

PENSIONS POLICY INSTITUTE

PPPI

ANNUAL REPORT AND FINANCIAL STATEMENTS
1 FEBRUARY 2014 to 31 JANUARY 2015

REGISTERED COMPANY NO: 04145584
CHARITY NO: 1087856
(ENGLAND & WALES)

Annual Report and Statement of Financial Activity

Contents	Page
1. Chairman's report	1
2. Council's report	3
• Objectives and activities	5
• Achievements and performance	6
• Financial review	12
• Plans for the future	14
• Structure, governance and management	16
• Reference and administrative details	21
3. Independent auditor's report	22
4. Financial statements	24
• Statement of Financial Activities	24
• Balance sheet	25
• Notes to the Financial Statements	26

All enquiries regarding the Pensions Policy Institute's activities should be addressed to Michael Pomery CVO, Chairman at:

Pensions Policy Institute
King's College
26 Drury Lane
London WC2B 5RL

Tel: 020 7848 3744
Fax: 020 7848 1786
E-mail: info@pensionspolicyinstitute.org.uk

Website: www.pensionspolicyinstitute.org.uk

Chairman's report



It is with pleasure that I present the fourteenth Annual Report of the Pensions Policy Institute (PPI). The Council's Report which follows gives a full account of the Institute's activities over the past year.

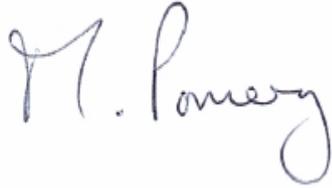
The PPI has continued to play a key role in contributing evidence and research to the Government's policy reform agenda. PPI Briefing Notes addressed ongoing policy issues on Risk Sharing Pension Plans and Class 3A voluntary National Insurance Contributions. The PPI also submitted written evidence to the Scottish Parliament Finance Committee examining the implications of Scottish independence on Government spending on State Pensions, and the implications for pensioners in Scotland. The PPI continued the Automatic Enrolment Series that investigated the potential impact of automatic enrolment into private pensions. At Budget 2014 the Chancellor announced radical changes to how Defined Contribution (DC) pension savings can be accessed at retirement and the Transitions to Retirement Series explores some of the implications of these new freedoms and the scope for innovation in developing flexible retirement income solutions in the UK. This brief description does not do justice to the extent or quality of the research output in what has been another busy and demanding year, in terms of pension changes.

As mentioned in last year's report, 2014 saw the introduction of a new role at the PPI of a Fundraising and Membership Manager, which has enabled us to significantly increase our engagement with existing Supporting Members and helped us to obtain new Members. The PPI will continue to evaluate the Membership Scheme over the next year. The Scheme provides financial support for the PPI's core activities, thereby enabling us to publish pensions data, as well as responding to Government Consultations and having an independent voice on pensions and retirement income policy.

Additionally, the PPI could not produce our catalogue of high quality research without the support of a wide range of individuals and organisations. I would like to extend my sincere gratitude to all our current Supporting Members, Governors and organisations that have commissioned research or have provided research grants over the past year.

I would also like to extend my grateful thanks to the members of the PPI Council for their valuable support over the last year, coupled with my thanks, and those of the Council, to Chris Curry and all the PPI staff for their impressive output during a very busy year. We also welcome Sarah Luheshi, successor to Mel Duffield as the PPI's Deputy Director, who joined in January 2015. Sarah has a wealth of experience in the financial services industry which includes extensive international strategic and management consultant experience. On behalf of the Council, I would like to thank Mel Duffield for her invaluable contribution to the PPI, particularly in increasing the research output and membership numbers.

Finally, I have indicated to the Council my intention to step down as Chair of Council at the 2016 AGM. We have begun the process of finding the next Chair and will be advertising the vacancy in the coming months.

A handwritten signature in blue ink that reads "M. Pomery". The signature is written in a cursive style with a large, looped initial "M".

Michael Pomery CVO
PPI Chairman

Council's report

The Council is pleased to present the Annual Report and the Financial Statements of the Pensions Policy Institute (the 'Institute') for the year ended 31 January 2015.

The Council confirms that the Annual Report and Financial Statements of the Institute comply with current statutory requirements, the requirements of the Institute's governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in 2005.

Council Members

Professor Nicholas Barr	(appointed 2008, re-elected 2012)
Duncan Brown	(appointed 2011, re-elected 2014)
Chris Curry (ex-officio)	(appointed 2013)
Laurie Edmans CBE	(appointed 2007, re-elected 2013)
Andrew Evans	(appointed 2012)
Madeline Forrester	(appointed 2013)
Michael Pomery CVO (Chairman)	(appointed 2006, re-elected 2012)
Joanne Segars OBE	(appointed 2001, re-elected 2013)
Margaret Snowdon OBE	(appointed 2010, re-elected 2014)
Paul Stannard	(appointed 2007, re-elected 2014)
Professor Holly Sutherland	(appointed 2010)
Anthony Tomei CBE	(appointed 2012, re-elected 2013)
Kevin Wesbroom	(appointed 2013)
David Yeandle OBE	(appointed 2001, re-elected 2012)
Andrew Young	(appointed 2002, re-elected 2014)
Institute Director	Chris Curry
Company Secretary	Chris Curry
President	Baroness Greengross OBE (appointed 2004)

