



ANNUAL REPORT AND FINANCIAL STATEMENTS 1 FEBRUARY 2018 TO 31 JANUARY 2019

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Background

The Pension Provision Group, chaired by Tom Ross OBE, was asked in 1997 by the then Secretary of State to assess the likely trends in pensions provision. They concluded that there was a need for 'an organisation, independent of government, to have lead responsibility for accumulating, analysing and publishing information about current and future pension provision and its implications for pension policy'.

Following these recommendations, in 2001 the PPI was founded by the members of the Pension Provision Group so that a permanent expert organisation would undertake rigorous research from an independent, long-term perspective. The data and evidence produced will help all those interested to achieve a better, wider understanding of retirement provision issues.

Today

The PPI is an established independent educational research charity with an aim to improve information and understanding about pensions and retirement provision through research and analysis and discussion and publication. We exist to provide well-researched information and analysis on the trends across the whole pension and retirement landscape: different types of state and private provision, and their interfaces.

We do not lobby for any particular cause and we are not a think-tank taking politically-influenced views. We acknowledge that our research will be most relevant at the policy-making level, nevertheless, through the interaction with others we play our part in raising the wider understanding of pensions and retirement income provision.

Our funding model consists of membership subscriptions, voluntary donations, grants and earned income. The balance and diversity of our income is not only essential for the ongoing viability of the PPI as it provides a regular stream of income but is also important to ensuring the PPI's independence and impartiality.

It is also important that all of our publications are accessible to everybody and, therefore, all research is published on the PPI website and links made available on various social media platforms for free downloading. Read further or visit www.pensionspolicyinstitute.org.uk to read more about the us.

Annual Report and Financial Statements

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Message from the chair of council

This is the eighteenth Annual Report of the PPI and I have the privilege of communicating an overview of the year's events taken from the full account which Council as a whole has provided later.

The high rate of activity has persisted with the production of 15 research reports and 11 launch events compared to 9 and 7 respectively in the previous year and, for the second year running there were around 145,000 downloads of PPI publications, including over 4,000 hardy perennials over five years old on tax relief, adequacy and public sector pensions. This indicates the continuing importance of pensions research as our landscape responds to societal changes in age structure and values bringing Environmental, Social and Governance (ESG) into the mainstream, as well as to legislative changes such as Pension Freedoms.

These changes, as well as the perspective from Lord Willetts at last year's AGM that we were the de facto permanent pensions commission, have encouraged us to take stock of emerging pensions issues which would benefit from authoritative, impartial, fact based research and feed them into a strategic refresh. The pensions world has benefitted immensely from the analysis which the Pensions Commission undertook over 15 years ago, but now the challenges have moved on.



Lawrence Churchill CBE

We hope that our Supporting Members will want to play a full role in this strategic refresh, sponsoring research the results of which could be so fundamental to the future quality of life for their clients. As an educational research charity, we are dependent on the support of our Members and I'd like to take this opportunity to thank them most sincerely.

I reported last year that our review of our own governance had concluded that more rotation of Council members was in line with modern governance protocols. Accordingly, Andy Young and Laurie Edmans are stepping down at this AGM. I would like to thank them both for their invaluable support since PPI was formed and I hope they will be able to continue to contribute to the Institute in the years ahead.

I would also like to extend my thanks to Chris and his team for their hard work and for the insights which arise from their excellent research, and of course to my colleagues on Council for their time, expertise and commitment.

Director's reflections

As ever, the last 12 months have been busy, but have also provided the PPI with an opportunity to take a long-term view. In our research work we have looked at how the retirement landscape in the Defined Contribution world might evolve over the next 10 to 15 years, how investing for pensions might evolve, how the landscape might be changed further by Collective Defined Contribution and whether pensions will be able to cope with the likely changes in lives that younger generations will face over the coming decades.

Looking forward is a theme that will continue at the PPI in 2019 and beyond. We are working with a number of partners to create a new cross-industry Defined Contribution data set – CLAIRE (Cross-Industry Longitudinal Aggregation of Individuals' Retirement Experience) – that has the potential to have a huge impact on long-term policy analysis.

Following on from the findings of last year's external perception survey and the launch of our new website, we are undertaking a wider review of our communications, and also taking a strategic look at the PPI

and our work as a whole and how we fit into an increasingly changing later life landscape. It is essential that we continue to evolve to enable us to continue to provide the credible, respected, independent evidence-based analysis that will always be needed to help provide better retirement outcomes for everybody.

