you know what's coming, you know how it impacts you – whether good or bad – and you know what to do about it, the change is declared. We embrace change and help businesses to do the same. We share our insight, intelligence and thought leadership from firms that are already charging ahead. We equip our members with the tools they need to look forward to tomorrow, no matter what it holds.



CBI impact in 2021

The CBI in action throughout 2021



Over
950
political
engagements

from across the political spectrum. **10%** more than in 2020



406
in-person and
digital events

with 505 unique speakers and overall business attendance of **23,300**



3,862

individual meetings with businesses on the issues that matter to them



Over
600
attendees

at the CBI's COP26 gala dinner – the biggest business audience at COP26 – where firms heard from:

- **Secretary John Kerry**,
US Special Presidential Envoy for Climate
- **Kwasi Kwarteng MP**,
Business Secretary
- **Rishi Sunak MP**,
Chancellor
- **Jacinda Ardern**,
Prime Minister of New Zealand

700

business
members



1,000+

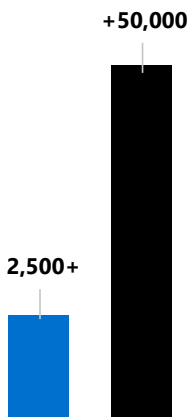
senior business leaders

112 Council and Committee governance meetings, with over **1,000 senior business leaders** from **700 business members** each quarter



This year the CBI has had
12.8m
twitter impressions

(an increase of 7% on 2020), and 41k unique visitors to the CBI's LinkedIn account



More than
50,000+
articles and mentions

in the media, which includes **2,500+** broadcast mentions and interviews



Over
20,000
registrations

for 56 CBI@10 webinars, giving firms critical insight and guidance from high-profile speakers

A year for bifocal lenses – supporting firms in the immediate term, while mapping out an ambitious growth plan ahead

After a torrid 2020, with the Covid pandemic causing huge suffering and disruption for people and businesses alike, the rapid rollout of the vaccine programme – and the prospect of the easing of restrictions in the first few months of the year – offered grounds for hope and optimism.

However, as firms continued to adapt to the twin-track adjustments of the UK-EU trading relationship and the fallout from Covid, the immediate priority for the CBI was to ensure that support from government remained commensurate with the reality firms were facing on the ground.

At the same time, and with a new Director General firmly in place, the CBI felt we had an opportunity. That the challenges of bouncing back from Covid, the UK's new relationship with the EU, the ever-quickening speed of technological progress and the climate imperative, were testing and transforming lives and businesses.

To put businesses at the forefront of this opportunity the CBI, whilst continuing to support firms in the immediate term, put the building blocks in place for a bold and ambitious economic strategy for the UK – Seize the Moment.

CBI supporting firms through short-term challenges in 2021

Influencing the government's approach to Covid

- Covid's changing nature caused uncertainty for firms and a need for clarity from government on the ability to keep the economy open. Despite the full reopening of the economy in the Summer, the 'pingdemic' caused mass self-isolation and exacerbated labour shortages.
- To help shape government policy and support business, the CBI produced a new settlement for living with the virus, engaging with key departments, and offering member insight and briefings to the Global Travel Taskforce (GTT) review.
- These consistent efforts led to a change in government policy and eased the impact of the 'pingdemic' on businesses by recommending mass testing to ease mass self-isolation.
- The GTT review also led to international travel restrictions changes, with the government favouring a two-tier system, as called for by the CBI.

Easing business into the new trading relationship between the UK-EU

- Firms continue to face pressures following the UK's departure from the EU – from changes to product marking to supply chain issues. Northern Ireland (NI) businesses have also faced complexity and the cost of the NI protocol.
- Through continued engagement with both UK and EU governments, reports and public and private interventions, the CBI secured multiple wins for business. These include ensuring the general sales list for medicines moved to NI through GB were included in EU proposals, and extending the UKCA product marking grading period and grace periods for food checks on EU imports to GB.
- The EU Commission also opened discussions on key areas such as medicines, customs and SPS in relation to the NI protocol – important steps towards reducing the compliance burden for businesses trading in and through NI.

Addressing labour and supply chain shortages

- As the economy reopened and restrictions were gradually phased out, businesses faced increasingly widespread labour shortages and significant supply chain disruptions.
- Though shortages of HGV drivers attracted a high profile, businesses from across the UK and every sector faced their own challenges. After the CBI's calls for a stronger response from government and a COBR-type taskforce to lead it, the government established a Cabinet Office Supply Chain Advisory Group in October.
- Tasked with advising the Prime Minister and Chancellor on shortages facing the economy, the CBI's engagement with the group helped to secure government concessions around temporary visas for HGV drivers and poultry workers.



Mapping out an ambitious growth plan – Seize the Moment

In May 2021, the CBI launched our economic strategy for the UK – Seize the Moment. It was the culmination of months of research and hundreds of conversations with CBI members, trade associations, senior figures in government and others.

The CBI's **Seize the Moment report** set out the challenges and opportunities before the UK, and the potential prizes on offer. Together, these prizes total around £700bn worth of opportunities by 2030. Seizing just some of them will make a material difference to lives and livelihoods in all parts of the UK:



The report also sets out how business can achieve these prizes, including how every firm can accelerate their path to net-zero, adopt new technologies, and export more successfully. How business can, at its core, enable millions of employees to gain greater resilience, wellbeing and opportunities at work. And how, by pursuing these prizes, businesses can lead a broader transformation that will not only benefit them, but also local communities and the UK as a whole.

The report details tangible benefits for all business, specific firms and sectors operating across these areas, and for society. For example:

- There could be a £180bn uplift in GVA (Gross Value Added) by 2030, driven by health interventions inside and outside the workplace, if we continue harnessing the care shown by employers for their staff during the pandemic
- SMEs could boost export revenues by an additional £20bn in 2030 if they are properly equipped with the know-how to take advantage of overseas opportunities
- A £150bn uplift to GVA by 2030 could be provided by closing future UK skills gaps
- Greater AI diffusion and SME tech adoption could add £38bn and £45bn respectively to UK GVA in 2030
- New sources of regional prosperity could be secured through the several business clusters likely to emerge by 2030 due to the net-zero transition
- The UK could capture £8bn in additional revenues from higher exports of hydrogen electrolyser production to the EU.

The CBI believes we all have a shared role to play in the UK's future economy, that the onus is on us to make the bold changes we need. However, we won't be able to do this alone. We need all governments – local, devolved and national – across the UK to support us. That's why throughout 2021 we engaged with political stakeholders across all four nations to build a shared agenda for economic transformation in the decade ahead.

How the CBI and our members have Seized the Moment in 2021

To help realise our Seize the Moment Strategy, in 2021 the CBI launched two new initiatives to bring about change and secure opportunities for our members.

To drive and accelerate progress on ethnic and racial diversity, the CBI jointly founded the **'Change the Race Ratio' campaign**, aimed at increasing race and racial participation at senior levels in business. This campaign, led by CBI President Lord Bilimoria, secured over 100 signatories in 2021. Alongside this, to help firms realise their ambition of a healthier nation by 2030, the CBI established a dedicated Health policy team to support businesses in their employee health offer.