Governors at 31 January 2015

Mike Addenbrooke	Patrick Heath-Lay	Nick Sherry
Dr Ros Altmann CBE	Professor Sir John Hills CBE	Teresa Sienkiewicz OBE
Matthew Annable	Chris Hitchen	Ruston Smith
Mark Ashworth	Tony Hobman	Margaret Snowdon OBE*
Sir Tony Atkinson	Baroness Hollis of Heigham	Brian Spence
Professor Nicholas Barr*	Caroline Instance	Nigel Stanley
Rodney Bickerstaffe	Paul Johnson	Paul Stannard*
Tom Boardman	Tim Jones	Professor Holly Sutherland*
Professor Philip Booth	John Kay CBE	Doug Taylor
Adrian Boulding	Lord Kirkwood of Kirkhope	Peter Thompson
Ronnie Bowie	Arno Kitts	Otto Thoresen
Robert Branagh	Michael Lake CBE	Paul Thornton OBE
Duncan Brown*	Robert Laslett CBE	Nick Timmins
Kay Carberry CBE	Chris Lewin	Anthony Tomei CBE*
Miles Celic	Paul Lewis	Jane Vass
Simon Chinnery	Prof. Denise Lievesley CBE	Adrian Waddingham CBE
Lawrence Churchill CBE	Gordon Lishman CBE	Professor Robert Walker
Professor Gordon Clark	Trevor Llanwarne CB	Andrew Waring
Niki Cleal	Anne Maher	Nigel Waterson
Norma Cohen	Professor Stephen McNair	Dr Martin Weale CBE
Charles Cowling	Tom McPhail	Kevin Wesbroom*
Michelle Cracknell	Tom Merchant	Alan Woods
Margaret Craig	Peter Murray	David Yeandle OBE*
Jane Curtis	Ian Naismith	Andrew Young*
Wayne Daniel	Dame Jane Newell OBE	
Professor Richard Disney	Morten Nilsson	
Baroness Drake CBE	Alison O'Connell	
Laurie Edmans CBE*	John Pearson	
Andrew Evans*	Michael Pomery CVO**	
Professor Jane Falkingham	Julius Pursaill	
Terry Faulkner	Dr Katherine Rake OBE	
Campbell Fleming	Brian Ridsdale	
Madeline Forrester*	Rhoslyn Roberts	
Bill Galvin	Tom Ross OBE	
Fay Goddard	Alan Rubenstein	
Baroness Greengross OBE***	Jane Samsworth	
Professor Ruth Hancock	Richard Saunders	
Dr Sarah Harper	Joanne Segars OBE*	
Andrew Harrop	David Severn	

*** President ** Chairman of Council * Council Members (at 31 Jan 2015)

Objectives and activities

The Institute is an educational research charity established with a charitable object for the advancement of education for the benefit of the public by promotion, on a non-political basis, of the study of, and the dissemination of the useful results of the study of, pensions and other provision for retirement and old age, and the economic and social effects and influences of existing arrangements and possible changes to them.

The PPI aims to be an authoritative voice on policy on pensions and the provision of retirement income in the UK. The PPI has specific objectives to:

- Provide relevant and accessible information on the extent and nature of retirement provision;
- Contribute fact-based analysis and commentary to the policy-making process;
- Extend and encourage research and debate on policy on pensions and retirement provision;
- Be a helpful sounding board for providers, policy-makers and opinion formers;
- Inform the public debate on policy on pensions and retirement provision.

PPI research will have most immediate relevance for Government policymakers and their advisers, pension and savings providers, employers and trade unions, charities and trade bodies, academics and commentators. The PPI's work will also contribute to raising the wider public understanding of pensions.

The PPI is unique in the study of pensions as it:

- Is independent, with no political bias or vested interest;
- Is led by experts focused on pensions and retirement income provision;
- Considers the whole pension framework: state, private and the interaction between them;
- Pursues both academically rigorous analysis and practical policy commentary;
- Takes a long-term perspective on pension policy outcomes;
- Encourages dialogue and debate with multiple constituencies.

The PPI's focus is on the study of pensions and other provision for retirement income in the UK. Relevant lessons from other countries and wider issues, such as work, health and expenditure, will be considered where they are important for specific research topics.

Research and information output

In meeting its stated aims the PPI undertakes a number of different types of research: core research, commissioned research and research grants. Core Research includes: Briefing Notes, information publications and responses and submissions to Government Consultations or Parliamentary Committees. Commissioned research is undertaken by the PPI but funded by a third party and tailored to the needs and specification of the funder. Research grants is

research funded by grant giving foundations for specific research projects. All research must meet the PPI's stringent aims and objectives.

The PPI organises regular seminars and events at which PPI research findings are presented and discussed with Government Ministers, politicians, policy makers, members of the financial services industry, unions, charitable representatives, consumer and employer representatives.

Public Benefit

The Council Members confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity. The Council's view is that the PPI complies with this guidance because:

- All research is published and is available to members of the public to download from the website ensuring the broadest possible reach for the research
- All members of the public benefit if the policy debate on pensions and retirement provision is informed by apolitical, independent and evidence-based research
- Any individual or organisation can commission research from the PPI provided:
 - The research falls within the PPI's charitable objective;
 - The PPI has the skills and capability to conduct the research and
 - The organisation is able to fund the research and is content for the research to be published.
- Any organisation can join the PPI's supporting membership scheme if it wishes to attend the PPI's research seminars and keep abreast of the PPI's research. A reduced membership rate applies for charities and charitable trusts.

The objectives and activities, achievement and performance and plans for the future sections of this report clearly set out the activities which the PPI undertakes for the public benefit.

Achievements and performance

The policy context

The Coalition Government had a wide-ranging reform agenda that included proposals for further reforms of the state pension, development of the automatic enrolment initiative introduced in 2012, and the implementation of reforms to public sector pensions as set out by Lord Hutton of Furness in his review of public service pensions.

The Pensions Act 2014 introduced a new single-tier state pension to be introduced from April 2016, as well as a number of changes to the framework for governance of Defined Contribution Pensions and the charges they can levy.

At Budget 2014, the Government announced major changes to the way in which Defined Contribution pensions can be accessed in retirement.

The Queen's Speech on 4 June 2014 also announced a Bill to allow for the introduction of Collective Defined Contribution pension schemes in the UK.

On 18 September 2014 Scotland held a referendum on becoming independent from the rest of the UK. A yes vote would have had implications for state and private pensions in Scotland and in the rest of the UK.

Core research

The PPI produces short Briefing Notes on topical policy issues, responds to major Government Consultations, Select Committee or Parliamentary Inquiries on policy on pensions and retirement provision and produces information publications.

Information outputs

The *Pensions Primer: a guide to the UK pensions system* provides an overview of the UK pensions system and is intended for people wanting to learn about the UK pensions policy framework. The guide is updated annually to reflect any changes in policy and continues to be one of the most frequently downloaded publications from the PPI's website.

The PPI maintains a compendium of key facts and statistics on pensions and retirement provision in the UK. The aim is to collate into a single place a range of different statistics on demographic change, key state pension and private pension indicators. The *Pension Facts* key tables are updated as new data becomes available.

The PPI has constructed a *suite of micro-simulation models* to analyse long-term outcomes from the current UK pensions system and possible reforms. The original development of the models was funded by the Nuffield Foundation. Each year the PPI conducts a model update exercise in which the latest data are incorporated in the models and the long-term assumptions are reviewed.