As ever I would like to take this opportunity to thank the PPI team, Council Members, Governors, Supporting Members and our supporters who sponsor research, and events and support the PPI in kind, without you all there would be no PPI, so thank you for your support and encouragement.



Chris Curry

Council's annual report

Objectives and activities

The Council is pleased to present the Annual Report and the Financial Statements of the Pensions Policy Institute (the 'Institute' or the 'PPI') for the year ended 31 January 2019.

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 2015.

The Institute is an educational research charity established to undertake rigorous research on pensions and retirement income from an independent and long-term perspective. The research looks at the economic and social effects on existing policies, and assesses the impact of potential policy changes. The aim of the research is to help all those interested to achieve a better, wider understanding of retirement provision issues and for policy decisions to be based on fact-based analysis.

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.

RESEARCH AND DISSEMINATION

The Institute is unique in the study of pensions and retirement income provision 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 pensions and retirement income framework: assets derived from state provision, private provision 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 produces **factual, evidence-based research** outlining the potential outcomes for individuals and for Government spending of particular policy directions and analysis of trends within the pensions landscape.

The policy research team uses data from the PPI models and research from external sources in order to conduct analysis of present and future policy issues and consideration of wider social and demographic effects taking place within the pensions and retirement landscape.

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

The PPI has constructed a **suite of micro-simulation models** to analyse long-term outcomes from the current UK pensions system and possible reforms. These represent the current pensions system and allow for particular scenarios to be modelled. The models can:

- Illustrate projections of the impact on both an individual's post-retirement income and on future pensions systems revenue and expenditure cashflows to the Exchequer; and
- Project outcomes for younger cohorts.

The original development of the models was funded by The Nuffield Foundation. Each year the PPI considers the currency of the models and

updates them to incorporate the latest data and assumptions used. In the past year, this has involved updates including:

- The Aggregate Model and the Distributional Model have been updated for more recent experience based on Office for National Statistics (ONS) data on population projections and employment information as well as Department for Work and Pensions (DWP) data on benefit caseload and levels;
- The population projected within the Dynamic Model has been updated to reflect the most recent wave of the English Longitudinal Study of Ageing (ELSA) dataset bringing the population more up to date;
- The decumulation modelling within the Dynamic Model and the Individual Model has been updated to better reflect the range of behaviours exhibited since the introduction of Freedom and Choice.

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. This document is updated annually with new policy changes, developments and economic assumptions. The Primer continues to be our most downloaded publication each year.

The PPI maintains a compendium of key facts and statistics on pensions and retirement provision in the UK. The aim is to collate this into a single place with 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 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. The PPI team is also regularly asked to speak at or participate in other events.

Knowledge Sharing Seminars deliver an overview of the current UK pensions system and an introduction to current policy issues that reflect the current

position of, and legislated future changes to, the UK pension system. **The PPI team** also meet with or present **to foreign delegates to provide them with information on the UK pensions system.**

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 Institute complies with this guidance because:

- All research is published and is available to members of the public to download from the website and social media platforms, ensuring the broadest possible reach for the research.
- An email, alerting those who have signed up to the PPI's mailing list, is sent regarding new research. The PPI's media contacts also receive a press release and an email when publications are available.
- 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 sponsor research from the PPI provided:
 - The research falls within the Institute's charitable objective;
 - The Institute 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, charitable trusts, smaller Defined Benefit/Defined Contribution schemes, local government authorities, Independent Governance Committees, trustees and smaller organisations that have an interest in pensions policy.

Council's annual report

Achievements and performance

1. NUMBER OF OUTPUTS

- 15 reports
- 6 Briefing Notes
- 8 CASPER outputs
- 2 consultation responses
- 11 launch events
- 3 roundtables
- Participation in 42 external events
- 4 Knowledge Sharing Seminars
- 3 Bespoke Knowledge Sharing Seminars
- 19 Articles

2. DISSEMINATION

- 241 mentions in the media
- 5 spoken references in Parliament
- 56,900 research report downloads
- 27,900 Briefing Note downloads
- 11,300 Event writeups and presentations
- 23,800 press release downloads
- 4,450 Pension Facts downloads
- 3,200 Consultation response downloads
- 5,200 Pensions Primer downloads
- 2,000 Articles downloads
- 5,118 Membership and Knowledge Sharing Info downloads
- 4,200 Annual Reports and other information downloads