Alongside influencing key government strategies on decarbonisation, innovation, and regional investment, the CBI also led the charge for unlocking business investment to drive economic growth. In the 2021 Spring Budget, the government introduced the capital allowances super-deduction, something the CBI had long advocated. This provided additional tax relief for firms who invest, bringing forward the point at which businesses received that relief on qualifying business investments.

At the 2021 Autumn budget, we headed off the risk of a return to spending cuts and further tax hikes. Working with government, we achieved key wins for people, planet and place: improvements to business rates, support for the UK's innovation and net zero ambitions through R&D funding and the expansion of R&D tax credits, and increased momentum in training with new skills bootcamps.





A step closer to net zero by 2050

We had a breakthrough with our “fill in the blanks” rallying cry, upping the pace and detail behind the government’s plans to deliver a net zero economy by 2050. Our blueprint, aligned to the government’s ten-point plan for a Green Industrial Revolution, set out key actions needed to accelerate the energy transition, decarbonise homes and buildings, and shift to greener forms of transport. The government delivered a comprehensive net zero strategy in October, addressing many of our calls to action. We also represented business on the world stage at COP26 in Glasgow, hosting: four business hustling events, eight panel discussions at the New York Times Climate Hub, and the largest business dinner of the two-week conference.



Cementing the UK as an innovation hotspot

As the UK left the European Union, we helped avoid significant disruption to the free flow of data by successfully calling for a data adequacy agreement between the UK and EU. This ensured continuous trade of goods and services. The CBI also helped bolster long-term investment in UK innovation with the government fulfilling many of our asks in their UK AI Strategy and Plans for Digital Regulation. We also saw the Autumn Budget deliver many of our recommendations, including growth in R&D spending to £20bn by 24/25 and £22bn by 26/27, and the expansion of the R&D tax credit.



Establishing the UK as a world leader

As the government negotiated the UK’s departure from the EU, the CBI eased business into the new trading relationship. Through continued engagement with UK and EU governments, the CBI secured multiple wins for the trading of medicines, food checks on EU imports, customs and the Northern Ireland protocol. We also chaired the B7, bringing together the business federations of the G7 nations, championing the role of business in critical issues from international trade and travel to vaccine production. Business is now seen as a crucial partner on the international stage, working with governments worldwide to shape a global economic recovery.



Maximising the potential of our thriving regions and nations

We brought fresh ideas and creativity to regional investment by publishing manifestos for each of the newly elected metro mayors across the UK. Many of the recommendations were subsequently taken forward across the regions. For example, the Tees Valley Mayor has used recommendations on net zero to secure investment in hydrogen and carbon capture. The Autumn Budget also included CBI calls for an extra £1.6bn for the British Business Bank to support regional investment. Across the devolved nations, the Welsh government is now investigating role of business clusters, there is an established fiscal council in Northern Ireland, and Scotland introduced 100% business rates relief to manage the economic impact of the pandemic.



Helping members navigate a changing workforce

The CBI jointly founded the Change the Race Ratio, a business-led campaign aimed at accelerating racial diversity at the top of firms. As employers began to return to the workplace, we also supported firms to navigate the transition to hybrid working by developing a practical guide to provide best-practice case studies on wellbeing, talent and leadership. As the economy reopened and restrictions gradually phased out, businesses faced new challenges from labour shortages and supply chain disruptions. Following CBI engagement with government, the Cabinet Office Supply Chain Advisory Group was established, tasked with advising the Prime Minister and Chancellor to ensure firm-level insights were at the top of government.



Enabling businesses to help create a healthier nation

The pandemic brought to the fore the crucial role business plays in supporting workforce health. As well as establishing a new, dedicated policy unit within the CBI, we launched a new Business Framework for Health strategy. This is designed to guide firms through what good business-led health interventions might look like. The strategy has won backing from key government departments and we will be further developing our health policy and products for members in the coming months and years.

Feedback from our members and political stakeholders

"Being part of the CBI has been a fantastic experience. The CBI has really helped us develop our relationships with various organisations and government in a way that we never had before... We see that the CBI has their finger on the pulse of government."

- Sam Fernando, Sales Director, Keela

"Our membership of the CBI has helped us to better understand customer issues within the sectors in which we operate, and develop well-aligned propositions. We have also benefited from networking and branding opportunities, including meetings with high-level public sector employees, and chances to share our key messages with a wider audience."

- Mark Sweeney, Regional VP, Citrix UK & Ireland

"Advanced values our membership of the CBI and the opportunities it has presented for networking and to better understand the issues facing the customers and markets we serve. Our membership has provided a great platform to position our brand to the UK business audience through the events programme and for Advanced, as a UK Software business, to have our voice heard regarding key policies impacting business."

Gordon Wilson, CEO, Advanced

"Our CBI membership has been hugely beneficial to National Grid. Not only does the CBI host excellent conferences and events which bring together important stakeholders, they also provide a wealth of knowledge and expertise across a whole range of policy topics and issues."

Michelle Hubert, National Grid

"They are friends in the true sense of the word, they are never afraid of telling you where you're going wrong."

Kwasi Kwarteng MP, Business Secretary, at CBI Gala Dinner COP 26

"Businesses and industries which kept Britain going before the pandemic, have done throughout, and will continue to do so."

Rachel Reeves MP, Shadow Chancellor, at 2021 Labour Party Conference



CBI people, stakeholders and diversity

The culture and behaviours that underpin the CBI

Throughout 2021 we continued to strive to make the CBI a great place to work, particularly focusing on creating an organisational structure which helps deliver our strategy whilst recruiting new talent into the business and supporting internal progression. We also launched a new performance development review approach which enables honest conversations about performance and career development and a focus on outcomes. Our staff were supported to work remotely and manage their wellbeing throughout the pandemic, and we developed and implemented a successful approach to hybrid working throughout the year.

We continue to work together to create a dynamic and rewarding CBI by ensuring:

- All staff are enabled to develop and lead
- There is a culture of agility and innovation
- We build superb insight capabilities
- We build a strong delivery and a performance mindset

In 2021, as part of our new internal strategy, we also created a People and Culture Board with a remit to oversee the planning and delivery of people and culture priorities across the CBI, including on areas like diversity and inclusion. This new Board made up of CBI employees from across the business should ultimately shape and support the creation of 'a more dynamic CBI'.

The year in numbers for our people

- In 2021 we had **48 new starters** join us, of which **28% identified as Black, Asian, and Minority Ethnic** and **55%** women (based on those who disclosed).
- Voluntary turnover was **20%**, up **6%** from **14%** in 2020, but remaining within our target window.
- **52% of employees received progression**, either through in-role pay progression, promotion or recruitment into a new role in 2021.
- The number of CBI employees in Fixed/Permanent Positions at the end of December 2021 was **234**.
- In the CBI staff satisfaction survey at the end of 2021, **94%** of staff said they were enthusiastic about our new strategy and what the future holds for the CBI.
- In a CBI staff survey **97%** felt positively informed about the CBI's internal approach to working during the pandemic and **90%** felt happy with the level of support and communication from their manager.

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.

- LGBT+ Allies network
- Race and Ethnicity Equality network
- Working Families' network
- Women's network
- Health, Neurodiversity and Disability network

The networks help raise organisational awareness of barriers to inclusion experienced by particular groups of staff and provide peer to peer support. Each network is sponsored by a member of our Executive committee and has a budget to support their work.



