

Thriving in uncertain times

Skilled directors and leaders have never been more important. The pandemic has accelerated the pace of business transformation. Meanwhile, stakeholder expectations are increasing, sustainability is rising up the agenda and regulations are growing in complexity.

The IoD offers a way forward. As the authority on entrepreneurship, business professionalism and governance, we're a source of expertise for the skills and insights that directors need to thrive in uncertain times. We represent your diverse voices and ambitions among key decision-makers. And within our community, we encourage the exchange of knowledge and good practice that enables us all to become better directors.

**Better directors mean better-run businesses.
Better businesses mean a better economy.
And a better economy means a better world.**

Chair of the Institute's report

As we emerge from the COVID-19 pandemic, it is vital that business leaders apply the lessons we have learnt in this past year, in order to play their part in building back better.



Patrick Macdonald
Chair

It was a great honour to become Chair of the IoD in March. I've been a member of the Institute for almost two decades, and I have always valued my membership. I'm excited to be chosen to help lead us through what will be both a challenging and exciting period, as the world recovers from COVID-19.

As I've just begun my term, our former Interim Chair, John Watson, will take the lead in reviewing last year's efforts. I'd like to thank him once again for his time in the role, and his commitment and determination in steering the Institute through the many challenges presented by the pandemic. As we begin to see signs of a return to normality, we must never forget the heavy human cost of this unprecedented crisis.

As we emerge from this period of change and uncertainty, it is vital that business leaders apply the lessons we have learnt in this past year, in order to play their part in building back better.

The importance of our work really came to the fore in 2020, helping directors and businesses to navigate constantly evolving regulations, health and safety concerns and commercial difficulties. While we are made up of individual members, the network makes us collectively stronger. It enables us to face these challenges together, whether in pushing the government to do the right thing, or in helping fellow members on a daily basis.

While the economy recovers, many organisations will continue to face financial challenges. The IoD did a great deal of work before the pandemic struck to get the organisation into the right financial shape for the long term. I firmly believe we are on the right course.

These outstanding projects, driven by our strong management team, led by Jonathan Geldart, have already brought us closer to our members in multiple ways. The IoD will continue reinventing the value it delivers to existing and new members. We still have work to do, of course, as we refresh and modernise the Institute for the post-pandemic era. But this reinvigoration continues at pace.

At its core, the Institute is a true members' organisation, representing the authentic voice of British business. This puts us in a unique position, and I want us to be truly representative of people from all walks of life. In 2021 and beyond, we will renew our efforts to become a more diverse and inclusive organisation, recognising the value this brings in driving innovation, delivering excellence and responding more effectively to the needs of our members. Your role as a member is vital in helping shape our future, which is bright.

Now is a time for optimism, and I know that our members will be at the heart of a sustainable economic recovery in the UK and beyond. It will be our privilege to support you in this endeavour and in all that you do.



“One thing we've realised through this pandemic is just how useful it is to be an entrepreneur. A lot of people have been out of work and being an entrepreneur, you always find your way around it. I think some key skills that schools, colleges and universities are starting to teach are about taking the initiative and being a self-starter. I think in the future these will be very useful to everyone.”

Suleman Sacranie
Founder and Director, The GP Service

Director General's report

Uncertainty will be with us for a while, but one thing is certain – we remain committed to supporting our members as they bounce back and thrive.

Most organisations, regardless of size, industry or location, have had to learn to adapt and evolve at an exceptional pace just to survive.

None of us could have predicted the enduring impact and scale of the pandemic. However, this crisis has presented unique opportunities for us all to transform the way we do business.

As we publish this report, the light at the end of the tunnel is beginning to shine more brightly. The rollout of vaccines and the easing of lockdown measures will allow us to look more positively into the future. While we recognise the likely enduring impacts of the pandemic, particularly on revenue streams, there are signs of hope. The re-opening of 116 Pall Mall, for example, is a small but significant step towards normality. The way we do business has changed, probably forever, but along with that challenge lies real opportunity.

Amid this period of change, and in this year where the UK hosts the global environmental summit COP26 in Glasgow, we must not lose sight of the need to ensure sustainability remains at the top of the agenda not just for the IoD but our members too.

We must, and we will ensure that the IoD and our members contribute fully to ensuring the recovery is robust and long-lasting. My priority for the year ahead is to further embed our reforms to enable us to meet these new challenges on behalf of our members.

Preparing for recovery

Looking back on the last year, we have faced many of the same difficulties as our members. Our first priority was to stabilise our finances and prepare for the economic recovery. Without many of our main income streams and not knowing when conditions would return to normal, we could not be certain of

the full impact. Despite a loss of £2.5m for the year, the great work our teams have done in re-stabilising our overall finances over the past two years is evidenced by the underlying operating profit before exceptional items of £109,000.

Empowering our branches

Our plans to boost membership will continue in 2021, following the inevitable lull in 2020, and empowering branches will remain crucial to achieving our goals and changing the demographic of the Institute to be more reflective of the country as a whole.

It was important that our Director of the Year Awards went ahead, and not simply because it showed how the online experience can keep everyone connected. Significantly, it also enabled us to celebrate the remarkable achievements of our members.

Shaping the agenda

Our advocacy work – speaking out on behalf of our members on the issues that matter to them and influencing the UK government – undoubtedly helped soften the blow of the pandemic and that work is ongoing. In this report, you will see examples of those policy wins.

To advance professional development, we forged a new partnership to provide a greater variety of courses more frequently and in line with the trend towards more flexible working. We also now offer courses in Mandarin as well as Russian and Spanish.

Our Information and Advisory Service (IAS) continued to provide a valuable service for members. In particular, a new collaboration with a research team based in India allowed us to double the capacity of the team and offer a faster turnaround of information.



Jonathan Geldart
Director General

“I’m passionate about helping people step into their own personal greatness and through being a Chair of the IoD I will have that mechanism to help businesses grow and flourish in Wales. I believe that if you are given an opportunity it is very important to offer a hand to those coming up behind you. I want to show disabled people that you can hold public, senior roles within organisations such as the IoD. You’re not just people who can claim benefits but you can actually give back to the economy.”

Damian Joseph Bridgeman
CEO and founder, Executive Coaching 365

Director General’s report

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Across our Regions and Nations, there were a number of new appointments at senior level that reflects how the Institute is changing. Louise Macdonald has become our National Director for Scotland when she joined in June, the first woman to hold the role.