3. MOST DOWNLOADED TOPICS IN 2019

- Guide to the UK pensions system 4,450
- Impact of automatic enrolment 2,400
- Tax relief in the UK 1,650
- ESG 1,300
- Adequacy 1,200
- Public Sector Pensions 1,200



OVERVIEW

In the year ending 31 January 2019, the PPI worked on a number of research outputs covering topics that explored the triple lock, the evolving pensions landscape, the future life, Environmental, Social and Governance (ESG) investments, the DC landscape, default investment strategies, care and State Pensions, automatic enrolment, lost pensions, the investment market volatility, Collective Defined Contributions (CDC) and investment in illiquid and alternative assets. A full list of outputs both published and due to be released is included in the appendix and freely available on the PPI website.

The PPI responded to three Government consultations and gave oral evidence to the Work and Pensions Committee. These covered Delivering Collective Defined Contribution Pension Schemes, Intergenerational Fairness and Provision and Pensions Dashboards: Working Together for the Consumer. The PPI continue to engage with Parliament and Government with regular meetings with members of both Houses of Parliament and Treasury and Government officials. The PPI also has regular meetings with representatives from various parts of the pensions and financial services industry.

The PPI held 21 events during the year and had on average 81 attendees at research events and an average of 21 attendees at the Knowledge Sharing Seminars. The Knowledge Sharing Seminars continue to be popular and an additional seminar was held to accommodate the interest. Bespoke Knowledge Sharing Seminars were also held for Pension Wise in Birmingham and Bristol and for new employees of DWP. We are fortunate that our events, including the seminars, continue to reach a broad range of interests within pensions and retirement including Government, politicians, policymakers, the financial services industry, unions, the third sector, consumers and employers and trustees. Feedback from PPI events is positive. There were a few events in 2018 where the format was changed and these changes received mixed reviews with some liking the change but others wanting to retain the usual format with a panel of speakers and plenty of time for discussion. We will continue to review the feedback and make amendments to ensure our events continue to be informative and engaging.

The PPI has seen an increase in media presence with the PPI researchers including the senior leaders, participating in interviews both on the radio and TV and writing regular articles for Money Marketing and Pensions Age. The DC Future Book: in association with Columbia Threadneedle Investments was commended in the 2018 Savvy Investor Awards within the Best Pensions Paper 2018 (UK & Europe) category. References to PPI research were made in Parliament by Michelle Donelan (Con), Jack Dromey (Lab) and Lord McKenzie (Lab) (as recorded in Hansard).

The Platinum and Gold Level Supporting Members' dinner was held in January 2019 at the House of Lords and Guy Opperman MP, Parliamentary Under-Secretary of State at the DWP, was the PPI's guest of honour.

The PPI hosted an event for the Financial Conduct Authority (FCA), for Supporting Members, where Chris Woolard (Executive Director for Strategy and Competition) spoke on how the FCA navigates current challenges in pension policy with a view to improving retirement outcomes across the generations.

The PPI has continued to support Hayley James, a PhD student at Manchester University, exploring individual financial decision making for people who have been through automatic enrolment. Hayley produced a report in 2018 and also held a roundtable where the report was discussed. Hayley has since completed her PhD and continues to work closely with the PPI team and we expect to assist her by organising a roundtable and publishing further work related to her PhD.

In 2018, the PPI undertook an External Perception Survey and 134 respondents took part in an online survey over 4 weeks, 63% of whom were not actively involved with the PPI. 12 in-depth telephone interviews were also conducted lasting approximately 30 minutes. In the qualitative interviews, stakeholders' own views of what the PPI's aims and objectives should be were mainly in line with the PPI's aims as they stand.

Following the modernisation of the PPI's material in 2017, the team worked throughout the year on refreshing the PPI's website. The new look website was launched in January 2019 and is intended to provide a smoother journey for the user through the many aspects of the PPI's activities. There is more functionality for the team to use the website for dissemination moving forward. The new website has received positive comments not just on the visual aspect of the website but also for its ease of use. As the coming year progresses, more aspects of the new functionality available will be utilised by the team. The new look of the website is subsequently being worked into the branding of PPI literature and presentation tools.

For a number of years, the PPI has been considering an ambitious initiative to collect individual level data to provide longitudinal analysis of dynamics and trends in DC pension provision. New analysis will primarily be used to help develop public policy and to improve regulation, informing the ongoing pension policy discussion and producing both regular and ad hoc analysis showing how the DC market is evolving at the individual level over time.