A diverse and inclusive organisation

The CBI aims to be a diverse and inclusive organisation, attracting, developing, and retaining talent which reflects the diversity of our members and the communities we serve. For us, an active commitment to diversity and inclusion is essential to our on-going success.

We recognise that as a membership body we have a unique opportunity to support and showcase our members work on diversity and inclusion and ensure that their collective voice can influence the Government's legislative and policy proposals for more inclusive workplaces. As a founder member of the Change the Race Ratio campaign the CBI is helping signatories improve the ethnic diversity of their boards and talent pipelines. Gender targets are in place for CBI Councils and Committees and there is ongoing work to broaden the diversity of CBI event panels and presenters, and audiences, going beyond just gender and race.

As an organisation we want to learn from best practice and be a recognised leader in advancing diversity and inclusion. We know that systemic change takes time, but we believe we are making real progress on achieving our ambition to be a truly inclusive organisation.

We are becoming a more diverse organisation

As of December 2021, we employed 234 people, of whom 59% identified as female, 21% were from a minority ethnic background, 6% identified as LGBT and 4% shared that they had a disability.¹

We know that we need to do more to attract ethnic minority talent, particularly into senior roles and to provide a measure of progress we adopted the following targets in 2020:

- 15% Black, Asian and Minority Ethnic (BAME) representation in senior management roles by 2023
- 25% BAME representation in other management roles by 2023

In 2020 we also committed to gender diverse shortlisting panels for all management roles.

Since adopting these targets we have taken action to help us make progress. For example, in March we launched a one-year pilot sponsorship programme specifically for Black, Asian, and Minority Ethnic (BAME) staff with sponsees being paired with sponsors from our Executive Committee.

¹ Figures are based on numbers of staff who have shared their personal data

We want to ensure gender and ethnicity pay equity

We have voluntarily produced, and published gender and ethnicity pay gap reports since 2018 and our Executive Committee continue to track this data monthly. As an organisation of less than 250 staff we are not legally required to publish gender pay gap data but we believe that by doing so we demonstrate a willingness to hold ourselves accountable and be transparent about the progress we are making. We are mindful that as a small organisation, one change in headcount can have an impact on our gap and that there will be fluctuations over the year. It is therefore important to look for long term change.

- **As of 31st December 2021**, the CBI gender pay gap was 22.3% compared to 18.7% in 2020. The increase is largely due to one woman leaving our senior cohort of staff and the fact that there continues to be an over representation of women in junior roles compared to men.
- **As of 31st December 2021**, the CBI ethnicity pay gap was 28.1% compared to 25.1% in 2020. We know that the lower representation of BAME employees in senior management is a significant contributor to this gap and we are working to address this.

We have ongoing actions to address our gender and ethnicity pay gaps the details of which can be found in our [published reports](#). The actions are reviewed regularly to ensure they remain focused, appropriate, and achievable.





We want to ensure the wellbeing of our staff

We prioritise the mental health and wellbeing of our staff and provide a range of support. For example, we offer:

- An Employee Assistance Programme for staff and families and private medical insurance for staff.
- A network of trained Mental Health First Aiders for initial support and signposting to sources of support
- A range of policies covering issues that can impact on employee wellbeing (including flexible working, carers, anti-harassment and bullying, domestic abuse, the menopause)
- Regular pulse surveys to better understand the well-being of our staff.
- Support for managers to develop mental health action plans for their teams and hold conversations on wellbeing with individuals.
- A wellbeing online hub with resources and tools, including access to the Healthy Minds app.

In addition, this year we have placed an increased focus on financial wellbeing with employee education and access to benefits.

Embracing a year of hybrid working

During 2021 we have continued to monitor the impact of hybrid working on the organisation, recognising the need to balance the needs of the individual with those of the business, and also acknowledging that hybrid working is an issue that needs to be considered within the context of equity, inclusion, and wellbeing.

We have sought feedback on our approach from our staff through regular pulse surveys and engagement with our staff networks and staff forum. In December we commissioned an independent evaluation of the hybrid working trial and have used the findings to inform our revised approach for the next 'test and learn' phase of how we work in a hybrid way.

We recognise that the provision of hybrid working has a direct bearing on how the CBI moves forward on its commitment to be an inclusive organisation where individuals feel empowered and trusted and where difference is recognised and valued.

Supplier relations in 2021

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 2021 the CBI had 16 days' purchases outstanding (2020: 12 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**.



Corporate social responsibility, sustainability and compliance

CBI's corporate social responsibility

Representing UK business goes beyond just speaking to government: we also do what great businesses do – support people and communities. In 2021, we worked with the Greggs Breakfast Clubs in Scotland, the North East and Yorkshire and the Humber, funding clubs that provide 58,500 breakfasts to children. In 2021, the CBI updated its staff volunteering policy to allow CBI staff five volunteering days to help with the vaccine roll-out effort, volunteering in vaccinations centres and clinics or supporting local charities supporting the efforts against Covid.

Accreditations and partnerships

As of December 2021, we have achieved accreditation with the Good Business Charter, FSQS, are founding members of Change the Race Ratio, and signed up to the Valuable 500, 10,000 Black Interns, the Business Disability Forum and the Menopause Workplace Pledge.

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

FSQS (Financial Services Qualification System): The CBI is fully accredited by the FSQS, a community of financial institutions including banks, building societies, insurance companies and investment services, collaborating to agree a single standard for managing the increasing complexity of third and fourth-party information needed to demonstrate compliance to regulators, policies and governance controls

Change the Race Ratio: The CBI is a founding member of 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 includes:

- 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.

The Business Disability Forum: The CBI joined the Business Disability Forum in December 2021. The BDF is a not for profit membership organisation which exists to transform the life chances of disabled people, working through and with business to create a disability-smart world. They do this by bringing business leaders, disabled people, and Government together to understand what needs to change to improve the life opportunities and experiences of disabled people in employment, economic growth, and society more widely.



Valuable 500: The Valuable 500 is a global business collective made up of CEOs and their companies innovating together for disability inclusion. They are now beginning to work together as a collective, to drive system change. The Valuable 500's mission is to use the power of business to drive lasting change for the 1.3 billion people around the world, living with a disability.

10,000 Black Interns: In 2021 the CBI partnered with 10,000 Black Interns which seeks to offer 2,000 internships each year for five consecutive years. They have partnered up with firms from 24 different sectors, delivering internships across a range of internal business functions. Each internship offered presents the opportunity to change a life. Each interview offered provides invaluable experience and each training session can genuinely change an individual's trajectory.

Menopause Workplace Pledge: In October 2021, the CBI signed up to the Wellbeing of Women, Menopause Workplace Pledge. In signing the Menopause Workplace Pledge, the CBI has committed to recognising that the menopause can be an issue in the workplace and women need support. Talking openly, positively and respectfully about the menopause. Actively supporting and informing your employees affected by the menopause.



CBI's approach to regulation and compliance

Scotland Lobbying Act

In 2021, in compliance with the Lobbying (Scotland) Act 2016, the CBI registered 14 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 2021 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](#) which is reviewed by the CBI Audit Committee.