Murdo MacLeod

More diverse and inclusive
Throughout this report, we’ve profiled members from different generations, ethnicities, businesses and backgrounds, across all four nations. They represent the future of the IoD, as we build a more diverse and inclusive membership.

Diverse organisations are more effective and creative and, as a result, more likely to be successful. We are committed to making the IoD more diverse but still have much work to do. That’s why we are undertaking an in-depth consultation process with members and staff to develop our new Diversity and Inclusion (D&I) policy. This process is being led by Damian Joseph Bridgeman, the IoD’s Regional Chair for South Wales, and a seasoned entrepreneur with a social mission.

Across our Regions and Nations, there were a number of new senior appointments that reflect how the Institute is changing. Louise Macdonald has become our National Director for Scotland when she joined in June, the first woman to hold the role.

In other areas, we appointed a number of new Chairs. Steve Bennett for the North West, Poonam Kaur for West Yorkshire, Victoria Clarke Brown for South Yorkshire, Damian Joseph Bridgeman for South Wales and Wendy Dorey for Guernsey. In our international branches, Sara Schroter and Michelle Cardwell became Joint Chairs of Bermuda.

Northern Ireland’s Women’s Leadership Conference, with headline speaker the environmental campaigner Erin Brockovich, attracted over 1,000 attendees online.

In London, we held regular interviews with our London Branch Chair, hosting a number of influential speakers, such as Lord Rose.

A new Chair
I am delighted that Patrick Macdonald has joined as our new Chair. Patrick has been an IoD member for just under 20 years. His experience and expertise will be of enormous benefit to us in the coming years. I’d like to thank our Interim Chair, John Watson, for his invaluable support over the last seven months.

And finally, members are at the heart of everything we do, so we have shared their experiences and perspectives on the benefits of our support throughout this report. In 2020, the role and values of the IoD remained more relevant than ever before. Our reforms have made the IoD fit for the future, but it is the efforts of our people and volunteers that have shown just what we can achieve together, and I would like to thank everyone for their efforts.

Connect – We fought hard to keep connections going between directors through events across the UK and beyond, providing peer support to help members overcome the challenges of the pandemic.

Develop – We quickly moved our professional development courses to virtual and online, and saw growth in interest and demand as a result. We delivered 235 programmes to over 2,655 delegates, both in the UK and beyond – making our offer more inclusive than ever.

Influence – We continued to successfully press the UK government for support on behalf of Britain’s directors.



“For me, it’s all about networking with people. You can read books, you can listen to people talk on webinars but when you genuinely have a conversation with another professional and share your experiences and ask for advice, you can’t put a price on that. It’s absolutely invaluable.”

Dr Rona Mackenzie
Director of Business Development, KryptoKloud Ltd

Connect

Being part of a supportive community has helped many of us this year. Despite being apart, we've found new ways to build relationships and stay connected.

The importance of a strong network has always been at the heart of our work. In 2020, our members overcame the challenges of lockdowns and economic uncertainty by developing innovative ways of supporting each other.

When the first lockdown hit, members and volunteers across the UK and beyond adapted rapidly to the 'new normal'. That they did so successfully, while facing unique challenges in their own businesses, is a real testament to their commitment to keep on connecting and interacting.

Keeping members informed
Communication was an integral element of keeping members informed. We held weekly webinars, Q&A sessions with government ministers, and of course our Director of the Year events. Director General Jonathan Geldart also held fortnightly catch-ups with our Region and Nation Chairs, which provided an important opportunity to obtain feedback on the challenges faced by businesses on the ground.

For example, in Wales, we quizzed a senior government official on the direct and specific financial support available for businesses. This included detail about specific funds, eligibility and timescales in a real 'hands on' session with 125 members attending, the largest audience for such an event in Wales last year.

Practical tips for returning to work
When the UK economy showed signs of revival in the autumn, we held a 'Question Time' style webinar on the practical steps and advice for members returning to work. We also shared practical examples of adapting workplaces to maintain social distancing, and addressed major issues such as mental health in the workplace.

Empowering women leaders
Empowering women business leaders remained an important focus in 2020. The highlight of the year in Northern Ireland was the Women's Leadership Conference celebrating women's successes in leadership roles. With headline speakers including world-renowned environmental activist Erin Brockovich, Dame Stephanie Shirley, and Great British Bake-off winner Nadiya Hussain MBE, this was an inspirational event. The two-day conference attracted 1,100 delegates to each broadcast, with viewers logging in from as far afield as Bermuda, South Africa, Poland, and the United States.

In England, roundtable conversations moved online, with members participating in dynamic and engaging discussions on topics such as amplifying women's voices among policymakers through to IoD London's City leadership series, featuring interviews with some of the biggest names in business and politics, such as Lord Rose and Kwasi Kwarteng, Secretary of State for BEIS.

Chartered Director perspectives
The Chartered Directors Virtual Summit in November 2020 united select panels of Chartered Directors to offer their perspectives and insights on leadership and corporate governance in the wake of COVID-19, with panel discussions on two important topics – the green recovery and diversity and inclusion.

Scotland Annual Conference
In Scotland, the IoD held its first online Annual Conference, reaching its widest audience to date. Speakers at the 'Collaborating for Scotland's Growth' session focused on the three key areas of building a stronger economy, responding to the pandemic, and forging a sustainable future. Speakers included Kate Forbes MSP, Cabinet Secretary for Finance, Vivek Ganotra, Chief Customer Officer, Salesforce, Benny Higgins, Chair, Scottish Government Advisory Group on Economic Recovery and Robin Watson CBE, Chief Executive, Wood Plc.

The highlight of the year in Northern Ireland was the Women's Leadership Conference celebrating women's successes in leadership roles. With headline speakers including world-renowned environmental activist Erin Brockovich, Dame Stephanie Shirley and Great British Bake-off winner Nadiya Hussain MBE, this was an inspirational event.



"This is a once in a lifetime opportunity to re-imagine how we work, build our cultures and tackle some of the greatest challenges that we face. During the pandemic we've also been wrestling with how to build an anti-racist organisation and one that is free from oppression as we seek to put justice, equality, inclusion and diversity at the heart of what we do. Much like digital work this cannot be siloed in any one department but needs to be about the work of the entire organisation as we radically transform how we work, recruit, develop and retain talent."

Manish Joshi
CEO, Strathclyde Students' Union

Connect

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The Chartered Directors Virtual Summit in November 2020 brought together Chartered Directors to offer their perspectives and insights on leadership and corporate governance in the wake of COVID-19.