Responses and Submissions

At Budget 2014 the Chancellor announced sweeping reforms of the pensions tax system to introduce greater flexibilities around how savers can access their pensions in retirement. The PPI held an event for Supporting Members, hosted by The People's Pension, on 12 May 2014, where the Exchequer Secretary to the Treasury, David Gauke MP, gave an overview of the consultation and the areas where they are seeking input from the industry. The PPI also responded to the Treasury Consultation, *Freedom and Choice in Pensions*, on 11 June 2014, with a written response that comprised of two Briefing Notes and a write-up of the Supporting Members event where the issues were discussed.

The PPI also submitted written evidence and presented oral evidence to the Scottish Parliament Finance Committee: *The potential impact of Scottish*

Independence on State Pensions in Scotland, ahead of the referendum that was held in September 2014.

Briefing Notes (BN)

The PPI published two Briefing Notes: *BN66 – Freedom and Choice in Pensions: comparing international retirement systems and the role of annuitisation* and *BN67 – Freedom and Choice in Pensions: the minimum pension age* in May and June 2014. These Briefing Notes were submitted to the Treasury Consultation as part of the PPI's written response.

The issues covered in *Briefing Note 68 – Increasing pensions saving in the UK* were discussed at a Round Table event hosted by J.P. Morgan Asset Management, in July 2014, and reflect some of the issues that were raised by the Round Table participants. The note explores the factors that could affect the adequacy of retirement income and discusses the challenges that individuals and employers may face when increasing contribution rates, along with some policy and industry responses that could help to address those challenges and increase overall levels of saving.

A series of Briefing Notes was published on Risk Sharing Pension Plans: The Canadian Experience and The Dutch Experience. These Briefing Notes (BN69 and BN71), published in October 2014, draw on the experience of running "Defined Ambition" style pension plans.

Briefing Note 70 - Class 3A voluntary National Insurance contributions provides an overview of proposals around Class 3A National Insurance contributions and assesses the implications of these for individuals who have accrued small amounts of additional State Pension.

Briefing Note 72 – DC savers' needs under the new pension flexibilities provides an overview of the findings from research conducted on behalf of AllianceBernstein by Opinium research with over 1,000 individuals aged 40 and over who are actively saving into Defined Contribution (DC) pension schemes. This followed the announcement at Budget 2014 that all restrictions on how individuals aged 55 and over can access their DC pensions will be lifted from April 2015.

Commissioned research

The PPI's research programme for 2014-15 focussed on three major pieces of research that involved research into on automatic enrolment, transitions to retirement and Collective Defined Contribution (CDC). The major pieces of research were funded by consortiums and the smaller pieces of research were commissioned by a particular organisation.

The PPI completed its research in the *Automatic Enrolment Series*. The PPI published a series of research reports that investigate the potential impact of automatic enrolment on individuals and their contributions to pension saving and on the future shape of the private pension market. The research series was funded by a consortium of organisations including the Association of British Insurers, the Defined Contribution Investment Forum, the Department

for Work and Pensions, the Institute and Faculty of Actuaries, Legal and General, The People's Pension and Prudential.

- The first report, *What level of pension contribution is needed to obtain an adequate retirement income?*, was published in October 2013 and was jointly sponsored by the Association of British Insurers (ABI) and the Defined Contribution (DC) Investment Forum. This report analyses the range of retirement incomes various individuals might achieve from a Defined Contribution pension. It also analyses the contribution rate necessary for different individuals to have a “good chance” of achieving an adequate level of retirement income. The report also compares the contribution rates necessary to achieve adequate retirement income levels with current contribution levels and discusses to what extent there is an adequacy gap.
- The second report, *The benefits of automatic enrolment and workplace pensions for older workers*, was published in May 2014 and was sponsored by Prudential. This report analyses the returns on pension contributions for those aged between 50 and State Pension Age (SPA) who do not opt out from their workplace pension after being automatically enrolled. The report uses data from the English Longitudinal Study of Ageing (ELSA) to calculate internal rates of return from pension contributions under automatic enrolment, based on household circumstances, and taking into account the likely effects of means-tested benefits and tax in retirement.
- The third and final report, *How will automatic enrolment affect pension saving?* was published in July 2014. This report analyses the potential effects that employee and employer responses to automatic enrolment could have on scheme membership and the total value of assets in private sector workplace pension schemes. This report was sponsored by Legal and General and the analysis uses data provided by three automatic enrolment scheme providers (Legal & General, NEST and The People's Pension), one employee benefit consultant (JLT), and the DWP, on their experiences of implementing automatic enrolment, covering over 2.6 million individuals who have been automatically enrolled.

With automatic enrolment now bedding in, there has been an increasing focus on the design and quality of Defined Contribution (DC) schemes. The PPI *Transitions to Retirement Series* explores the complexity of decision making for savers in Defined Contribution (DC) pension schemes at retirement, the scope for innovation in developing flexible retirement income solutions in the UK, and the implications of the new Budget freedoms for providing defaults and improving member engagement and communications.

- The first report, *How complex are the decisions that pension savers need to make at retirement?*, explores the range of potential decisions people have approaching, at the point of, and during retirement, and how these are likely to change once the new flexibilities for savers with DC

pensions are introduced in April 2015. This report was sponsored by Fidelity Worldwide Investment and was published in November 2014.

- The second report, *How might the UK pensions landscape evolve to support more flexible retirements?*, looks at international evidence to consider how the UK pension and retirement income system might evolve in the context of changes in the retirement landscape and, in particular, the new flexibilities announced in the Budget 2014. This report has been jointly sponsored by The Investment Association and The People's Pension and was published 23 April 2015.
- The third report, sponsored by State Street Global Advisors, draws heavily on insights from new qualitative research with Defined Contribution (DC) savers approaching retirement, conducted by Ignition House, a research consultancy specialising in financial services. The purpose of this qualitative research is to explore preferences for how those approaching retirement might want to draw an income, the trade-offs that they are willing to make in retirement, and the potential to develop default products and strategies that could support them. The first stage of this research project, *Supporting DC members with defaults and choices up to, into, and through retirement*, was published in January 2015. The second stage of the report is expected to be published later in 2015.

The consortium of research sponsors include Age UK, Fidelity, the Investment Association, Partnership, The Pensions Advisory Service (TPAS), The Pensions Regulator (TPR), The People's Pension and State Street Global Advisors.

Once automatic enrolment has been fully rolled out, the number of individuals contributing to a Defined Contribution (DC) pension scheme is likely to increase significantly. In DC schemes, investment, inflation and longevity risks are transferred on to members, rather than employers, which can lead to variations in retirement income. *Collective Defined Contribution (CDC)* schemes are based on pooling member contributions into a single fund which allows for a degree of risk-sharing or pooling between members. However, Government or industry intervention may be needed in order to generate the scale required to ensure that risks can be shared in a sustainable way to provide good outcomes at reasonable costs. Good governance and contribution levels will also need to be considered.