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 2021 the average 'gift' to CBI staff was around £105 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 in the meeting papers on the CBI's approach to Competition Law. In 2021 the CBI developed e-learning modules for CBI staff on UK Competition law which will be rolled out to the business in 2022.

Approach to sustainability, environment and recycling

The main environmental impact that the CBI can have is by its external influence on the actions of government and members. The footprint of the CBI's own activities is relatively small but nevertheless it has continued to seek to reduce the footprint where both possible and economically viable.

2021 was a year when work continued to be mostly remote so emissions remained below historic (pre-pandemic) levels. This was despite expanding the data sources for Scope 3 emissions in 2020 to include categories for home working and for commuting. Overall, the total emissions decreased by 5% compared to 2020, from 297 to 283 tonnes of CO₂e, due principally to reductions in Scope 3 emissions. In 2021 the CBI internal Sustainability Working Group adopted a CO₂e science-based target for the organisation. This is to reduce emissions by 50% by 2030 based on the last year of pre-pandemic activity, 2019.

Global GHG emissions data for Reporting Year 1st January 2021 – 31st December 2021

Emissions from:	Tonnes of CO ₂ e
Combustion of fuel & operation of facilities (Scope 1)	19.0
Electricity, heat, steam and cooling purchased for own use (Scope 2)	112.6
T&D losses from electricity and water cooling (Scope 3)	8.7
Business travel including flights, hotel stays and rail (Scope 3)	11.1
Commuting (Scope 3)	8.5
Homeworking (Scope 3)	109.1
Events (Scope 3)	13.6
Total	282.6
Intensity metric: tonnes CO₂e / FTE	1.19

Year on Year Comparison	Tonnes of CO ₂ e		Percentage change (%)
	2020	2021	
Emissions from:			
Scope 1	24	19	-21%
Scope 2	103	113	10%
Scope 3	170	151	-11%
Total	297	283	-5%
Intensity metric: tonnes CO₂e / FTE	1.26	1.19	-5%



Methodology

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our consolidated financial statement. We do not have responsibility for any emission sources that are not included in our consolidated statement. In addition to the required emission sources our 2021 data includes travel emissions associated with air travel, rail travel and hotel night stays, as well as emissions associated with electricity transmission and distribution losses. Included additionally are emissions estimates for commuting, homeworking, and events.

The method we have used to calculate GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the location-based scope 2 calculation method, together with the latest emission factors from recognised public sources including, but not limited to the UK Department for Business, Energy and Industrial Strategy (BEIS) and the Intergovernmental panel on Climate Change (IPCC).

CBI's Corporate Governance

Key CBI office holders as of May 2022

CBI President



Lord Karan Bilimoria CBE DL, President

Elected President by CBI members at the CBI Annual General meeting on 08 June 2021

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

CBI Vice President



Brian McBride, Vice President

Will stand for election as CBI President at the Annual General Meeting on 28 June 2022

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

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/cbi-board/lord-karan-bilimoria-cbe-dl/>

CBI Board



Vice Chair: Brian McBride, Vice President

First attended Board, 17 March 2022

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

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, Chief Financial and Operations Officer**

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/>**Clare Barclay, Chief Executive Officer, Microsoft UK**

First attended CBI Board, October 2021

<https://www.cbi.org.uk/about-us/our-people/cbi-board/clare-barclay/>**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/>**Mark Logan, Professor at the University of Glasgow's School of Computing Science, Senior Fellow at Strathclyde University's Innovation Centre and an advisor to the Scottish Government**

First attended CBI Board, June 2022

<https://www.cbi.org.uk/about-us/our-people/cbi-board/mark-logan/>**Dame Vivian Hunt, Senior 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/>



Deborah Fraser

Chief Commercial Officer

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



Matthew Fell

Chief UK Policy Director

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



Neil Tomkins

Chief Financial and Operations Officer

<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/>



Syma Cullasy-Aldridge

Chief Campaigns Director

<https://www.cbi.org.uk/about-us/our-people/leadership-team/syma-cullasy-aldridge/>



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 Remuneration 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 Chief Financial and Operations Officer. 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 2021

- Heidi Mottram stepped down as a Non-Executive Director on the CBI Board and the CBI Audit Committee after her final meeting of the CBI Board on 25 May 2021.
- John Allan stepped down as a Non-Executive Director on the CBI Board and as Vice President of the CBI after his final meeting of the CBI Board on 21 October 2021.
- Clare Barclay was elected to join the CBI Board as a Non-Executive Director by CBI members at the Annual General Meeting on 08 June 2021. She attended her first CBI Board meeting on 21 October 2021.

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 2021, Clare Barclay was inducted to the Board with introductory meetings with the CBI Chief UK Policy Director and Chief Financial and Operations Officer to discuss the CBI strategy, finances and policy focus.

CBI Board attendance for 2021

Non-Executive Director	Q1 10 March 2021	Q2 25 May 2021	Q3 21 October 2021	Q4 09 December 2021
Chair: Lord Karan Bilimoria	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Alison McGregor	ATTENDED	ATTENDED	ATTENDED	APOLOGIES
Anna Marks	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Clare Barclay	N/A	N/A	ATTENDED	ATTENDED
David Gavaghan	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Heidi Mottram	ATTENDED	ATTENDED	N/A	N/A
John Allan	ATTENDED	ATTENDED	ATTENDED	N/A
Vivian Hunt	APOLOGIES	APOLOGIES	ATTENDED	ATTENDED
Executive Director				
Tony Danker	ATTENDED	ATTENDED	ATTENDED	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.*



Overview of key items discussed in 2021

Quarter Main items for discussion

Standing items for each Board meeting in 2021:

- 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 Chief Financial and Operations Officer and Chair of Audit Committee.

-
- Q1
- The Board received an update from the CBI President, Lord Karan Bilimoria, on the search process and timeline for the next CBI President.
 - This meeting focussed on the Director's General's priorities for 2021 around strengthening the CBI relationship with the Government, supporting business with immediate challenges from Covid-19 and begin setting out the UK's economic future with a long-term economic vision.
 - The CBI Board were consulted on the plans for a strategy review of the CBI internally in 2021.

-
- Q2
- The CBI Board focussed their discussion on the CBI Seize the Moment strategy which was presented by Tony Danker, CBI Director General and the workstreams, investment and changes to the CBI internally and operationally to deliver this ambition.
 - The central focus of the discussion was around investment in additional digital infrastructure and expertise, professionalising the CBI's insight capabilities, revamping the CBI's internal governance to better utilise and empower CBI staff and building improved member facing products and engagement to support business. The CBI Board were supportive and approved the strategy outlined at the meeting.

-
- Q3
- The CBI Board reviewed an update on the CBI strategy review which had been presented at the previous Board meeting.
 - The CBI Board reviewed and discussed the CBI risk report and wider risk register which was presented by Neil Tomkins, Chief Financial and Operations Officer.

-
- Q4
- CBI President, Lord Karan Bilimoria provided the Board with an update on the search process for candidates to stand to be the next CBI President.
 - The Director-General and the Chief Financial and Operations Officer 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 Chief Financial and Operations Officer. 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 Chief Financial and Operations Officer 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 (Buzacott LLP) attend each Audit Committee meeting. Anna Marks was appointed Chair of the CBI Audit Committee in April 2018.