We held regular virtual events in Scotland from April to December, covering a range of topics, from dealing with stress and mental wellbeing to lessons learnt from the pandemic.

We also organised roundtable sessions with Cabinet ministers, giving members the opportunity to voice their challenges and opportunities.

Director of the Year Awards

Recognising the importance of continuing to celebrate the success of directors, we maintained our annual Director of the Year Awards across the UK. While virtual ceremonies cannot truly replace in-person events, all those who took part were still able to enjoy networking virtually.



IoD members

20,851

As of 31 December 2020

Looking ahead

As we recover from the impacts of the pandemic, we are certain that our members will continue to find great ways to keep in touch and support each other. Stronger contingency planning will be an important lesson for us all, and by now we all have processes in place to maintain remote working, should the need arise.



“It’s how people make you feel, that’s what you take away. And that was the great thing about the networking events I’ve been to, they were fantastic. It was a really light atmosphere, which was the opposite of what I expected, I thought everyone would be standing there in their suits talking about all the serious issues of the day, but it was great to see people’s personalities come through and to really click with people rather than just network. It was a really friendly experience and it’s once you make that initial step forward into the IoD, that you’ll see the value and the difference.”

Rebecca O’Higgins
Founder, KI-AH-NA

Develop

The impact of the pandemic is reshaping the future. Skilled, innovative, committed and ethical business leaders have never been more important.

We provided strong support to our members during the pandemic, adapting our ways of working to ensure we continued to deliver world-class and innovative development opportunities.

The shift to virtual

The DEVELOP team focused their energy on delivering our internationally-recognised Chartered Director programme through advanced virtual classrooms. Participants responded positively, with a 92% approval rating. We later expanded our virtual offering to include our bite-size Professional Director Series and the popular Role of the Non-Executive Director and Role of the Chair courses.

Blended learning is here to stay

Our new virtual offering has seen increasing demand worldwide, with the majority of clients across 40 countries converting to virtual delivery. We know from research that three-quarters of our members plan to continue working remotely. Access to blended learning pathways is here to stay. The IoD was already ahead of the curve in terms of online assessment, following the launch of computer-based testing via remote invigilation in 2017. Thanks to this, we were able to continue to deliver our examinations without disruption. Uptake remained strong, with over 2,150 Certificate examinations, 237 Diploma examinations and 98 Chartered Director interviews delivered. We recognised 95 new Chartered Directors in 2020.

The coming year will see a period of transition for professional standards, with technological advances leading to a more effective and personalised journey for candidates.

Chartered Director comes of age

In 2020, we celebrated the 21st anniversary of the Chartered Director qualification. Over the years, this has attracted tens of thousands of directors and business leaders across all sectors and industries. We marked the occasion with our first virtual Chartered Director Summit, with two informative panel sessions on sustainability and diversity and inclusion, attracting over 250 attendees from across the world.

Chartered Directors are role models who embody good governance, leadership, and a commitment to lifelong learning. With the support of our Chartered Director alumni community, we are creating a legacy that will support the development of current and future directors.

Lifelong learning is core to our purpose as a professional Institute under Royal Charter, fostering a climate of innovation, entrepreneurship and resilience. And we know that during the pandemic, directors have placed an ever stronger importance on learning and development, and supporting their employees. Ultimately, professionalising directors and boards will have a positive impact on the economy, the environment and society.

Expanding our professional development offering

Continuing professional development (CPD) remains fundamental to the majority of our members, with 96% rating it as important¹. In addition to engaging existing members, CPD also attracts new members who want to expand their network through peer learning opportunities, gain formal recognition and boost their career prospects.

We are constantly striving to create a sustainable future for the director and business community through our DEVELOP offering, and will expand the range of CPD options throughout 2021 as a core member benefit.



We know from research that three quarters of our members plan to continue working remotely. Access to blended learning pathways is here to stay.

“I would always encourage someone to do the Chartered Director programme because it allows you to learn more about what other people are doing in your business. I find that I refer to it in some way, shape or form, every week. While it doesn’t necessarily make you a better businessman, I think it makes you a better business. As your business grows, you’re going to employ finance directors, marketing directors, sales directors and they’re going to be more qualified and better at doing it than you are but having the knowledge about how it should be done and enough knowledge to say ‘this is what I’m expecting from my finance team, my marketing team’ – that is invaluable.”

Guy Tullberg CDir
Managing Director, Tracklements Ltd

¹ 2020 DEVELOP Insight survey conducted in October 2020.

Develop



Information and Advisory Service

We have supported members throughout the pandemic, helping them cope with the impact of lockdown on their businesses. Our research team kept members supplied with the necessary legal documents to use the Furlough Scheme, while our advisors spoke to individual members about managing the impact of lockdown on business operations and finances.

Four key member benefits

- A team of researchers providing information on request
- A panel of advisors to discuss issues, one-to-one
- A legal helpline
- A tax helpline

Information for better decision-making

Our members showed remarkable resilience in 2020. Requests for support centred around three priorities:

- 46% – Growing the business
- 25% – Improving the functioning of the business
- 24% – Being a more effective director

In total, we responded to 3,124 information requests in 2020, helping our members to strive for business growth and excellence in delivery, despite challenging circumstances.

Expert advice

Members often use the Information Advisory Service (IAS) to inform their decision-making, before engaging in further discussions with a member of our Directors Advisory Service (DAS), which remains a much-valued resource for addressing the issues facing company directors. The lawyers, accountants and other professionals accessible through our DAS are also available to discuss critical issues, as they arise.

In 2020, we supported members on 824 occasions. They accessed support on:

- 16% – Strategy, marketing, raising finance
- 31% – Improving business performance
- 53% – Being a more effective director – this includes board development and dealing with specific issues, often related to employment law

All service use in 2020

Information requests: 3,124
Advisory requests: 824
Legal helpline: 2,324
Tax helpline: 432
Total: 6,704 instances of IAS support.

What our members say

Here are some of the 750 positive messages received from our members during the first lockdown.

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I had no expectation of such a prompt response given what is happening. Thank you so much for being so helpful.

