

Financial statements for year ended 31 December 2017 - exceptional costs

The 2017 accounts ([available here](#)) include some exceptional cost items, relating to challenges and enquiries made by a former Trustee and in relation to the management of a complaint against the former Trustee. These are set out further below.

Disciplinary

The following legal costs were expended on obtaining advice relating to the disciplinary matters:

Costs in support of the member disciplinary process	
Legal fees	4,500
TOTAL	4,500

Ordinarily legal advice would not be necessary in support of the disciplinary process, however, on this occasion, exceptional care and advice was required with respect to the Institution's obligations under the Equality Act. This advice is applicable to any future, similar situation and is being used both to update the IChemE's Disciplinary Regulations and to provide guidance to other Professional Engineering Institutions.

Trustee Behaviour

During his short period of office, the former Trustee considered himself to be conflicted, and therefore absented himself from attending Council meetings. He did, however, raise several serious and potentially criminal concerns including:

- The sale of IChemE property in 2003 and related claims of financial impropriety;
- The mis-management of the Pension Fund during a period in the late nineties and the early noughties;
- Excessive staff remuneration; and
- Trustee collusion and interference in the disciplinary process;

The concerns were not raised, following recognised good practice, with fellow Trustees, but in the first instance were mostly communicated through social media and subsequently with external parties such as the Charity Commission, the Information Commissioners' Office and the Engineering Council. The Trustees were therefore obliged, in accordance with their Charitable obligations, to procure legal advice and the advice of specialist counsel, to commission an independent investigation employing the services of a retired police officer through a reputable investigation agency. The former Trustee was invited but refused to cooperate with the independent investigation. The costs associated with the above advice and the independent investigation are shown below:

Costs in support of responding to a former Trustee	
Legal fees	55,780
Specialist Counsel fees	8,700
Independent investigation fees	11,950
TOTAL	76,430

All enquiries and investigations found there to be no substance to the allegations and concerns that were raised by the former Trustee. All external regulators were satisfied with the professional way in which the matters were dealt with by the Trustees and the staff.

Clarification on the above concerns are available on the Institution's [Fact Checker](#).

Extraordinary General Meeting (EGM)

In early October 2017, an issue around the ability to communicate with certain sections of the membership was brought to the fore in the form of the request for an EGM by 50 members.

Professional communications advice was therefore sought in order improve the Institution's approach to member engagement, and to ensure that as many members as possible were encouraged to understand the issues and to participate in the ballot. The communications approach developed during this period included a proposal to create a member-only online forum (*Interface*) for the Institution, and the use of webinars led by Trustees for members. This learning is now being embraced within the Institution's everyday activities, to ensure that communication with members continues to improve.

The wording of the requisitioners resolution was such, that legal advice was required by the Trustees to confirm how the process should be managed. The Institution's legal representative was also required to attend the meeting, in the event of matters requiring legal clarification on the day.

The EGM took place on 11 January 2018. The exceptional costs are shown below:

Costs incurred in support of the EGM	
Member engagement communication consultancy	42,240
Legal fees	11,585
Independent election services (including printing / postage of ballot papers)	18,020
Venue hire	3,160
TOTAL	75,005

Lost Opportunity

The staff and Trustee time involved in handling the associated workload in these matters has resulted in a significant lost opportunity cost against the delivery of projects identified in the business plan and *Strategy 2022*.

In total, it is estimated that around 400 days of staff time and 100 days of Trustee time have been expended. As a result, a number of strands in the programme of work, identified by the new Chief Executive to Council in April 2017, have been delayed. This has included: delaying the work around re-establishing the 'Learned Society'; developing the Hub and Spoke model; and reviewing the support for member groups and SIGs. The rolling three-year programme will now be re-baselined and re-presented to Council at the May meeting (held prior to the AGM on 21 May 2018).

27 April 2018