Notes on membership of the CBI Audit Committee in 2021

- Heidi Mottram stepped down as a Non-Executive Director on the CBI Board and the CBI Audit Committee after her final meeting of the CBI Board on 25 May 2021.

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 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 2021

Non-Executive Director	Q2 30 April 2021	Q3 29 September 2021	Q4 16 November 2021
Chair: Anna Marks	ATTENDED	ATTENDED	ATTENDED
David Gavaghan	ATTENDED	ATTENDED	ATTENDED
Heidi Mottram	ATTENDED	N/A	N/A
Executive Director			
Neil Tomkins	ATTENDED	ATTENDED	ATTENDED

Overview of key items discussed in 2021

Quarter Main items for discussion

Standing items for each meeting in 2021:

- Minutes of the previous meeting.
- Update from the Chief Financial and Operations Officer on the income, expenditure and the operating result for the previous quarter.
- An update from the CBI auditors, Buzzacott LLP.

-
- Q2
- The Audit Committee main discussion focussed on the review of several areas of internal policy for the CBI, this included the CBI approach to modern slavery and its annual Modern Slavery Statement, discussion around the CBI's approach to conflict of interests amongst its staff and the reporting mechanism for this.
 - The Audit Committee reviewed the performance of the CBI auditors Buzzacott LLP without the auditors present, the Audit Committee agreed Buzzacott should continue on as auditors of the CBI.

-
- Q3
- The Head of Governance presented to the CBI Audit Committee an audit of the CBI's compliance obligations should the headcount of the organisation exceed 250 employees. The audit found the CBI to be voluntarily complying with most of the additional compliance required as a matter of course presently.
 - The Audit Committee reviewed and discussed the CBI's corporate risk register for 2021.

-
- Q4
- The Audit Committee discussed the proposed CBI Budget for 2022 which would be presented and signed off at the CBI Board on the 9 December 2021.
-



CBI Remuneration Committee

CBI's Remuneration Committee (RemCo) consists of two non-executive members of the CBI Board. In 2021 this was Lord Karan Bilimoria as President and Heidi Mottram who served until her term as Non-Executive Director came to an end in June 2021 and was then replaced on the committee by John Allan.

The CBI Director General and Chief Financial and Operations Officer are also invited to attend meetings except when the agenda item discussed relates to them personally. In such cases the HR Director is asked to stand in.

Responsibility of the Remuneration Committee

- Approving the salaries and bonuses of Exco members as proposed by the Director General;
- Reviewing and confirming the Director General's salary, bonus and non-standard benefits;
- Approving new appointments to the Executive Committee;
- Formal approval of standard annual CBI salary increases.
- Formal approval of bonus criteria and payments for CBI staff generally;

CBI Remuneration Committee meetings in 2021

Non-Executive Director	06 January 2021 (by e-mail)	30 January 2021 (by e-mail)	11 October 2021 (by video conference)
Karan Bilimoria	ATTENDED	ATTENDED	ATTENDED
Heidi Mottram	ATTENDED	ATTENDED	N/A
John Allan	N/A	N/A	ATTENDED
Executive Director			
Tony Danker (Director General)	ATTENDED	ATTENDED	ATTENDED
Neil Tomkins (Chief Financial & Operations Officer)	ATTENDED	ATTENDED	N/A
Caroline Roberts (Interim HR Director)	N/A	N/A	ATTENDED

Overview of key items discussed in 2021

The Remuneration Committee meetings in 2021 discussed and confirmed the bonuses for 2020 and the salary increases for 2021 for all staff including the Executive Committee members and the Director General.

Everyone at the CBI is subject to the same performance review process and the same scale of annual salary increases depending on individual performance grades. A flat bonus payment for 2020 of £700 was approved for all eligible staff and paid in March 2021. The Director General and Executive Committee members excluded themselves from this bonus. There is no separate bonus scheme for senior management.

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
2021	Option B	11:1	9:1	7:1
2020	Option B	11:1	9:1	7:1
2019	Option B	12:1	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 ratios to the percentiles remained consistent to those in previous years.

CBI Chairs' Committee

CBI Chairs' Committee is the top policy committee at the CBI responsible for setting and steering the CBI policy decisions. This committee is comprised of all the chairs from the CBI Regional and National Councils and the sector focused Standing Committees. Together these chairs represent over 700 CBI members across our Councils and Standing Committees.

CBI Council	Full Name	Job title	CBI Member
Chair	Lord Karan Bilimoria	CBI President	CBI
Construction Council	Greg Craig	CEO	Skanska
East Midlands Council	Dr Nik Kotecha	Chair	Morningside Pharmaceuticals
East of England Council	Jane Donnelly	Managing Director, East of England	Hays Recruitment
Economic Growth Board	Isabell Maddock	Chief Financial Officer	James Cropper plc
Financial Services Council	Jane Galvin	Head of Corporate Clients	Santander UK
Infrastructure Board	Stephen Paine	MD, Global Head of Infrastructure	Deutsche Bank AG London
Innovation Council	Stephen Warwick	Vice President, Cloud Integration Development & UK Lab leader	IBM United Kingdom
Health Council	Pinder Sahota	General Manager	Novo Nordisk UK
London Council	Judith Everitt	Chief Operating Officer	The Crown Estate
Manufacturing Council	Tom Crotty	Group Director	INEOS Holdings Ltd
North East Council	Lee Perkins	Chief Operating Officer	The Sage Group
Northern Ireland Council	Elaine Birchall	Chief Executive Officer	SHS Group Ltd
Public Sector Partnership Council	Sam Hockman	CEO UK and Ireland	EQUANS
Scotland Council	Keith Anderson	CEO	Scottish Power
SEUK	Juliet Eccleston	CEO and Founder	AnyGood?
SME Council	Joanne Smith	Chief Executive Officer	TCC Group
South East and Thames Valley Council	Eman Martin-Vignerte	Director	Robert Bosch Ltd
South West Council	Adrian Bratt	General Counsel & Company Secretary	Princess Yachts
Taxation Committee	Janine Juggins	EVP Global Tax	Unilever plc
Tech Group	Hugh Milward	General Manager, Corporate, External, Legal	Microsoft
Trade Association Council	Robin Fieth	CEO	The Building Societies Association
Under 35 Council	Conor Lambe	Chief Economist & Strategy Lead	Danske Bank
Wales Council	Kath Roberts	Senior Partner, Cardiff	Eversheds Sutherland
West Midlands Council	Greg Lowson	Partner	Pinsent Masons
Yorkshire and the Humber Council	Jane Madeley	Chief Financial Officer	University of Leeds

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 2021 all our Regional and National Councils and Committees embraced a hybrid model of working both in person and online virtually. They received key political and economic intelligence from the CBI and discussed bespoke issues relevant to that Council. Along with advising our tactics and messaging, the CBI Council is consulted on one key policy issue each quarter. In 2021 these were:

Q1 2021: A year of climate action - looking at the CBI's work on decarbonisation ahead of COP26 and what businesses across the UK were doing or could do to help realize the UK's net-zero ambitions.