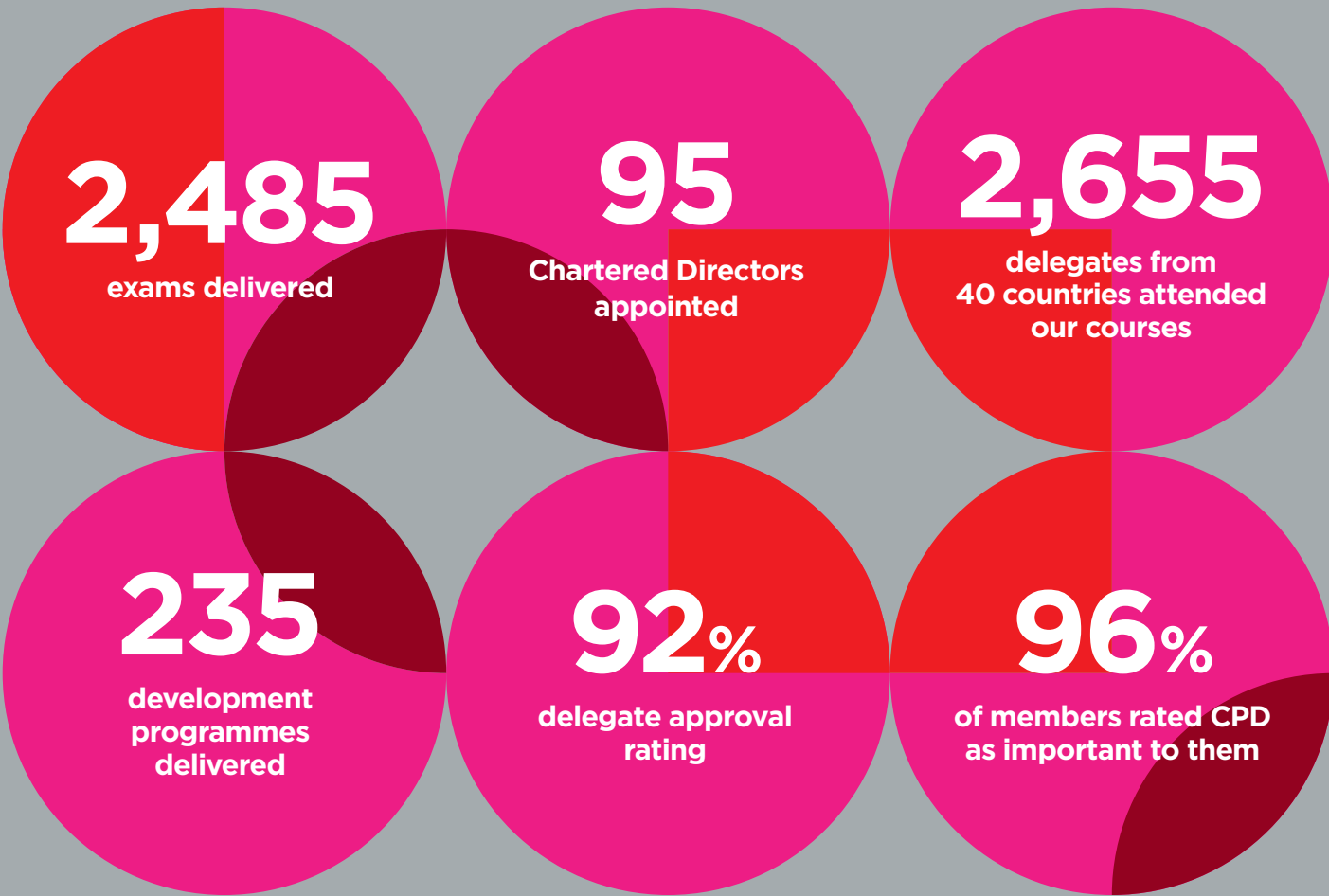
“

The advice I received was knowledgeable, practical and specifically relevant to my company’s requirement.

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Brilliant – the researcher went the extra mile here, providing other useful insights which more than helped address some unavoidable data issues.

2020 – another strong performance



Establishing our virtual classrooms

With the first lockdown in March 2020 prompting so many people to work from home, we moved swiftly to deliver the Certificate and Diploma modules of the Company Direction programme through virtual classrooms. We were supported in this by our delivery partners – the GTA University Centre.

The user-friendly virtual platform we selected allows real-time interaction

between course leaders and delegates. We were also able to support delegates with any technical issues, while allowing the course leader to concentrate on delivery and engagement.

Dividing each tuition day into three two-hour sessions worked well, and the virtual exam preparation sessions we provided were much appreciated by our delegates.

Influence

As a movement, we represent diverse voices and ambitions, and leverage our influence to shape the agenda. In 2020, we engaged and won on many of the issues that matter most to our members.

We seek to influence public policy on behalf of our members and in pursuit of the objects of our Royal Charter. Our key areas of focus include the advancement of high standards of corporate governance, a business environment favouring enterprise and innovation, a more professional and inclusive approach to organisational leadership, and sustainability – a growing area of importance.

UK-wide policy issues are addressed by members of our Governance and Policy Unit, with regional teams taking the initiative at the devolved and local level. By advocating an approach to business combining enterprise with integrity in equal measure, we campaign to increase the trust of wider society in directors and business leaders across the UK.

Supporting organisations nationwide

From early in the pandemic and throughout the subsequent national lockdowns, we argued for substantial government support to sustain inherently viable enterprises amid unprecedented circumstances. Through regular meetings with government ministers, senior civil servants and politicians from all major political parties, we played key roles in the introduction and design of key policies, including the Furlough Scheme, the Self-Employed Income Support Scheme, VAT deferral, business rates relief and the various state-backed business loans schemes.

Lobbying efforts also included regular media appearances – across TV, radio, print and online formats, letters to MPs, consultation responses, and appearances on parliamentary committees, all backed up by member data from our monthly Policy Voice survey, where respondents regularly exceeded 700.

In particular, we persuaded the government to twice suspend wrongful trading liability rules for directors for a time-limited period, thereby encouraging directors to continue trading, despite the greater insolvency risks.

Despite our continued efforts, the IoD and other business organisations were unable to alter the Treasury's position not to provide UK-wide income support for limited company directors. However, our team in Northern Ireland was instrumental in securing an £3,500 grant for SME company directors – the only devolved nation in the UK to offer this support. More generally, we succeeded in making the case for greater local authority discretionary grant funding, which allowed many directors to be supported at a local level.

Advising members post-Brexit

Brexit remained a crucial issue during 2020, as the UK and the European Union (EU) sought to negotiate a trade and cooperation agreement. The IoD was a key member of the Brexit Business Taskforce, chaired by Michael Gove, and provided ongoing advice and support to IoD members on how they should adjust to the new EU trading regime.