The PPI has been working on developing new stochastic modelling capacity to enable an independent assessment of the potential outcomes from different CDC models compared to an individual DC system. As well as publishing 2 Briefing Notes examining the CDC models used in the Netherlands and Canada, the PPI also hosted a round table event with Cardano and international experts on CDC on 17 December 2014.

Other pieces of commissioned research have included:

PPI Analysis of Friends Life proposals for a single rate of pensions tax relief published in March 2015. Friends Life has developed a policy proposal to feed into the ongoing debate about the future of pension tax relief, and approached the PPI to review and validate its public policy proposal for the reform of pension tax relief.

Impact of working longer and saving more in later life published in March 2015. Friends Life commissioned the PPI to undertake research into the potential impact on retirement income and assets of remaining in paid work for longer. Impacts are considered both at the point of, and during, retirement.

The FTSE Group and Elston Consulting hosted a Round Table event in January 2015 which fed into *Briefing Note 73 – Defined Contribution default funds and investment governance*. The Briefing Note was published on 06 March 2015.

The PPI conducted a review of *Challenges for the retirement income market over the the next few decades*, as part of the Foresight Ageing Project, analysing the challenges and opportunities of an ageing society in the UK, at both a societal and individual level. The project was headed by a Lead Expert Group (chaired by Professor Sarah Harper, Oxford University). The Project took an over-arching, evidence-based, cross-Government and cross-societal approach. The report is building a strong evidence base to inform policies that enhance the quality of the ageing experience in the UK.

Research grants

The PPI began two research projects in 2014 that are being grant funded. These two projects will run over the course of the next 2 years.

Wellbeing, Health, Retirement and the Lifecourse (WHERL)

A new research project investigating ageing, work and health across the lifecourse. This 3 year interdisciplinary consortium (including King's College, UCL and the University of Toronto) is funded by the cross-research council Lifelong Health and Wellbeing (LLHW) programme under Extending Working Lives. The research will be examining a crucial question for ageing societies: how inequalities across the life course relate to paid work in later life in the UK. This issue is of growing importance since the UK, in common with many other governments across the world, is rapidly extending the working lives of older adults through the postponement of State Pension Age (SPA) and other measures. These policy reforms affect millions of people, yet their implications for health and wellbeing are unknown. Do these policies harm, benefit or have little effect on the population? To answer this, the research will aim to understand the lifelong drivers affecting the complex relationship between paid work in later life, health and wellbeing.

Care and State Pension Reforms (CASPeR) Project - Understanding the interactions between state pension and long-term care reforms in Great Britain

A collaborative consortium project (with University of East Anglia, PSSRU and LSE) is being funded over two years by the Nuffield Foundation, investigating the long-term impacts of both long term care and state pension

reforms and their potential interactions. In April 2016 major reforms to state pensions and long-term care will be implemented in Great Britain and England respectively. Their combined effects have received little attention despite interactions between the two systems. The long-term effects of both sets of reforms will depend on how details of the systems are set in the intervening years, and on how policies in other parts of the welfare system evolve. The research will investigate the long-term impacts of alternative ways in which current pensions and long-term care financing reforms may evolve over the next 40 years to ensure that there is widespread appreciation of the implications of any changes which may have significant long-term effects.

PPI Encouraging Debate

Throughout the year, the PPI hosted and spoke at a wide range of policy seminars, external conferences and events on pensions and retirement issues. These were attended by Ministers, politicians from the main political parties, Government officials and representatives from pension schemes, charities, trade bodies and the wider financial services industry.

Financial review

The PPI has three main sources of income: income from the Supporting Members Scheme, commissioned research and from research grants.

The PPI's core research and information activities are funded by regular donations made by Supporting Members. There are three levels of membership: Platinum, Gold and Silver. Membership income funds core activities such as research reports (e.g. the Pensions Primer: a guide to the UK pensions system), Pensions Facts, Briefing Notes, consultation responses, speeches and presentations. The membership income is also essential for the ongoing viability of the Institute as it provides a regular stream of income.

It is very encouraging that the majority of the PPI's Supporting Members renewed their membership this year and we gained some new members. At 31 January 2015 the PPI had 36 Supporting Members. The PPI is extremely grateful to all of its Supporting Members for their continued support.

In line with the Statement of Recommended Practice (SORP) for all registered charities, the portion of Supporting Members' donations that relates to the subsequent financial year is treated, for accounting purposes, as deferred income.

The PPI also undertakes specific bespoke commissioned work, provided it is published freely and fits with our independent status, meeting the stringent PPI objectives and public benefit criteria set out on pages 5 and 6.

In 2014/15, PPI research was commissioned by Age UK, the Association of British Insurers (ABI), the Defined Contribution Investment Forum (DCIF), the Department for Work and Pensions (DWP), Elston Consulting, Fidelity Worldwide Investments, Foresight (Department for Business, Innovation and Skills), Friends Life, the Institute and Faculty of Actuaries, The Investment

Association, Legal and General, the Nuffield Foundation, Partnership, Prudential, Publico, State Street Global Advisors, The Pensions Regulator and The People's Pension.

The PPI makes applications to Charitable Trusts and Foundations who award research grants for research in the PPI's areas of interest. As at 31 January 2015, the PPI has been awarded a grant from the Nuffield Foundation and from the ESRC in collaboration with other organisations.

In recent years the PPI has run a small financial surplus in each year, which was developing into a relatively large reserve level. It was discussed and agreed with Council and the Finance Sub-Committee that some of these reserves should be used for investment in PPI infrastructure (such as IT and personnel).

PPI financial position

The financial objective for 2014/15 agreed by Council was for the PPI to break-even. During the year, the PPI invested in new IT hardware and increased the PPI Fundraising and Membership Manager's hours. During the year we employed an additional modeller on a short fixed-term contract. In the year ending 31 January 2015, the PPI made a small surplus of £1,726 (2014: £25,742).

Reserves policy

The Council has established a reserves policy, which ensures an adequate level of funds is maintained to allow the PPI to be managed efficiently and to provide a contingency reserve in the event of financial difficulty.