Q2 2021: Seize the Moment – consultation on development of the CBI's planned economic strategy and vision for a competitive, dynamic and future focused UK.

Q3 2021: Helping UK firms recover and then seize the moment – Overview of the newly launched Seize the Moment strategy & activation campaign to get CBI members involved in helping deliver it.

Q4 2021: Labour shortages, skills and wages – Looking at the business response to the UK's labour shortage issue and what solutions business, the CBI and Government could implement.

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 setting 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 Chief Financial and Operations Officer. 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 of 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 2021 at a vital time for UK business engagement with the Government, this included Rt. Hon. Liz Truss, Rt. Hon. Kwasi Kwarteng and Ed Miliband, Shadow Secretary of State for Climate Change and Net Zero. 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 Chairs' Committee

(Ultimately responsible for setting and steering CBI policy. Made up of all the chairs of our Councils and Standing Committees)

CBI President's Committee

(Acts as an advisory body to the President and senior team at the CBI)

CBI Board

(Responsible for operational, strategic and financial decisions)

Standing Committees

- Construction Council
- Decarbonisation Council
- Economic Growth Board
- Employment and Skills Board
- Financial Services Council
- Health Council
- Infrastructure Council
- Innovation Council
- International Council
- Manufacturing Council
- Public-Private Partnership Council
- Sharing Economy UK Council
- SME Council
- Taxation Committee
- Tech Council
- Trade Association Council
- Under 35 Committee

Regional and National Councils

- East Midlands Council
- East of England Council
- London Council
- North East Council
- North West Council
- Northern Ireland Council
- Scotland Council
- South East Council
- South West Council
- Wales Council
- West Midlands Council
- Yorkshire & Humber Council

CBI Council in numbers

1,000+

Committee and Council representatives

700+

CBI member companies represented on the CBI council

12

Regional and National Councils across the whole UK

17

Sector and policy based Standing Committees

33%

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.

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.

In the recruitment of Non-Executive Director's to the CBI Board the CBI has a focus on diversity and inclusion. This ranges from gender, race and ethnicity, regional representation, representation from SME type businesses and the career and experience the individual might bring the role. In 2021, Clare Barclay joined the CBI Board as a Non-Executive Director. As of May 2022, 43% of the CBI Board's Non-Executive Directors are women and 29% of the Non-Executive Directors are from a BAME background.

The CBI monitor and track the term limits of each Non-Executive Director on the CBI Board and succession plan accordingly when a Non-Executive Director is to step down. For Non-Executive Directors to the CBI Board, the CBI builds a job description around the skills and experience necessary for the role and looks to attract applicants to the role via its website, members or a recruitment agency.

Financial Performance in 2021

Income

The CBI's total income in 2021 was £25.0m, up by £1.3m (5.7%) on the previous year. The main reasons for the increase were a recovery in commercial income and continued growth in membership income.

- **Commercial Income** is derived from our events (sponsorship and delegate fees), leadership programmes, surveys, data licensing and consultancy income from CBI Economics. Overall commercial income rose by 47% (£0.8m) to £2.6m in 2021 due to an increase in virtual events and the reintroduction of in-person events towards the end of the year. CBI Economics continued to grow, with revenue increasing by £0.2m. Despite the increase in the number of events the overall commercial expenditure rose by just £0.1m resulting in the net contribution from commercial activities increasing by £0.7m on 2020 to £1.6m.
- **Membership Income**, at £22.2m for the year, was up by £0.5m (2.5%) from 2021. New recruitment was strong in the year but the main driver of growth was a significant reduction in the level of resignations in the year compared to 2020. The value of new members and price rises outweighed the impact of resignations and concessions granted to members.

Expenditure

Total expenditure for the year was £24.4m. Excluding the commercial expenditure which varies directly with the level of commercial income, expenditure increased by £0.7m (3%) compared to the previous year. Payroll costs decreased largely because of high staff vacancies. The headcount increased towards the end of the year as a number of new roles which were agreed as part of the strategic review were recruited. This meant that the recruitment costs for the year were £0.3m higher than 2020. Cost increases were also recorded in finance charges (a £0.3m increase due to higher admin charges for the pension scheme) and project costs of £0.4m for one-off costs associated with the strategic review.

Operating Result before Tax

The healthy year-on-year increase in income resulted in an improved Operating Result before Tax of £0.7m.

Capital Expenditure

The total capital spend for 2021 was £0.3m (2020: £0.3m). The main IT investment was in new laptops for staff as part of the three-year cycle to refresh equipment as well as continued investment in the website.

Cash

Cash and short-term deposits at the year-end were £9.4m compared to £9.1m at the end of 2020. This was mainly due to the improvement in the commercial activities. Advance payments at the year end of the subsequent year's January subscriptions were slightly behind those at 2020's year end. This was due to the late invoicing of January 2022's subscriptions to tie in with the later date of the Annual Conference.

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 asset at the end of 2021 of £0.1m (2020: -£0.3m).

Pension Plan

At the end of 2020 the Plan had an accounting surplus of £3.7m on a FRS102 basis. During the course of 2021, the CBI made cash contributions to its defined benefit pension plan of £0.6m. Both the total assets and liabilities decreased in the year, however the total liabilities reduced by more than total assets (due to reasons set out in note 14 to the accounts) which increased the surplus to £5.0m at the end of 2021. 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.

Annual budgets are approved by the Board as part of an outline rolling three-year plan. 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 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 and political change

Strategic Risks

4. Over-reliance on membership income resulting from failure to meet non-membership revenue targets
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. High staff turnover impacts on the CBI's ability to deliver
8. Cyberattack results in the loss of sensitive information
9. Covid impacts on day-to-day operations and staff well-being

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 2024.

A period of three years is considered appropriate for the viability exercise as this is the time horizon used for detailed budgets and plans. Beyond this period there is on-going confidence in the stability of the financial model that the CBI operates and there are no plans to change the fundamental elements of the model.

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 2021. 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 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 2021, the below risks and mitigations were approved by the Board.

Risk	Mitigation
External Risks	
Deep recession severely hits core revenue	We have budgeted cautiously for 2022 and experience so far indicates that membership revenue has proved remarkably resilient. The organisation used the strategy review in 2021 to ensure that it remains focused on products and services that deliver member value in both the short and long terms.
CBI is perceived as not relevant to the 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 is driven in particular by our extensive network of committees and councils that represent members views.
CBI's 'whole economy' model is undermined by structural economic and political change	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 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 categories of events will allow a new financial model for events. We continue to assess and invest behind alternative revenue streams, such as CBI Economics.
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 was very strong in 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 Inclusions action plan in place that covers internal operations, events and member engagement, and policy interventions.
Operational Risks	
High staff turnover impacts on the CBI's ability to deliver	Staff retention has been prioritised through a cross-organisation focus on the CBI's EVP (Employee Value Proposition), including a review of the CBI's reward framework. Recruitment processes have been revised to be able to manage a higher level of activity and keep vacancies to a minimum.
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 impacts on day-to-day operations and staff well-being	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 networks and forums.