In particular, we were instrumental in winning government support for 'Brexit vouchers', which provide financial support for SMEs seeking expert advice on Brexit-related issues. We also responded to challenges experienced by members in accessing government-backed loans due to EU state aid rules. The 'Undertaking in Difficulty' test penalised seasonal and fast-growing UK firms. Following a concerted campaign, we were successful in advocating for a change in EU rules.

As UK business began to evaluate the best route to recovery, we engaged with government on ways to enhance skills and training, business investment, innovation and digital infrastructure, as a means of boosting productivity. Many of our requests were addressed by the government in the Budget and Plan for Growth, announced in early 2021. We also argued that a more balanced and de-politicised approach to screening foreign investment should be included in the proposed National Security and Investment Bill.

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From early on in the pandemic and the series of national lockdowns that followed, we argued for substantial government support to sustain inherently viable enterprises during these unique and difficult circumstances.

“In my last business, when the pandemic hit, we closed because we couldn't socially distance within the factory and immediately cancelled all our orders from our Chinese supplier. Unfortunately, we had 10 weeks' stock already heading to the UK. When I asked the government for a deferment of my import VAT and duty, that created an issue because they didn't have a mechanism to allow us to do that. I understood that there was no way that we could be the only company in this position but I'd reached a blocking point.

As an SME in Barnsley there's very little leverage that I could use so I contacted the IoD. They lobbied the government on our behalf and we became the test bed for the UK for the deferment of import duty and VAT. We got the answer within six weeks which, by HMRC standards, is lightning fast and we managed to defer £850,000 of tax that otherwise would've come out of my cashflow at a time when we weren't generating any income at all. That was a fantastic result entirely led by the IoD team.”

Victoria Clarke Brown CDir
Chief Financial Officer, Custom Solar Ltd

Influence

Our Policy Voice survey tool continued to be a key source of insight into our members’ policy perspectives – as well as being highly influential with policy makers.

Shaping the UK business agenda

Our Governance and Policy Unit members made appearances at the BEIS, Treasury, Education, Work and Pensions, and Foreign Affairs parliamentary committees throughout the year. In parallel, our Director General maintained strong links with the Secretary of State for Business, the Chancellor and other political leaders – with equivalent political engagement undertaken by our National Directors with the devolved governments of Scotland, Wales and Northern Ireland.

During 2020, we launched major new initiatives to increase engagement with IoD members around policy issues. We established expert advisory groups in nine key policy areas, as a means of tapping into our members’ exceptional knowledge and expertise.

Across our regional network, we appointed new governance and policy ambassadors as the ‘eyes and ears’ of IoD influence at the local level – an important new source of grassroots

input into our national policy positions. Meanwhile, our Policy Voice survey tool continued to be a key source of insight for our members’ policy perspectives – and highly influential with policy makers.

IoD Centre for Corporate Governance

The launch of the IoD Centre for Corporate Governance was a major new initiative in 2020. The Centre arose from the IoD’s Royal Charter obligation to ‘promote the study, research and development of the law and practice of corporate governance’. Under the oversight of a distinguished advisory board of leading corporate governance experts, it aims to explore current issues in company stewardship and environmental, social and governance issues. In addition to IoD members, the Centre also brings together a variety of other stakeholders, including policy-makers, academics, employees and NGOs, through its working groups, events and publications.

Forming new partnerships

Kirsty McManus, National Director for Northern Ireland was appointed by the Northern Ireland Government to the High Streets Task Force for Northern Ireland. The task force seeks to create sustainable city, town and village centres that are thriving places for people to do business, socialise, shop, be creative and use public services as well as being great places to live.

Minister Nichola Mallon MLA, Kirsty McManus, IoD NI



Protecting members’ interests

During 2020, the IoD worked hard on behalf of its members to give government a clear picture of how the coronavirus outbreak was affecting

business on the ground, and pushing for support where it was most needed. Action was taken across numerous fronts. But, as this end-of-year snapshot shows, there are still areas to improve.

What’s the issue	What’s been done	What still needs to happen?
Limited company director income	Directors are eligible to be furloughed based on PAYE salary.	Extend support to cover company dividend income.
Access to finance	CBILS and BBLS extension provides much-needed finance.	Consider further extension to end of March with furlough; ensure that banks enable loanees to access ‘Pay as you Grow’.
Jobs and wages	Furlough extended to the end of March.	Cover those who have fallen through the gaps, reduce Employers’ NICs to promote job creation.
Investment	Enhanced AIA £1m cap extended through 2021.	Improve SME tax reliefs for productivity-enhancing investments.
Self-employment	Grant support awarded through SEISS over winter.	Cover those who have fallen through the gaps.
Cashflow	Grants for businesses legally closed by restrictions and business rate payers.	Local authority grants should also cover firms that have property costs and limited company directors.
Debt	Some banks are actively easing restrictions on loans and payments.	Banks need to provide more flexible support to struggling businesses.
Tax costs	Business rates holiday for certain sectors.	Provide longer-term rates reform and extend employer NIC reduction.
Tax repayment	HMRC Time to Pay expanded, deferred VAT and other tax liabilities.	Ensuring HMRC has the system ready when repayments hit in 2021.
Insolvency	Wrongful trading, statutory demands suspended.	Consider measures to ease spring cliff edge.
Cost of finance	Bank of England supports lending citing Policy Voice.	More liquidity may need to be offered to lenders and corporates.

People and culture

We have made significant progress in creating a leaner, more agile and future-focussed IoD.

We have worked hard to keep our people and their families safe by ensuring a smooth transition to remote working, and being supportive of those engaging in home schooling. And despite working with fewer resources, we continued to offer the same high level of service expected by our members and the wider community.

A new culture

A strong and healthy culture is central to our ability to continue supporting members effectively. To help strengthen our culture, in 2020, we took an in-depth look at all aspects of life at the IoD. In particular, we implemented a policy of clearer communication with our people, holding regular knowledge sharing workshops, clarifying responsibilities and identifying opportunities for development and progression.

Focus on wellbeing

To support our people's wellbeing and stay connected, we maintained regular contact, implementing multiple initiatives to encourage social interaction, albeit virtually. For example, with many living on their own, we introduced a daily afternoon tea, where people could meet virtually to share stories and experiences. While we discussed serious topics, we also enjoyed some interesting and amusing sessions, and discovered some unknown talents and fascinating hobbies within the IoD family.