During 2018 and following legal advice that the project fits within the PPI's charitable objectives, Council approved a feasibility study for the team to explore further how this project would work in practice. To lead this feasibility stage, the PPI sub-contracted Richard Smith who has extensive experience in the field. Towards the end of 2018, we confirmed the value of this project with potential partners and began to explore how this would work with a number of providers. The structure of the project has subsequently shifted from being a PPI governed project to a joint research partnership initiative, which will continue to be explored in 2019.

GOVERNANCE

As mentioned in last year's report, the Council were planning to action the recommendations following the Governance Review that took place in 2017/18. The majority of the recommendations have now been put in place and some will be addressed as part of the PPI's future direction discussions (further details on the Governance changes are detailed under 'Structure and Governance' and the PPI's future direction under 'Plans for the Future').

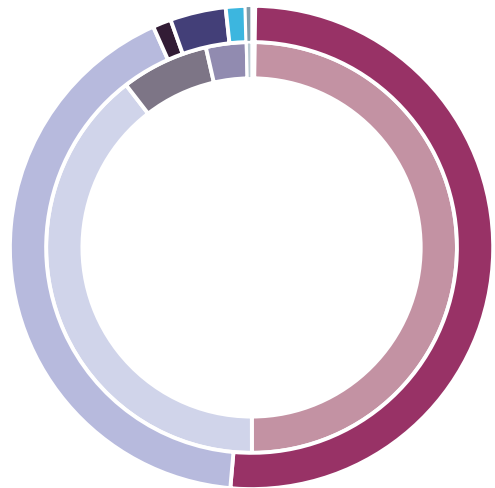
Council's annual report

Review of financial position

RESULTS FOR THE YEAR

Income has increased in 2018/19 by 4% to £827,860 (2018: £795,369). Expenditure is also up, as expected, by 4% to £818,388 (2018: £782,717). The PPI has achieved a small surplus of £9,472 which is better than the planned breakeven budget.

	FUNDS 2019	FUNDS 2018
Sponsored Research	£ 424,565	£ 396,468
Membership Income	£ 347,938	£ 315,422
Research Grants	£ 10,213	£ 54,976
Other Income	£ 30,904	£ 25,449
Donations	£ 10,813	£ -
Interest	£ 3,407	£ 3,054
TOTAL	£ 827,860	£ 795,369



RESERVES POLICY

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

quarterly and the basis of the calculation reviewed annually. The targeted range for 2018/19 was determined to be £195,625 to £391,250 (2018: £183,535 to £367,070). It is the PPI's intention to maintain a level of reserves at the higher end of the range.

In line with the Statement of Recommended Practice (SORP) for all registered charities, the portion of income that relates to the subsequent financial year is treated, for accounting purposes, as deferred income. The PPI received deferred income of £220,580 (2018: £259,796) and its total reserves at 31 January 2019 were unrestricted and totalled £364,216 (2018: £354,744). Unrestricted reserves, excluding amounts tied up in fixed assets were £363,763 (2018: £353,666). The PPI's reserves are towards the top of the targeted range. The Council continues to monitor the PPI's income streams and seek alternative sources of funding to mitigate the risk of insufficient funding which has been identified as one of the major risks to the Institute.

INVESTMENT POLICY

Under the Memorandum and Articles of Association, the PPI 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 as the Council does not think it is prudent to invest assets for the longer-term. However, the Council takes into consideration the best rates of interest and the ethical credentials of the banks which hold the PPI's funds.

FUNDING MODEL

The PPI has three main sources of income: from the **Supporting Members Scheme**, **Sponsored Research** and **Research Grants**. The balance of this income is important to ensure that the PPI can continue to provide research that concerns all aspects of pension and retirement income provision policy. Sponsoring research does not necessarily imply agreement with, or support for, the analysis or findings from research projects.

SUPPORTING MEMBERS SCHEME

The PPI's core research and information activities are funded by Supporting Members. There are 4 levels of membership: Platinum, Gold, Silver and Associate. Membership income funds core activities such as factual research reports (e.g. the Pensions Primer: a guide to the UK pensions system), Pensions Facts, Briefing Notes, consultation responses, speeches and presentations.