It is the Council's policy that the minimum level of the PPI's reserves should be equivalent to six months' operating costs. This will allow the PPI to honour its contractual liabilities (e.g. rent, staff notice periods, some of which are six months). There are no long-term leases or contracts that need to be taken into consideration. The level of reserves is examined quarterly and the policy is reviewed on an annual basis.

The PPI received deferred income of £191,938 (2014: £178,654) and at the end of the financial year, 31 January 2015, the free reserves were £295,728 (2014: £300,975). Based on these levels of deferred income and free reserves the PPI on 31 January 2015 had sufficient funds to continue operating for seven months meeting its reserves policy.

Investment policy and performance

Under the Memorandum and Articles of Association, the Institute has the power to deposit or invest funds in any manner (but to invest only after obtaining advice from a financial expert and having regard to the suitability of investments and the need for diversification). Currently the PPI's funds are held in cash.

Related party relationships

Joanne Segars OBE, Chief Executive of The National Association of Pension Funds (NAPF), is also a Council Member of the Institute. The NAPF is a Silver Supporting Member of the PPI. Kevin Wesbroom is a Senior Partner at Aon

Hewitt and a Council Member of the Institute. Aon Hewitt is a Silver Supporting Member of the PPI. Margaret Snowden OBE is currently a Director at JLT Employee Benefit and is also a Council Member of the Institute. JLT are Platinum Supporting Members. Andrew Young works at The Pensions Regulator and is also a Council Member of the Institute. The Pensions Regulator is a Platinum Supporting Member. Madeline Forrester was Head of UK Institutional Sales at AXA Investment Managers until July 2014. AXA Investment Managers is a Gold Supporting Member of the PPI.

Risk management

The PPI Council review the major risks to the Institute on an annual basis. All areas of risk are set out in the PPI's Risk Register and are closely monitored with actions to mitigate the risk identified. The Finance Committee review the Risk Register at each meeting throughout the year.

The Council has assessed the major risks to which the Institute is exposed, in particular those related to the operation and finances of the Institute, and is satisfied that systems are in place to mitigate its exposure to the major risks.

Plans for the future

Current and future research

The PPI will continue to provide facts and evidence to ensure that PPI research helps policymakers and others with an interest in pensions and retirement income policy to understand the implications of changes in the UK pensions and retirement landscape.

Transitions to Retirement

Research in the Transitions to Retirement Series has continued with the second report, *How might the UK pensions landscape evolve to support more flexible retirements?*, published on 23 April 2015. The report looks at international evidence to consider how the UK pension and retirement income system might evolve in the context of changes in the retirement landscape and, in particular, the new flexibilities announced in the Budget 2014. This report has been jointly sponsored by The Investment Association and The People's Pension.

The third report in this series, sponsored by State Street Global Advisors, draws heavily on insights from new qualitative research with Defined Contribution (DC) savers approaching retirement conducted by Ignition House, a research consultancy specialising in financial services. The purpose of the qualitative research is to explore preferences for how those approaching retirement might want to draw an income, the trade-offs that they are willing to make in retirement, and the potential to develop default products and strategies that could support them. The first of two stages of the research project, *Supporting DC members with defaults and choices up to, into, and through retirement*, was published in January 2015. The second stage of the report is expected to be published in July 2015.

The *Wellbeing, Health, Retirement and the Lifecourse (WHERL)* and *Care and State Pension Reforms (CASPeR)* Projects will continue into 2015-16 and beyond.

DWP: Employers Pension Provision Survey 2015

The PPI has been successful in a joint bid with IFF research to produce the Department for Work and Pensions (DWP) Employers Pension provision survey for 2015. This is research with employers into the types of pension arrangement that they have for employees. The PPI will provide input into questionnaire design and interpretation of results, as well as putting findings into context with ongoing policy development. This project will run through the first half of 2015.

Defined Contribution (DC)/ Automatic Enrolment (AE) Compendium

Threadneedle will sponsor an annual PPI research publication and launch event that provides a regular update on the DC and automatic enrolment landscape with a focus on the number of members saving into DC, their level of contributions and DC assets, and how their assets are being invested.

Our vision is that the 2015 publication would set a baseline (and a number of headline summary statistics and scenario projections) that would then be updated and augmented on an annual basis. The data on DC is currently patchy and fragmented (split between DWP, TPR and ONS, as well as other sources) and so this publication would provide a useful resource for those looking for key information on the DC landscape in the UK.

This project is expected to run for an initial three years.

Institute for Employment Studies: Evidence on employment practice for the Teachers' Longer Working Review

The PPI will be an expert consultant to the project, feeding into and reviewing the literature review to ensure that the potential impact of the Teachers' Pension Scheme on working longer is understood and the relevant research is accurately represented in the project.

Political Issues – General Election 2015

Topical political issues in 2015 include the Political Party Manifestos ahead of the 2015 General Election. The PPI will be producing Briefing Notes, consultation papers and other evidence in order to inform policymakers and the general public of the potential effects of such issues.

The Underpensioned

Initial funding has been secured from Age UK to re-examine the issues surrounding groups of individuals who are most likely to have low income in retirement. Initial work will examine the characteristics of those employees who are not being automatically enrolled. Once further funding has been secured, the project will go on to examine in detail the pension position of women, people with disabilities, people from ethnic minority groups and those with non-standard work patterns.

Funding Strategy

The Membership Scheme has seen both an increase in the number of members and better than planned for retention during 2014/15. It is assumed that the PPI continues to expand the Membership Scheme over the course of the next year. Assisting with this strategy, as of the 01 February 2015, the Fundraising and Membership Manager was employed on a full-time contract.

Financial objective

The PPI has pursued a break-even budget with a modest growth strategy over the last four years. Current financial plans assume that this modest growth will continue. This will enable the PPI to produce greater research output and will ensure the long-term sustainability of the organisation by diversifying the risk associated with overdependence on relatively few key staff.

The growth in income needed to finance this expansion will come from all three of the PPI's main sources of income, the Supporting Membership Scheme, commissioned research and research grants income.

The Budget for 2015/16 assumes the PPI has a headcount of 10.4 FTE, up from 8.8 FTE at the end of 2014/15.

In the coming years the PPI will seek to run a small financial surplus in each year, in order to increase the reserves up to the level required to cover the higher running costs associated with a larger organisation. This will be reviewed on an annual basis.

Staff and accommodation

During 2015, the PPI will be moving offices from the King's College Drury Lane building to the King's College building on Kingsway. This move will enable the PPI to expand the research team.