We also implemented monthly All Colleague video calls that everyone could join and encouraged teams to organise virtual social events. We further supported this effort by establishing a working group tasked with engaging our people socially, and keeping everyone connected.

Importantly, we extended our support to include the wellbeing of our people's families and support groups. For example, we provided everyone with a takeaway meal for their household. We also ensured an extended break at Christmas to allow time for people to recover after a challenging year.

In 2021, our people's wellbeing remains at the forefront of our plans. We aim to implement several new initiatives, including Wellbeing Days and activities, while continuing our mental health programmes.

Upskilling our people

Maintaining high standards with reduced resources was vital during 2020. We held monthly upskilling workshops to support our people as they acclimatised rapidly to new roles, involving expert speakers, holding varied discussions, and providing guidelines to uphold our high standard of service. In addition, we have provided all colleagues with an updated job description and KPIs, helping to ensure that people understand their roles and responsibilities, and how they can develop and progress at the IoD. We will continue to build momentum on upskilling our people in 2021.

Diversity and inclusion

While we have made great strides on improving the gender and ethnic diversity of our workforce, we fully recognise that we still have some way to go. We adopted further measures in 2020 to accelerate progress at all levels, so that the IoD becomes a truly diverse and inclusive organisation.

NB The gender and ethnicity pay gap statistics reported here relate to April 2020, since which time we have undergone a major restructure of our business and changes to a number of senior positions.

A step change in human resources

During 2021, we are moving our HR system to a self-service model where individuals are in control of their data. The new digital system will not only record basic HR information, but enable us to eliminate most of our manual processes, allowing us to book holidays, track illness, record development, assess our performance and much more. It will equip our people with the resources they need to be more agile, and allow them greater flexibility to shape their learning and development.

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In 2021, our people's wellbeing remains at the forefront of our plans. We aim to implement several new initiatives, including Wellbeing Days and activities, while continuing our mental health programmes.



“The Information and Advisory service is just first class – for a business like mine, a marketing agency, to have on-tap MBA-level researchers provide content, insights and expertise at any time, during pitches, during presentations, is phenomenal – it is worth your membership alone. The second thing is Pall Mall, it's great. It gives me an opportunity when I go down to London to have a base there. The third thing is the new branch network, it gives us an opportunity to create a regional, nuanced presence within the national and international framework of the IoD.”

Andy Wilkinson
Managing Director and founder, OWB Creative Communications

People and culture

Beyond pay, we are conducting a review of our reward offerings to ensure that they are fit for purpose and in line with our future aspirations, including our sustainability ambitions.

Rewarding our people

Recognising and rewarding our people is integral to encouraging employees and colleagues to fulfil their potential and promoting good business performance. In 2020, we undertook a salary benchmarking exercise to ensure that we rewarded all our people in line with their achievements and implemented pay increases, as appropriate. We pay all our people at least the Living Wage,



and for those in London, the London Living Wage. Additionally, we engage with our suppliers to encourage this good practice within their own businesses. Beyond pay, we are conducting a review of our reward offerings to ensure that they are fit for purpose and in line with our future aspirations, including our sustainability ambitions.

The number of employees
(full time equivalent)

82

As of 5th April 2020

Gender composition of our employees across our organisation

Male

Female

38%

31

62%

51

Management Team

50%

3

50%

3

Extended Management Team

31%

4

69%

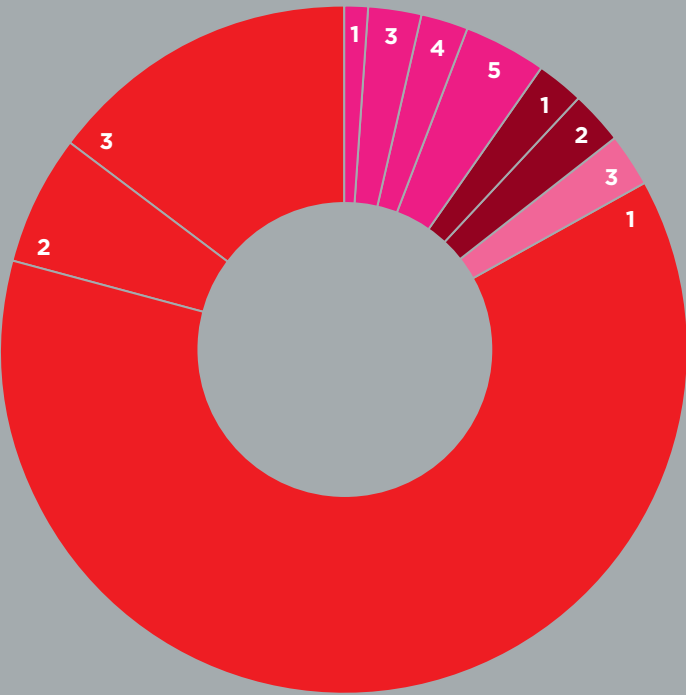
9

Full time employees

78%

Male
Female

Ethnic origin



Ethnic origin	MT	EMT	All colleagues
Asian / Asian British			8
1 Indian			1
2 Pakistani			-
3 Bangladeshi			2
4 Chinese			2
5 Other Asian			3
Black / African / Caribbean / Black British			4
1 African			2
2 Caribbean			2
3 Other Black / African / Caribbean			
Mixed / multiple ethnic groups		1	2
1 White & Black Caribbean			
2 White & Black African			
3 White & Asian		1	2
Other mixed / multiple ethnic groups	6	12	68
1 White British	4	10	51
2 White Irish		2	5
3 Other White	2		12
Other ethnic groups			
1 Arabic			
2 Any other ethnic group			

As of 31 December 2020

People and culture

Gender pay gap

As an employer with less than 250 employees, the IoD does not fall within the scope of legislation on gender pay reporting, however, we publish the information in the interest of transparency. The IoD has a very clear policy of equal pay for equal work.

The data is based on the ‘snapshot’ date of 5th April in 2020, however it is worth noting that this does not include those colleagues who were furloughed at this date, that the shape of the IoD’s workforce has changed substantially and that this does not represent the current position.

The mean gender pay gap rose between 2019 and 2020 from 12% to 29%, with the median pay gap rising slightly from 20% to 27%. In relatively small organisations, the averages can be shifted significantly by a small number of roles, and one relevant factor between the two dates was the departure of the female Director General. At the point the 2020 snapshot was taken, the IoD had appointed a male Director General.