We have retained the majority of existing members and gained five new members during the year:

- LifeSight (Platinum Level)
- Philip Bennett (Associate Level)
- Smart Pension (Gold Level)
- Wealth at work (Gold Level)
- Which? (Silver Charity Level)

Unfortunately, there were three non-renewals:

- Capita Employee Benefits (Gold Level)
- Cardano (Silver Level)
- Law Debenture (Silver Level)

On 31 January 2019, the PPI had a total of 47 **Supporting Members** (5 Platinum, 13 Gold, 19 Silver and 10 Associate Members) a net increase of 2 from the previous year. Details of current Supporting Members are listed on page 20.

SPONSORED RESEARCH

Our earned income is described as sponsored research and it includes:

- Specific bespoke sponsored work from organisations, provided it is published freely and fits with the PPI's independent status, meeting the stringent PPI objectives and public benefit criteria,
- Research where the PPI has designed a project and sought funding from other organisations, either solely, jointly or as a consortium; and
- Where the PPI acts as a sub-contractor or subject matter expert.

The PPI is grateful to the following organisations that have sponsored research this year. Details of the topics covered are included in the Achievement and Performance section and in the Appendix.

Age UK	National Employment Savings Trust (NEST)
Alliance Bernstein	NOW: Pensions
the Association of British Insurers (ABI)	Prudential
Axa Investment Managers	Redington
BlackRock	the Royal Mail Group
Columbia Threadneedle Investments	Smart Pension
the Department for Work and Pensions (DWP)	State Street Global Advisors (SSGA)
the Defined Contribution Investment Forum (DCIF)	The Pensions Regulator (TPR)
King's Policy Institute	The People's Pension
Legal and General	Wealth at work
LV=	Which?

RESEARCH GRANTS

The Care and State Pension Reforms (CASPeR) Project – Understanding the interactions between state pension and long-term care reforms in Great Britain is a collaborative consortium project (with the University of East Anglia, PSSRU and LSE). The project began in 2014 and was initially funded over two years but received an extension for further work. The project has finished with a final response to the Economic Affairs Committee Inquiry into social care funding in England. All outputs for 2018/19 are shown in the Appendix.

OTHER INCOME

From time to time, the PPI will receive additional income for speaking at and organising Party Conference Fringe Events and other events within the UK. There is a slight increase in other income this year which reflects the activity with the Knowledge Sharing Seminars and the DC data collection project mentioned above.

INDIVIDUAL DONATIONS

Throughout 2018, the PPI received a number of requests from individuals wanting to donate to the charity. After exploring this further, the PPI registered for Gift Aid and launched the Friends of the PPI individual donation scheme early 2019.

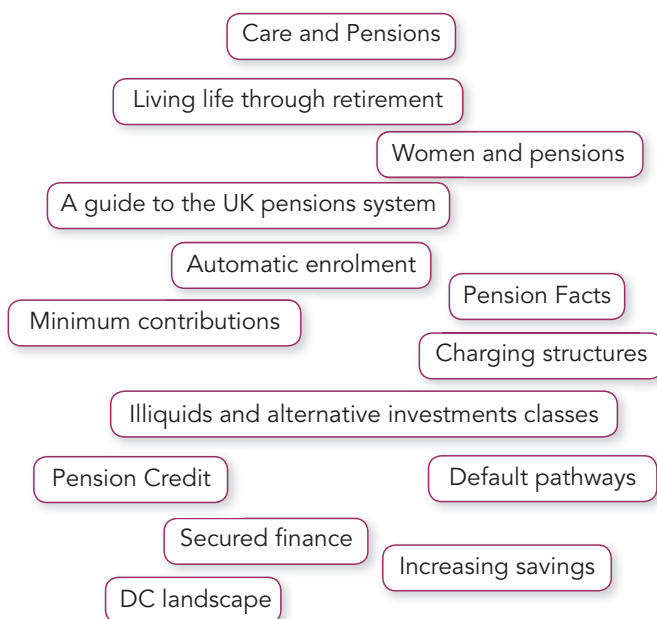
The Institute does not engage in any specific fundraising activities or use third parties for fundraising activities. There were no fundraising complaints during the year.

Council's annual report

Plans for the future

RESEARCH

The PPI will continue to meet its objectives in producing fact-based analysis and research and distributing this in the form of reports, Briefing Notes, seminars, articles and events and speaking opportunities. The topical subjects below will feature in our research over the next year:



GOVERNANCE AND STRATEGY

Following the PPI's Governance Review in 2017/18 and the External Perception Survey in 2018, the Council began to consider if there were any changes necessary within the PPI's current remit and activities. Following discussions and taking into consideration the many changes that are taking place externally, the Council will use 2019 to focus on exploring the PPI's future direction.