Structure, governance and management

The management of the Institute is the responsibility of the Council. The Director reports to the Council which has a wide range of expertise in pensions and retirement issues. Council Members are elected by the PPI's wider group of Governors at the PPI AGM each year. The Chairman of the Council is Michael Pomery CVO. Michael was elected Chairman of the PPI Council in January 2012 and has been a member of the Council since 2006.

Baroness Sally Greengross OBE is the PPI's President. She has been a crossbench (independent) member of the House of Lords since 2000 and chairs three All-Party Parliamentary Groups on ageing and older people. In December 2006, Baroness Greengross became a Commissioner for the Equality and Human Rights Commission. She is currently Chief Executive of the International Longevity Centre UK and, having been Director General of Age Concern England from 1987 until 2000, is now their Vice President.

At the year end, the PPI had 104 Governors who are drawn from a diverse range of professional backgrounds. The Council concluded that broadly the PPI Council has the right set of skills and expertise to enable it to govern the

PPI effectively. Members of Council have expertise in the pensions and insurance industry, academia, business, regulation and have accountancy, legal and actuarial skills.

All new Council Members undergo an induction. All Council Members receive an information pack on the PPI which includes the history and current activities of the PPI, details of the PPI's policies and procedures and governance and management information.

Michael Pomery is due to resign as the Chair of Council at the 2016 AGM. The PPI Council will be advertising for his replacement in the coming months. We would like to take this opportunity to thank Michael for his excellent leadership of the PPI Council during his term as Chairman.

PPI Staff

The PPI employs a small team of permanent staff. Chris Curry is the Director of the Institute with overall responsibility for leading and managing the PPI. Chris originally joined the PPI as Research Director in July 2002 and was responsible for the research programme for eleven years.

Sarah Luheshi, replaced Mel Duffield as Deputy Director in January 2015. Sarah has overall responsibility for the PPI's research programme. Sarah's most recent role was as a management consultant to the insurance industry, mainly leading on projects involving post-merger integration. Sarah has nearly 30 years' experience in the financial services industry which includes extensive international strategic and management consultant experience with Towers Watson and NMG Consulting as well as a number of senior roles within the Guardian Royal Exchange Group. Much of her client work centered around pensions, specifically product development and testing with consumers and distributors.

This year we welcomed Danielle Baker into the new role of PPI Fundraising and Membership Manager. Danielle is responsible for ensuring that PPI Supporting Members receive a beneficial and valuable membership experience. She also works closely with the PPI Funding Sub-Committee to develop and implement the Member retention strategy.

At the end of January 2015, the PPI had seven full-time and two part-time members of staff (this included one member of staff on a fixed-term contract for maternity cover).

Constitution and objects

The Institute was formed on 22 January 2001 and is registered as a charitable company limited by guarantee. It is governed by its Memorandum and Articles of Association ('constitution').

The principal object of the Institute is the advancement of education for the benefit of the public by the promotion, on a non-political basis, of the study of, and the dissemination of the useful results of the study of, pensions and other provision for retirement and old age, and the economic and social effects and

influences of existing arrangements and possible changes to them. There have been no changes in the objectives since the last Annual Report.

Members' (Governors') liability

As a company limited by guarantee, the Institute has a maximum of 120 members ('Governors'). Governors have voting rights and their responsibilities are as stated in the Institute's constitution. As members, Governors guarantee to contribute an amount not exceeding £1 to the assets of the Institute in the event of winding up. The Governors who served during this period are set out on page 4.

Organisational structure and decision making

The management of the Institute is the responsibility of the Council Members, who are elected from the body of Governors. Council Members are directors for the purposes of company law and trustees for the purposes of charity law. Council Members are responsible for the management of the Institute, and are elected and co-opted in accordance with the constitution.

The Council meets regularly to review the performance of the Institute, and to authorise strategic decisions. Four Sub-Committees were active throughout the course of the year on specific areas of the Institute's management:

Finance	Chair:	David Yeandle
	Members:	Andrew Evans Anthony Tomei
Funding	Chair:	Margaret Snowdon
	Members:	Laurie Edmans Madeline Forrester Michael Pomery Kevin Wesbroom
Governance	Chair:	Paul Stannard
	Members:	Duncan Brown Michael Pomery Andrew Young
Remuneration	Chair:	Michael Pomery
	Members:	Duncan Brown Joanne Segars

The Institute's Director manages the Institute's business on a day-to-day basis.

Council Member elections

In accordance with the constitution, the minimum number of Council Members in office at any given time must be seven. The Council has the power to appoint any Governor to be a Member of the Council at any time up to the maximum fixed number, currently fifteen persons including the Director who is an ex-officio Council Member. The Council Members who served during this period are set out on page 3.

At the Annual General Meeting on 3 June 2015, one-third of the Members of the Council (excluding the Director), or the number nearest to but not greater than one third, shall retire from office. The members of the Council to retire in every year shall be those who have been longest in office since their last election or appointment. All retiring Members of the Council shall be eligible for re-election.

The Council Members retiring on 3 June 2015 are: Nicholas Barr, Andrew Evans, Holly Sutherland and David Yeandle. Andrew Evans and David Yeandle will stand for re-election.

Council Members' responsibilities

The Council Members (who are also directors of the Pensions Policy Institute for the purposes of company law) are responsible for preparing the Council's (Trustees) Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Council Members to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these Financial Statements, the Council Members are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Council Members are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Council Members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Council Members is aware at the time the report is approved:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Council Members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

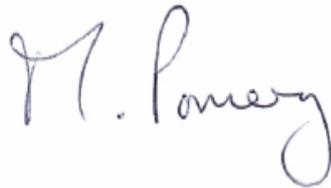
Auditors

A resolution proposing that haysmacintyre be re-appointed as auditors of the company will be put to the Annual General Meeting on 3 June 2015.