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 2021 we continued to monitor the risk across the organisation especially in the on-going context of remote working. At the request of the CBI, the CBI's auditors produced a report on controls over the procurement 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 Chief Financial and Operations Officer 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 that 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 Chief Financial and Operations Officer 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 to the Directors of Confederation of British Industry

Opinion

We have audited the accounts of Confederation of British Industry ('CBI') for the year ended 31 December 2021 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 2021 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.

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.

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.

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.

We found the recognition of income to be materially correct.

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.

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.

We tested a sample of employee monthly salary payments to authorised contracts.

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.

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 on going concern:

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 have reviewed the financial position of CBI with regards to liquidity, projections for the upcoming periods, and potential liabilities.

We are satisfied that the impact of Covid-19 has been minimal and well planned for, and as such do not perceive a risk to going concern.

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 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.

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 £250,000. This is based on the amount of total income recognised in the Income Statement for the year ended 31 December 2021. We report individual unadjusted differences on the accounts over £12,500 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.

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:

- sufficient accounting records have not been kept; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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 56];
- 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 56];

- Directors' statement that they consider the accounts, taken as a whole, are fair, balanced and understandable [set out on page 61];
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks [set out on page 57];
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems [set out on page 59]; and
- The section describing the work of the audit committee [set out on page 43].

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.

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.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London EC2V 6DL

17 June 2022

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

CBI accounts for 2021

Income Statement - for the year ended 31 December 2021

	Notes	2021	2020
		£000	£000
Income			
Members' subscriptions	1(d) & 2	22,184	21,657
Rents and licence fees		119	122
Commercial activities		2,612	1,782
Interest on short-term deposits		3	23
Other income		117	107
Total		25,035	23,691
Expenditure			
Payroll	4	13,985	14,287
Pension costs	4	1,026	1,007
Travel and subsistence		129	150
Other staff costs		786	453
Office expenses		1,067	1,014
Premises costs		3,002	3,003
Subscriptions to other organisations		1,120	1,179
Commercial activities		1,009	924
Legal and professional costs		421	376
Promotional activities and surveys		385	498
Functions and entertaining		113	53
Depreciation	1(e) & 8	536	511
Finance charges	6	432	113
Past pension service cost	14	-	22
Project cost		351	-
Miscellaneous expenses		17	30
Total		24,379	23,620
Operating Result before tax	3	656	71
Taxation charge	7	107	(44)
Retained surplus for the year		549	115

Statement of Comprehensive Income for the year ended 31 December 2021		2021	2020
		£000	£000
Retained surplus for the year		549	115
Actuarial gain/(loss) recognised in the pension scheme	14	1,938	(3,474)
Current tax benefit arising on Employer contributions to the DB pension scheme	7	37	91
Deferred tax cost arising on Employer contributions to the DB pension scheme		(150)	(114)
Deferred tax benefit - prior year rate adjustment		(273)	(151)
Deferred tax benefit arising on actuarial (gain)/loss		(384)	683
Total recognised gain/(loss) for the year		1,717	(2,850)

All amounts relate to continuing activities.

Statement of Financial Position - At 31 December 2021

	Notes	£000	2021 £000	£000	2020 £000
Fixed assets					
Tangible fixed assets	8		1,903		2,145
Current assets					
Debtors and prepayments	9	10,417		10,068	
Short-term deposits		1,559		2,097	
Cash at bank		7,879		6,972	
Total		19,855		19,137	
Less current liabilities					
Amounts falling due within one year					
Creditors, accruals and deferred income	10	(21,948)		(21,933)	
Net current liabilities			(2,093)		(2,796)
Total assets less current liabilities			(190)		(651)
Deferred tax asset	12		304		374
Net assets/(liabilities) excluding pension asset			114		(277)
Pension asset net of deferred tax	14		5,016		3,690
Net assets including pension asset			5,130		3,413
Represented by:					
Accumulated surplus			5,130		3,413
			2021 £000		2020 £000
Accumulated surplus					
Opening surplus			3,413		6,263
Total recognised gain/(losses) for the year			1,717		(2,850)
Closing surplus			5,130		3,413

These accounts were approved and authorised for issue at the CBI Board meeting on 20 June 2022 and were signed by:



Tony Danker
Director-General



Neil Tomkins
Chief Financial and Operations Officer

Statement of Cash Flows - For the year ended 31 December 2021

	2021	2020
	£000	£000
Cash flows from operating activities		
Operating Result before taxation	656	71
Adjusted for:		
Depreciation	536	511
Past pension service cost	-	22
Finance charges	432	113
(Increase)/decrease in debtors	(348)	743
(Decrease)/Increase in creditors	(422)	376
Increase/(decrease) in deferred income	438	(108)
Contributions to pension plan	(600)	(600)
Interest receivable	(3)	(23)
Net cash from operating activities	689	1,105
Cash flows from investing activities		
Interest received	2	22
Purchase of tangible fixed assets	(294)	(328)
Net cash used in investing activities	(292)	(306)
Cash flows from financing activities		
Interest and other charges paid	(28)	(13)
Net cash used in financing activities	(28)	(13)
Change in cash and cash equivalents	369	786
Cash and cash equivalents at 1st January	9,069	8,283
Cash and cash equivalents at 31st December	9,438	9,069
	2021	2020
	£000	£000
Analysis of cash and cash equivalents		
Cash at bank	7,879	6,972
Short-term deposits	1,559	2,097
Total cash and cash equivalents	9,438	9,069

No separate reconciliation of net debt has been prepared as there is no difference between the net cash (debt) of the CBI and the above cash and cash equivalents.

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 58. 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 2023, 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 £9.4m 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.

Assets acquired under finance leases are capitalised in fixed assets at the net present value of the minimum lease payments and depreciated in accordance with accounting policy (e) above. The finance charge is apportioned to accounting periods using the actuarial method.

(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

	2021	2020
	£000	£000
Subscriptions	22,260	21,735
Provision for bad debts	(76)	(78)
	22,184	21,657

3. Operating result

	2021	2020
	£000	£000
Operating result before taxation is stated after charging:		
Auditor's remuneration:		
Audit	36	35
Other services - tax and related advice	4	13
Rentals payable under operating leases:		
Land and buildings	1,593	1,595
Motor vehicles and equipment	52	56
Depreciation	536	511
and after crediting:		
Rentals receivable under operating leases:		
Land and buildings	112	122

The CBI contributed £1k (2020: £4k) to charities in lieu of sending corporate Christmas cards. The CBI makes no political contributions.

4. Staff costs

	2021	2020
	No.	No.
The average number of staff employed by the CBI during the year was:	246	235
	£000	£000
Their aggregate payroll costs were:		
Salaries	12,494	12,910
Social security costs	1,491	1,377
	13,985	14,287
Pension costs	1,026	1,007
	15,011	15,294

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, 28 were called directors in 2021, (2020: 23). Their total emoluments, including the estimated money value of non cash benefits, were £2,452k (2020: £2,533k). Of this £76k related to severance costs (2020: £29k). All but 2, (2020: 3) of the directors are members of one of the CBI's pension plans. The CBI cost of the plans for these directors was £87k (2020: £88k).

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

	2021	2020
	£000	£000
Carolyn Fairbairn - Director-General	-	326
Tony Danker - Director General	376	57
Neil Tomkins - Finance Director	169	164
	545	547

Payments of £75k (2020: £74k) were made for money purchase pension schemes for the Director-General's benefit.