OPERATIONS REVIEW

During 2019, the PPI intends to conduct:

- An external review of the PPI's IT and security infrastructure will take place in 2019 to ensure that we are compliant with best practice standards and to future proof our systems as much as possible.
- A review of our VAT and Gift Aid.
- A review of our communications to ensure that we maximise the reach and impact of our research.

DATA COLLECTION INITIATIVE

As mentioned in the 'Achievements and Performance' section, the work on the feasibility of the data project will continue. The structure of the project will be defined with the providers and other interested parties.

Council's annual report

Structure, governance and management

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 its objects since the last Annual Report. However, documentation relating to the role of Governors and the Board of Council have been updated.

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.

Governors are selected based on their expertise in pensions, retirement or finance. They are invited by Council (as detailed in the constitution)

in a personal capacity and they are responsible for helping to preserve the independence and impartiality of the Institute, and to ensure that no interest group is able to exert undue influence on the Institute's work. Although Governors are responsible for helping to preserve the independence of the PPI, the role of Governor is non-executive and Governors are not responsible for PPI work and do not speak on behalf of the PPI.

From time to time, members of the PPI staff or Council may approach Governors to seek their assistance:

- in reviewing research papers,
- chairing events/seminars,
- securing funding for research,
- seeking new Supporting Members,
- hosting events at your premises; and
- any other activity associated with furthering the PPI's charitable objective.

Governors are free to accept or reject such requests for assistance.

117 Governors served during the period ending 31 January 2019 and current Governors are listed on page 19.



Sally Greengross OBE
PPI President
Appointed 2004



Lawrence Churchill CBE
Chair of Council
Appointed 2016

FINANCE COMMITTEE



David Yeandle OBE
Chair,
Honorary
Treasurer
Appointed 2001,
re-elected 2015



Andrew Evans
Appointed 2012,
re-elected 2015



Anthony Tomei CBE
Appointed 2012,
re-elected 2017

OTHER COUNCIL
MEMBERS



Sharon Collard
Appointed 2017



Chris Curry
Institute
Director
Appointed 2013

FUNDING COMMITTEE



Margaret Snowdon OBE
Chair
Appointed 2010,
re-elected 2017



Laurie Edmans CBE
Appointed 2007,
re-elected 2016



Madeline Forrester
Appointed 2013



Kevin Wesbroom
Appointed 2013,
re-elected 2016

GOVERNANCE COMMITTEE



Paul Stannard
Chair
Appointed 2007,
re-elected 2014



Duncan Brown
Appointed 2011,
re-elected 2017



Robert Laslett CBE
Appointed 2015



Andrew Young OBE
Appointed 2002,
re-elected 2014

COUNCIL SUPPORT



Maritha Lightbourne
Institute Company
Secretary
Appointed 2016

REMUNERATION COMMITTEE



Lawrence Churchill CBE
Chair
Appointed 2016



Duncan Brown
Appointed 2011,
re-elected 2017



Joanne Segars
Appointed 2001,
re-elected 2016

THE BOARD OF COUNCIL

In 2018/19 the Council implemented the recommendation to include terms for Council Members' length of service following the Governance Review last year. Council Members can serve for a maximum of three terms and the Chair of Council can serve for a maximum of two terms. The full list of Council Members are listed on page 14.

The Council meets quarterly to review the performance of the Institute and to authorise strategic decisions. They also hold a strategy day to discuss strategic issues outside of routine meetings. The Council has the power to appoint [Committees](#) of which the Institute currently has four:

- The [Finance Committee](#) reviews the Institute's short and medium term financial planning arrangements, including regular reviews of the Institute's risk register, and ensures the Institute meets all of its statutory accounting requirements. The Honorary Treasurer is the Chair of the Finance Committee and is the principal liaison between the Committee and the full Board.
- The [Funding Committee](#) reviews the Institute's funding strategy and targets including the review of the Supporting Members Scheme and ensures the Institute acts in accordance with current best practice in fundraising for a research charity.
- The [Governance Committee](#) reviews the general governance structure of the Institute on a regular basis, makes recommendations on how Council reviews its performance, carries out the annual skills audit for Governors and Council and oversees the arrangements for the Annual General Meeting.
- The [Remuneration Committee](#) is responsible for approving the Director's proposed remuneration package for PPI staff and the recommendation to Council for the Director's proposed remuneration on an annual basis.