There is a greater difference when it comes to bonuses, with 12% of male employees receiving a bonus in 2020, compared to 1% of female employees. While there are more female than male employees at the IoD overall, we have a higher percentage of male employees in our sales teams, which operate with variable pay. To address this and create a more even playing field, we are implementing a new bonus structure based on performance for all colleagues.

Mean gender pay gap

Hourly pay relevant employees

29%

Median gender pay gap

Hourly pay relevant employees

27%

Proportion of males and females receiving a bonus payment

Male

12%

Female

1%

Mean bonus gender pay gap

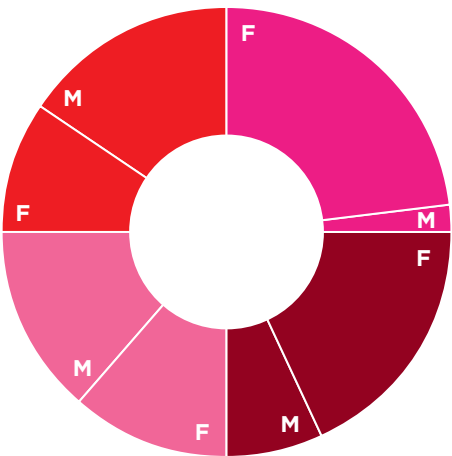
90.5%

Median bonus gender pay gap

79%

Proportion of males and females in each pay quartile

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



Quartile	Gender	Count of gender	Count of gender 2
● Lower	F	24	92.3%
	M	2	7.7%
Lower total		26	25%
● Lower middle	F	19	73.1%
	M	7	26.9%
Lower middle total		26	25%
● Upper middle	F	12	46.2%
	M	14	53.8%
Upper middle total		26	25%
● Upper	F	10	38.5%
	M	16	61.5%
Upper total		26	25%
Grand total		104	100%

Ethnicity pay gap

As with the gender pay figures, the numbers below relate to the snapshot date of 5th April 2020 and should not be taken as reflective of the current position.

According to the latest census (2011), 86% of residents of England and Wales were white. The IoD’s proportion of employees from other ethnic groups is higher than the overall proportion. This may in part reflect the fact that the IoD’s head office is in London.

The IoD has a mean pay gap of 15% between white employees and employees of other ethnicities, and a median pay gap of 13.5%. When compared to 2019, these figures show a more consistent approach to ethnicity across the business, with the proportion of white employees in senior roles lower in 2020, compared to 2019.

The mean ethnicity pay gap fell between 2019 and 2020 from 17.5% to 15%, with the median pay gap rising from 4% to 13.5%. This was largely due to colleagues who were furloughed at the time and is not representative of the current situation.

We recognise that there is still much to do in ensuring that we support and promote inclusion and diversity across our organisation and membership. We will continue to work closely with all stakeholders to improve representation at all levels and address any gaps. One of the key activities for 2021 is to implement a diversity and inclusion policy for our business and our members.

Mean ethnicity pay gap

Hourly pay relevant employees

15%

Median ethnicity pay gap

Hourly pay relevant employees

13.5%

Proportion of white British / Irish and other ethnic groups receiving a bonus payment

White British / Irish

5%

Other ethnic groups

6%

Mean bonus ethnicity pay gap

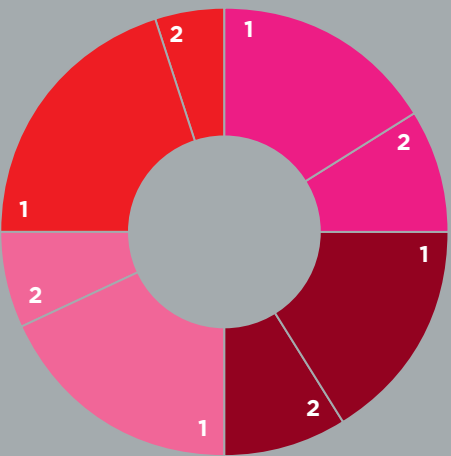
-10%

Median bonus ethnicity pay gap

17%

Proportion of ethnicity in each pay quartile

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



Quartile	Ethnicity	Count of ethnicity	Count of ethnicity 2
● Lower	1 White British / Irish	17	65.4%
	2 Other ethnic groups	9	34.6%
Lower total		26	25%
● Lower middle	1 White British / Irish	17	65.4%
	2 Other ethnic groups	9	34.6%
Lower middle total		26	25%
● Upper middle	1 White British / Irish	19	73.1%
	2 Other ethnic groups	7	26.9%
Upper middle total		26	25%
● Upper	1 White British / Irish	21	80.8%
	2 Other ethnic groups	5	19.2%
Upper total		26	25%
Grand total		104	100%

International community

Our international member community continues to grow. Our goal for this year and beyond is to use the platform we’ve created for international growth to extend our reach into new territories.



“The pandemic severely limited opportunities to meet and network with other business leaders. Being a member of the IoD gave me access to a wide range of professionals and the chance to connect with them during a very challenging time.”

Lloyd Holder
Vice President Information Systems,
SiriusPoint Ltd

We are a community that, post-Brexit and post-pandemic, is looking outward to strengthen connections around the world. As we begin to move forward, one of our best opportunities for future growth is through our international network.

The Institute is already firmly established across the globe, with 2,900 members in 90 countries. Take-up of our renowned Chartered Director qualification is growing. However, we’ve only just started to scratch the surface of what may be possible.

During 2020, we developed a number of key initiatives to support our international aspirations. We prioritised establishing a suitable and stable foundation for growth, and ensuring that international branches feel just as connected to the IoD as our UK members, in line with our decentralised model.

We have formally incorporated and launched IoD International Holdings Ltd, a subsidiary of the IoD that will independently support the International operations of the IoD.

For larger territories, we have implemented a franchise-based operating model, which offers greater flexibility and autonomy to support overseas members, while encouraging more engagement at a local level. It also equips our director volunteers with the tools to ensure that, wherever in the world we operate, we continue to support directors in their roles.

We are now planning to expand our European branch network to connect directors of organisations across the continent and stimulate business opportunities – not just between the UK and Europe but across our global network.

Meanwhile, we identified new professional development partnerships, with an exciting initiative under way to deliver the Chartered Director qualification in China (and in Mandarin), later this year.

In 2021 and beyond, we will leverage our platform for international growth to accelerate our reach into new territories, creating connections with businesses and their directors across the globe.

International branches

The IoD has active branches in the following locations – Belgium, Bermuda, Cyprus, France, Guernsey, Isle of Man, Jersey, Malta, Monaco.