6. Finance charges

	2021	2020
	£000	£000
Bank charges and foreign exchange differences	28	13
Defined benefits scheme admin expenses	404	100
	432	113

7. Taxation

(i) Analysis of taxation for the year:

Income statement	2021	2020
	£000	£000
Current tax		
UK corporation tax on operating result	37	(6)
Adjustment in respect of earlier years	-	74
	37	(80)

Deferred tax

Accelerated capital allowances	38	36
Trade losses used	80	-
Adjustment in respect of earlier years and rate change	(48)	-
Taxation charge on operating result	107	(44)

(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% (2020: 19%). The differences are explained below:

Income statement

Operating result before tax	656	71
Tax at standard rate of corporation tax	125	13
Expenses not deductible for tax purposes	7	14
Adjustment in respect of prior years	(52)	(44)
Tax charge on operating result for the year (trade losses used, note 7(ii))	80	(17)

Statement of comprehensive income

Tax at standard rate of 25% (2020: 19%) on total losses	(845)	(601)
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Comprised

Movement in deferred tax asset due to pension scheme surplus	(808)	(510)
Current taxation credit for the year	(37)	(91)
	(845)	(601)

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 (2020: £600k). 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
Cost:	£000	£000	£000	£000	£000
At 1 January 2021	73	825	3,079	2,575	6,552
Additions	-	7	239	48	294
Disposals	-	-	(486)	-	(486)
At 31 December 2021	73	832	2,832	2,623	6,360
Depreciation:					
At 1 January 2021	65	525	2,528	1,289	4,407
Charge for year	9	70	286	171	536
Disposals	-	-	(486)	-	(486)
At 31 December 2021	74	595	2,328	1,460	4,457
Net book value:					
At 31 December 2021	(1)	237	504	1,163	1,903
At 31 December 2020	8	300	551	1,286	2,145

9. Debtors and prepayments

	2021 £000	2020 £000
Trade debtors	9,306	8,210
Corporation tax	20	20
Other debtors	111	133
Forward contracts	-	346
Prepayments and accrued income	980	1,359
	10,417	10,068

10. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	369	272
Other taxes and social security	2,257	2,383
Forward contracts	-	337
Other creditors and accruals	3,050	3,106
Deferred income	16,272	15,835
	21,948	21,933

Other taxes and social security includes employer contributions of £81k (2020: £81k) to the defined contributions plans. Other creditors and accruals includes an accrual for holiday pay of £259k (2020: £428k).

11. Financial Instruments

The carrying amount of the CBI's financial instruments at 31 December 2021 were:

	2021 £000	2020 £000
Financial assets		
Measured at undiscounted rate receivable	9,776	8,455
Measured at fair value through profit or loss	-	346
Bank and cash	9,438	9,069
Total	19,214	17,870
Financial liabilities		
Measured at undiscounted rate receivable	3,419	3,351
Measured at fair value through profit or loss	-	336
Total	3,419	3,687

12. Deferred tax asset

	2021 £000	2020 £000
Deferred tax is principally a result of accelerated capital allowances		
At 1 January	(374)	(284)
Prior year deferred tax rate adjustment	34	(30)
Credit/(Debit) for the year	(44)	(60)
Trade losses used	80	-
At 31 December	(304)	(374)

Deferred tax is calculated at 25% (2020: 19%) 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 2021 the CBI had the following future minimum commitments under non-cancellable leases:

	2021		2020	
	Land and buildings £000	Equipment £000	Land and buildings £000	Equipment £000
Within one year	1,481	15	1,517	-
In the second to fifth years inclusive	4,915	24	5,490	59
Over five years	3,079	-	3,842	-
	9,475	39	10,849	59

There were capital commitments of £nil at 31 December 2021 (2020: £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 2020. The results of the valuation as at 31 December 2020 have been rolled forward to 31 December 2021 by a qualified actuary independent of the CBI.

The CBI paid £600k, £131k in deficit reduction and £469k to cover Plan expenses over the year to 31 December 2021. As the Plan is closed to future accrual, there were no regular contributions in 2021. At 31 December 2021 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 CBI is exposed to by the Plan are:

- **Mortality risk** - the assumptions adopted by the CBI 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 CBI 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.

	2021	2020
	£000	£000
Components of benefit cost recognised in income statement		
Net interest cost on net defined assets	(65)	(163)
Administration Expenses	469	263
Past service cost recognised	-	22
Net benefit cost in income statement	404	122
Amount recognised in OCI		
Actuarial losses arising from changes in assumptions	(3,417)	12,991
Experience gains on liabilities	-	-
Actuarial gains on assets	1,479	(9,517)
Gain/(Loss) recognised in OCI	(1,938)	3,474

Funded Status

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

	2021	2020
	£000	£000
Plan assets	108,556	112,628
Plan liabilities	(101,868)	(108,074)
Pension surplus	6,688	4,554
Related deferred tax liability	(1,672)	(864)
Net pension asset	5,016	3,690

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

		2021	2020
Future inflation assumption	-RPI	3.6%	3.2%
	-CPI	2.9%	2.5%
Future increase in pensions in payment (LPI max 5%, min 3% p.a.)		3.8%	3.6%
Discount rate		1.9%	1.4%

The life expectancies are based on the S3NXA tables, with no adjustments to reflect the Plan's membership. Future improvements are based on the CMI projections model with a long-term improvement of 0%, effectively ignores the mortality experience over 2020 due to Covid-19.

	Male		Female	
Life expectancy at 31 December	2021	2020	2021	2020
From 65 and now 65	22.2	22.8	24.7	24.3
From 65 and now 45	23.5	24.1	26.1	25.9

The change in Plan liabilities during the year were:

	2021 £000	2020 £000
Plan liabilities at start of year	108,074	98,108
Interest cost	1,483	2,007
Past service costs	-	22
Actuarial losses/(gains) arising from changes on demographic assumptions	(1,380)	365
Actuarial losses/(gains) arising from changes on financial assumptions	(4,727)	12,626
Actuarial losses arising from changes on experience adjustment	2,690	-
Benefits paid	(4,272)	(5,054)
Plan liabilities at end of year	101,868	108,074

The change in Plan assets during the year were:

	2021 £000	2020 £000
Plan assets at start of year	112,628	105,658
Interest income	1,548	2,170
Experience (losses)/gains	(1,479)	9,517
Employer contributions	600	600
Administration expenses	(469)	(263)
Benefits paid	(4,272)	(5,054)
Plan assets at end of year	108,556	112,628

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 (2020: £600k).

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

	2021	2020
	£000	£000
Bonds	65,166	71,574
Property	4,107	3,548
LDI	36,819	35,515
Cash and Other	2,464	1,991
Total	108,556	112,628
Experience adjustments DB Pension Plan		
Fair value of asset, end of year	108,556	112,628
Defined benefit obligation, end of year	101,868	108,074
Funded status	6,688	4,554
Experience adjustment on Scheme assets gain	1,479	(9,517)

Deferred tax is calculated at 25% (2020:19%) 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%	4,425
Increase rate of inflation by 0.25%	2,345
Life expectancies increase by 1 year	5,177



June 2022
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