A review of the [skills, expertise and diversity](#) of the Council Members and Governors is undertaken annually. Governors are invited to update their information, skills and expertise biennially. The last update was conducted in early 2018. The Governance Committee conducts a skills audit of both Governors and Council Members annually. With the introduction of terms of office being introduced for Council Members, it means that the PPI will have a more frequent rotation of Council Members and the Council will be working hard to ensure that the Governorship has a broad range of skills, expertise

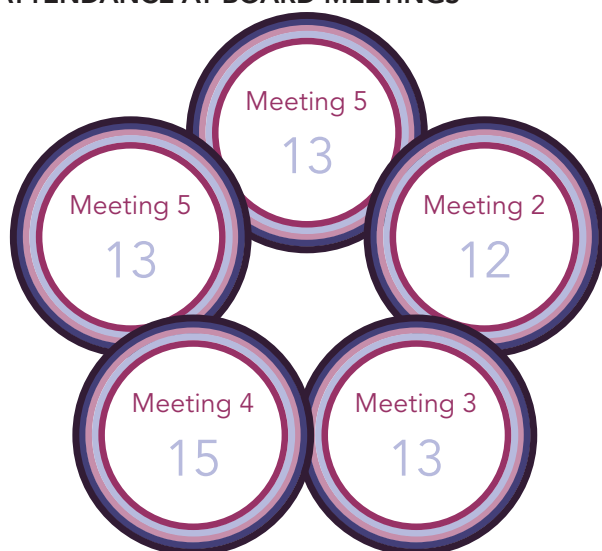
and diversity in the next few years, as there will be at least two Council Members retiring from Council each year. There is more work to be carried out on identifying the gaps within the Governorship which will take place as part of the strategic discussions.

The Council have reviewed, in 2018, the Institute's Induction Process for new Council Members and the Council's Code of Conduct. The [Code of Conduct](#) provides Council Members with an understanding of what is required of their role and the [Induction Process](#) is an opportunity for new Council Members to learn about their role and the PPI in more depth. It includes a variety of activities spread over a period of time including meetings with and introductions to relevant Council Members and PPI Staff, invitations to events, meetings and presentations and invitations to attend trustee training. They also all receive a Council Member Induction Pack which includes the history and current activities of the PPI, details of the PPI's policies and procedures and governance and management information. Throughout the year, Council Members are encouraged to attend training for continued personal development and to remain up-to-date with relevant issues relating to their role.

[Conflicts of Interest Registers](#) (both situational and transactional) are kept up-to-date and reviewed by Council on an annual basis. The PPI also keeps a note of [Related Party Transactions](#) which keeps a record of Council Members who are employed by or may appear to have influence on organisations who are Supporting Members or sponsors of research. The details of them are in the Notes to the Financial Statements on page 28-36.

As part of the [Board Effectiveness](#), one of the actions from the Governance Review in 2017/18 was to monitor Council attendance and participation with the PPI's activities and at Council and Committee meetings. We have completed the first annual cycle and can report that Council and Committee meetings are very well attended and contributions are usually sent in if individuals cannot attend in person. Each Committee will be reviewing their effectiveness at the end of each year and, at the end of 2019, there will be a formal review of the Board's Effectiveness which includes individual Council Members reviewing their own effectiveness, the Chair of Council's effectiveness and the Board as a whole. The Council continues to ensure that the Institute's governance is of a high standard and actively monitors its performance against the Charity Governance Code.

ATTENDANCE AT BOARD MEETINGS



COUNCIL MEMBER ELECTIONS

Council Members are elected and co-opted in accordance with the constitution. Council Members are drawn from the Governor body and are nominated and elected by the Governors at the Annual General Meeting (AGM) each year. The Council ensures that a wide range of expertise and skills are brought to the Institute. 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 introduced terms to Council Members' length of service in 2018 and, to ensure that the Institute did not lose too much expertise and knowledge in one go from those who have already served longer than the three terms, the Council has implemented a plan that only two Council Members will retire from office over the next few years. This will also ensure that the Institute has the time to consider the individuals who have the necessary skills and expertise to fill the gaps identified.

At the Annual General Meeting on 12 June 2019, 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 will

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 if their term has not ended.

The two long-standing Council Members retiring from office at the 2019 AGM are Andrew Young OBE and Laurie Edmans CBE. Laurie joined Council in 2007 and has served on the Funding Committee and supported the research team by reviewing research reports and chairing events. Andrew is one of the original Council Members and has served on the Funding and Governance Committees over the years and has been heavily involved in the development of the PPI models and continued development via the Model Review Board. We would like to thank them both for their contribution to the PPI.