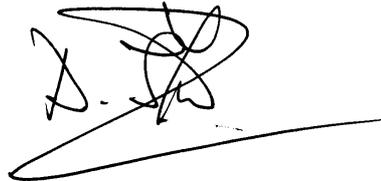
The report of the Council Members has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approval

This Report was approved by Council and signed on its behalf:



Michael Pomery CVO
Chairman
5 May 2015



David Yeandle OBE
Chairman of the Finance Sub-Committee
5 May 2015

Reference and administrative details

Company registered number	04145584
Charity registered number	1087856
Principal operating office	Pensions Policy Institute King's College 26 Drury Lane London WC2B 5RL
Registered office	10 Snow Hill London EC1A 2AL
Company secretary	Chris Curry
Auditors	haysmacintyre Chartered Accountants and Registered Auditors 26 Red Lion Square London WC1R 4AG
Bankers	Unity Trust Bank Nine Brindley Place 4 Oozells Square Birmingham B1 2HB Virgin Money Jubilee House Gosforth Newcastle upon Tyne NE3 4TG United Trust Bank Limited 80 Haymarket London SW1Y 4TE
Solicitors	Travers Smith 10 Snow Hill London EC1A 2AL

Independent auditor's report to the members of the Pensions Policy Institute

We have audited the financial statements of the Pensions Policy Institute for the year ended 31 January 2015 which comprise the Statement of Financial Activities, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council and auditors

As explained more fully in the Council Members' Responsibilities statement, the Council Members (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed auditors under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 January 2015 and of the charitable company's incoming resources and application of resources, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Council Members' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company have not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Council Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Council Members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Council's Annual Report incorporating the Strategic Report.



.....
Tracey Young (Senior statutory auditor)
26 Red Lion Square
for and on behalf of haysmacintyre, Statutory Auditor
London
WC1R 4AG
5 May 2015

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

Statement of Financial Activities for the year ending 31 January 2015 (incorporating income and expenditure account)

	Note	Restricted Funds 2015 £	Unrestricted Funds 2015 £	Total Funds 2015 £	Total Funds 2014 £
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Investment income	3	-	4,478	4,478	3,111
<i>Incoming resources from charitable activities:</i>					
Research	2	11,907	586,657	598,564	477,309
Total incoming resources		<u>£11,907</u>	<u>£591,135</u>	<u>£603,042</u>	<u>£480,420</u>
Resources expended					
<i>Charitable activities:</i>					
Research	5	11,907	445,897	457,804	343,464
<i>Governance:</i>	4, 5	-	143,512	143,512	111,232
Total resources expended		<u>£11,907</u>	<u>£589,409</u>	<u>£601,316</u>	<u>£454,696</u>
Net incoming resources for the year	13	-	1,726	1,726	25,742
Total funds at 1 February 2014		-	302,014	302,014	276,290
Total funds at 31 January 2015		<u>-</u>	<u>£303,740</u>	<u>£303,740</u>	<u>£302,014</u>

The Statement of Financial Activities includes all gains and losses recognised in the year. All transactions are derived from continuing activities.

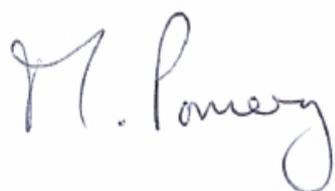
The notes on pages 26-32 form part of these Financial Statements.

Balance sheet as at 31 January 2015**Company Number: 04145584**

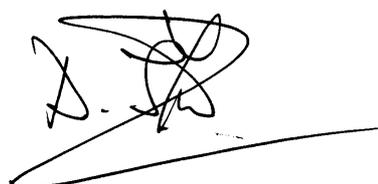
	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible fixed assets	9		8,012		1,039
Current assets					
Debtors	10	221,919		52,680	
Cash at bank		300,065		458,062	
			<u>521,984</u>	<u>510,742</u>	
Creditors: amounts falling due within one year	11	(226,256)		(209,767)	
			<u>295,728</u>		<u>300,975</u>
Net assets	14		<u><u>£303,740</u></u>		<u><u>£302,014</u></u>
Institute funds					
Unrestricted - General Funds	13		<u>303,740</u>		<u>302,014</u>
			<u><u>£303,740</u></u>		<u><u>£302,014</u></u>

The Financial Statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The Financial Statements were approved and authorised for issue by the Council Members and were signed on their behalf by:



Michael Pomery CVO
Chairman
5 May 2015



David Yeandle OBE
Chairman of the Finance Sub-Committee
5 May 2015

The notes on pages 26-32 form part of these Financial Statements.

Notes to the Financial Statements for the year ending 31 January 2015

1. Accounting policies

1.1 Basis of preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' issued in 2005, applicable accounting standards and the Companies Act 2006.

1.2 Company status

The Institute is a company limited by guarantee. The members of the Institute are the Governors named on page 4. In the event of the Institute being wound up, the liability in respect of the guarantee is limited to £1 per member of the Institute.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Council Members in furtherance of the general objectives of the Institute and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the Institute for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The aim and use of each restricted fund are set out in the notes to the Financial Statements.

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Institute is legally entitled to the income and the amount can be quantified with reasonable accuracy except as follows:

- When donors specify that donations and grants given to the Institute must be used in future accounting periods, the income is deferred until those periods.
- PPI Supporting Members renew their membership on a 12-month rolling basis. All membership income relating to the financial period covered by this report is recorded in the Statement of Financial Activity. Any membership income relating to the subsequent financial year is stated, for accounting purposes, as deferred income.

1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Overheads and other salaries are allocated between the expense headings on the basis of time spent.

Support costs are those costs incurred directly in support of expenditure on the objects of the Institute and are allocated as a percentage of direct costs and staff time.

Notes to the Financial Statements for the year ending 31 January 2015

1.5 Resources expended (continued)

Governance costs are those costs incurred in connection with enabling the Institute to comply with external regulation, constitutional and statutory requirements and in providing support to the Council Members in the discharge of their statutory duties.

1.6 Cash flow

The Financial Statements do not include a cash flow statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.7 Tangible fixed assets and depreciation

All assets costing more than £300 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office Equipment	-	10%	straight line
Computer Equipment	-	33.33%	straight line

1.8 Pensions

All permanent staff members employed by the Institute are eligible for membership of a Group Stakeholder Pension Plan. The Institute makes contributions into the plan. Employees may also make individual contributions within the limits set by HM Revenue and Customs. Such contributions are held in funds administered completely independently of the Institute's finances. The contributions made by the Institute are accounted for on an accruals basis.

1.9 VAT

The Pensions Policy Institute has been registered for VAT since 1 December 2009.

Notes to the Financial Statements for the year ending 31 January 2015

2. Incoming resources from charitable activity – research				Total Funds 2015 £	Total Funds 2014 £
Research Grants				54,257	95,475
Commissioned research				241,400	120,900
Membership income				300,767	260,270
Other income				2,140	664
Total				£598,564	£477,309
3. Investment income				Total Funds 2015 £	Total Funds 2014 £
Bank interest receivable				4,478	3,111
4. Governance				Total Funds 2015 £	Total Funds 2014 £
Salaries				107,522	80,068
Audit and accountancy				7,327	7,089
Other costs				4,492	3,468
Support costs				24,171	20,607
				£143,512	£111,232
5. Resources expended	Direct staff costs £	Other direct costs £	Support costs £	2015 £	2014 £
Research	271,766	108,931	77,107	457,804	343,464
Governance	107,522	11,819	24,171	143,512	111,232
Total	£379,288	£120,750	£101,278	£601,316	£454,696

Governance costs have increased since 2014 due to changes in Senior Management and additional maternity leave cover for the Finance and Office Manager.