Chartered Director programme

Our Chartered Director programme is delivered virtually through our longstanding partnerships with the following organisations:

- IDA in Russia
- Guernsey Training Agency in Guernsey
- Open Doors Programme promoting Women on Boards in Africa with The Boardroom Africa
- IoD in the Republic of Ireland
- Instituto de Directores in Chile
- Ernst & Young in Peru.



The Institute is already firmly established across the globe, with 2,900 members in 90 countries.

“One of my passions is female leadership – that is, empowering women to become trailblazers and game changers and to break glass ceilings. Through this pandemic, I feel even more certain that much of our success as women leaders is as a result of developing resilience – the ability to get up and keep going when life is tough and when we face setbacks.”

Sara Schroter CDir
General Counsel, Meritus Trust Company Ltd



Sustainability

The transition to a more sustainable, carbon-neutral economy is one of the key challenges facing organisations and society today. We aim to both advise our members on sustainability issues, and advance our own decarbonisation strategy.

The UK has voiced strong ambitions in the fight against climate change and, in 2019, became the first major economy to pass laws to achieve net zero by 2050.

However, in terms of progress, we still have a way to go and reaching this target will require extensive, systemic change across all business sectors. We are committed to playing our part in educating and supporting UK business to achieve this objective.

Sustainable Business campaign

We significantly increased our sustainability activities in 2020, following the launch of our Sustainable Business campaign in 2019. In particular, the Information and Advisory Service and a newly-established team of volunteer sustainability experts provided members with access to the latest advice, best practice and experiences of leading sustainable businesses.

National Sustainability Taskforce

In November 2020, we established a National Sustainability Taskforce, chaired and operated by IoD members. The role of the Taskforce is to advise our management team on how the IoD itself can become more sustainable. It is also exploring how we can best support our

members in embedding best practice in their organisations. An important focus of the group has been to help prepare a proposal for our participation at the COP26 Climate Change Conference in Glasgow in November 2021.

To further advance and demonstrate our decarbonisation performance, we have participated in the Planet Mark certification process for the past two years. The focus of this assessment has been our London base at 116 Pall Mall, which is the largest contributor to our carbon footprint.

Reducing carbon emissions

The carbon footprint of our direct operations in 2020 was 318 tonnes of CO₂ equivalent (tCO₂e) emissions, as certified by Planet Mark, and our market-based footprint was 91.7 tCO₂e (due to factors including our use of a renewable energy supplier). This represents a year-on-year decrease in emissions of 42.6%, a 22.5% per employee decrease and a 30.3% per member decrease. While the significant decline in emissions partly reflects the closure of Pall Mall to employees and members for a large part of 2020, it also reflects our continued efforts to reduce energy use and improve energy efficiency throughout our business.



We significantly increased our sustainability activities in 2020, following the launch of our Sustainable Business campaign in 2019.

“We are at an inflection point as a nation, in our economy and in our society, because the world is waking up to a lot of things – in terms of social inequality, racial injustice, as well as sustainability of the environment – all accelerated by technological disruption. This is leading to change like we’ve never seen before. Over the last decade, where technological disruption was the main cause of some businesses thriving and others failing, in the coming decade, I strongly suspect the primary driver of success will be their ability to adapt to a more sustainable world.”

Andrew Griffiths

Director of Community & Partnerships, Planet Mark

Interim Chair statement

Throughout the pandemic, our policy team held regular conversations and sessions at the highest levels of government.

A year on from our last report, the challenges arising from the pandemic remain significant. Throughout 2020, we offered our full support to our members.

I have personally heard many stories of how members adapted to new and difficult circumstances. We must now lift our eyes and focus on playing our part in ensuring that the economic recovery is strong and sustainable.



John Watson
Interim Chair

Exercising influence

Whether it is the Council, the Board, Chairs or IoD staff, we never lose sight of the fact that our role is to represent our members. Throughout the pandemic, our policy team held regular conversations and sessions at the highest levels of government. They achieved many successes, including persuading the government to twice suspend the potential legal liability for directors of 'wrongful trading'.

It remains, however, a deep frustration that despite our and others' efforts, including the practical proposals we presented in our pre-Budget report, large numbers of businesses were unable to access the level of help available to others. As the economy bounces back, it is incumbent on the government to ensure that supporting this group in the next phase is a priority, and that means not doing anything to stifle their recovery.

Strengthening our grassroots

We made further progress on devolving power to our local networks as part of our strategy to align more closely to our membership. I am particularly pleased that at this level we have made significant progress in better reflecting the diversity of our member base. While we are a national and international organisation, we must never lose sight of the fact that the IoD is still a true members' organisation.

And it is those members and volunteers whom I would truly like to thank for their sterling efforts during the most trying of times. They were there to support each other, reach

out to each other and provide advice when it was needed most. We knew this was a given in normal times, but as I heard during my regular call with Chairs and others, when we were engulfed by a crisis of epic proportions, it was their efforts that showed the true value of IoD membership.

Staying connected

With all of us working from home for an extended period, we found inventive ways to remain connected. While we became accustomed to virtual rather than 'live' meetings, I am sure that, as the economy opens, we will all want to seize the opportunity for real, in-person communication, and it is encouraging to see the re-opening of 116 Pall Mall, albeit in a very different way. These are small but important steps.

Like many others, the IoD suffered a significant loss of income over the year. We moved quickly to address it, and thanks to important work done in previous years to balance our books, our losses were limited to £2.5m.

For both the Council and the Board, financial stability remained a priority during 2020. I would like to thank our Council members for their support during this period.

A force for good

Our Royal Charter charges us to create better directors and stand up for good governance. We say this every year, but it is worth reminding ourselves, as it is this, and our support for entrepreneurship, that ensures the IoD remains a force for social good.

My period as Interim Chair ended with the appointment of Patrick Macdonald in March. I know that Patrick will be a great Chair of the IoD and I wish him every success. I will remain on the Board as Chair of the Audit Committee, but I wanted to end by thanking the Council, Board and all of you for your help and support over the last year.

"One area in which the IoD has been invaluable throughout the past 12 months is influencing policy. This will continue to be a great resource for us in the future. It is supportive of its members and understands the importance of direct discussions with our politicians, at both a local and national level, in addition to taking a firm stance in the media for our benefit."

Michelle Hatfield
Director of Corporate Services,
George Best Belfast City Airport

Objects of the Institute of Directors' Royal Charter

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

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

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

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