Notes to the Financial Statements for the year ending 31 January 2015

6. Support costs include	Research Governance		2015	2014
	£	£	£	£
Staff costs	50,453	15,816	66,269	57,860
Office costs	24,174	7,578	31,752	24,946
Other costs	2,480	777	3,257	1,438
Total	<u>£77,107</u>	<u>£24,171</u>	<u>£101,278</u>	<u>£84,244</u>

7. Net income/(expenditure)	2015	2014
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the Institute	4,348	1,715
Auditor's remuneration – audit services -	6,400	6,200
Pension costs	<u>35,814</u>	<u>28,869</u>

During the year, no Council Member received any remuneration (2014: £NIL).

During the year, no Council Member received any benefits in kind (2014: £NIL).

During the year, one Council Member received reimbursement of travel expenses £287 (2014: one Council Member received £429).

8. Staff costs and numbers	2015	2014
	£	£
Wages and salaries	370,006	310,687
Social security costs	39,737	35,575
Other pension costs	35,814	28,869
	<u>£445,557</u>	<u>£375,131</u>

The average full-time equivalent number of employees during the year was as follows:

	2015	2014
	No.	No.
Charitable activities	6	6
Administration	3	2
	<u>9</u>	<u>8</u>

Notes to the Financial Statements for the year ending 31 January 2015

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:

	2015	2014
£60,000 - £ 70,000	-	-
£70,000 - £ 80,000	1	-
£90,000 - £100,000	1	1
	<u>2</u>	<u>1</u>

In respect of the higher paid employees above, contributions for the provision of pension benefits totalled £15,885 (2014: £7,836*).

*Due to staff changes at management level

9. Tangible fixed assets

	Furniture, fittings and equipment £
Cost	
At 1 February 2014	17,750
Additions	11,385
Disposals	<u>(10,707)</u>
At 31 January 2015	<u>£18,428</u>
Depreciation	
At 1 February 2014	16,711
Charge for the year	4,348
Disposals	<u>(10,643)</u>
At 31 January 2015	<u>£10,416</u>
Net book value	
At 31 January 2015	<u>£8,012</u>
At 31 January 2014	<u>£1,039</u>

10. Debtors: Due within one year

	2015 £	2014 £
Debtors	214,396	44,431
Prepayments	4,862	7,682
Accrued income	2,661	567
	<u>£221,919</u>	<u>£52,680</u>

Notes to the Financial Statements for the year ending 31 January 2015

11. Creditors: amounts falling due within one year		2015	2014	
		£	£	
Social security and other taxes		12,107	12,456	
Accruals		8,154	12,989	
Deferred income (see note 12)		191,938	178,654	
Other Creditors		13,922	5,668	
Pension		135	-	
		<u>226,256</u>	<u>£209,767</u>	
12. Deferred income		2015	2014	
		£	£	
Deferred income brought forward at 1 February 2014		178,654	209,224	
Membership income received in advance		185,638	135,904	
Commissioned Research received in advance		6,300	42,750	
Released to Statement of Financial Activities		(178,654)	(209,224)	
		<u>£191,938</u>	<u>£178,654</u>	
13. Statement of funds	Brought Forward	Incoming Resources	Resources Expended	Carried Forward
	£	£	£	£
Unrestricted funds				
General funds	302,014	591,135	589,409	303,740
	<u>302,014</u>	<u>591,135</u>	<u>589,409</u>	<u>303,740</u>
Restricted funds				
Nuffield Foundation – CASPeR Project	-	11,907	11,907	-
	<u>-</u>	<u>11,907</u>	<u>11,907</u>	<u>-</u>
Subtotal	-	11,907	11,907	-
	<u>-</u>	<u>11,907</u>	<u>11,907</u>	<u>-</u>
Total Funds	<u>£302,014</u>	<u>£603,042</u>	<u>£601,316</u>	<u>£303,740</u>

Restricted funded projects

Care and State Pension Reforms (CASPeR) Project - Understanding the interactions between state pension and long-term care reforms in Great Britain

A collaborative project being funded over two years by the Nuffield Foundation, investigating the long-term impacts of both long term care and state pension reforms and their potential interactions

All restricted funds were expended within the financial year.

Notes to the Financial Statements for the year ending 31 January 2015

14. Analysis of net assets between funds	Restricted Funds 2015 £	Unrestricted Funds 2015 £	Total Funds 2015 £	Total Funds 2014 £
Tangible fixed assets	-	8,012	8,012	1,039
Current assets	-	521,984	521,984	510,742
Creditors due within one year	-	(226,256)	(226,256)	(209,767)
Total	-	£303,740	£303,740	£302,014

15. Pension commitments

The Pensions Policy Institute contributes to a Group Stakeholder Pension Plan administered by AEGON and into a personal pension plan for one employee. The pensions cost charge represents contributions made by the Institute and amounted to £35,814 (2014: £28,869).

16. Related party transactions

Joanne Segars OBE, Chief Executive of The National Association of Pension Funds (NAPF) is also a Council Member of the Institute. The NAPF is a Silver Supporting Member of the PPI. Kevin Wesbroom is a Senior Partner at Aon Hewitt and a Council Member of the Institute. Aon Hewitt is a Silver Supporting Member of the PPI. Margaret Snowdon OBE is currently a Director at JLT Employee Benefit and is also a Council Member of the Institute. JLT are Platinum Supporting Members. Andrew Young works at The Pensions Regulator and is also a Council Member of the Institute. The Pensions Regulator is a Platinum Supporting Member. Madeline Forrester was Head of UK Institutional Sales at AXA Investment Managers until July 2014. AXA Investment Managers is a Gold Supporting Member of the PPI.

17. Operating lease commitments

At 31 January 2015, the Institute had one annual commitment under non cancellable operating leases expiring as set out below:

	2015 £	2014 £
Building		
within 1 year	7,864	-
within 2 - 5 years	-	7,864

Published by
PENSIONS POLICY INSTITUTE

PPI

www.pensionspolicyinstitute.org.uk