The other Council Members retiring on 12 June 2019 are Lawrence Churchill CBE, Kevin Wesbroom and Robert Laslett CBE. All have indicated they will stand for re-election.

The **Senior Management Team** consists of **Chris Curry**, **Director** of the Institute with overall responsibility for leading and managing the PPI, and **Sarah Luheshi**, **Deputy Director** of the Institute with overall responsibility for the research programme. Further details about the PPI Team can be found on the PPI website.

REMUNERATION POLICY

The Institute is committed to ensuring that its staff are paid fairly and in a way that ensures it attracts and retains the right skills to have the greatest impact in delivering our charitable objectives.

In accordance with the Charities SORP, the Companies Act 2006 and the Charities Act 2011, the Institute disclose the following:

- Any payment made to Trustees (Council Members) (Council Members do not receive 'pay' although they are entitled to claim for appropriate expenses). In 2018/19, three Council Members received reimbursement for expenses.
- The number of staff in receipt of more than £60,000 (in bands of £10,000) and pensions and other benefits of key staff (personnel) are detailed in the Notes to the Financial Statements.

The Institute has a Remuneration Committee, which meets annually, and is comprised of three Council Members with relevant skills and expertise in HR and employee benefits and the Director who sets the pay for all staff. The Director does not have a casting vote and is not present for any discussions about the Director's remuneration.

The main responsibilities of the Committee are:

- To review and determine the remuneration package of the Director and Deputy Director on an annual basis (or more frequently if considered necessary), having regard to the PPI Remuneration Policy, other comparable organisations and such other factors as the Committee considers relevant.
- To agree the Director's overall proposals for salary increases/bonuses for staff, and any other significant individual recommended changes (such as large increases or no increases), on an annual basis in time for the year end, and on other elements of the PPI staff remuneration scheme as necessary.
- Consult the Chair of the Finance Committee about the overall affordability of remuneration decisions.
- As well as being guided by the PPI Remuneration Policy, the Remuneration Committee will take full account in its decision making of relevant external senior remuneration governance guidelines and requirements, including (but not limited to) the Five Principles of Good Pay set out in ACEVO's Good Pay Guide for Charities and Social Enterprises (December 2013); the Higher Education Code of Governance published by the Committee of University Chairs; and the UK Corporate Governance Code (April 2016).

The objective of the policy is to ensure that the Institute's staff are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the Institute's success. The appropriateness and relevance of the remuneration policy is reviewed annually including making comparisons with other charities and ensuring the Institute remain sensitive to broader issues e.g. pay and employment conditions elsewhere.

The Institute pays at least the London Living Wage (LLW) to all our staff, including interns, and benchmark our salaries against the external market. The Institute has a matching pension contribution scheme to encourage higher employee pension contributions. The initial employer contribution level is set at 8% with an additional matching contribution for every additional 1% employee contribution up to 4%. The scheme operates under salary sacrifice although employees have the choice to opt-out. Additional employee

benefits include season ticket loans, and support and encouragement for voluntary working. Although there is no formal scheme, the Institute explores, where possible, external secondment and/or job exchange opportunities, and accommodates requests for extended unpaid leave or sabbaticals.

GENDER PAY GAP

As of 31 January 2019, the median average annual salary was £37,200 and (mean) average was £45,295. Within the Senior Leadership Team, excluding the Director, the average mean annual salary was £50,420. 55% of the Institute's employees are female and, within the Senior Leadership Team, the gender balance was 66% female and 33% male (ratio 2:1). The gender pay gap across the Institute is 9% and the median to the top ratio is 2.7.

RISK MANAGEMENT

It is the responsibility of the Council as a whole to monitor the risks posed to the ongoing viability and ability of the Institute to fulfil its charitable objective. All areas of risk, governance, operational, financial, compliance, environmental and external are identified and set out in the PPI's Risk Register.

The Council regularly assesses the major risks to which the Institute is exposed, in particular those related to the finances, operations and reputation of the Institute, and is satisfied that systems are in place to mitigate its exposure to these major risks.

The major risks identified by the Council for 2018 were all focused on insufficient funding, whether by loss of existing Supporting Members, failure to secure new Supporting Members or failure to secure Sponsored Research or Research Grants. For 2019, the Council continues to have a particular focus on membership recruitment and retention

and seeking alternative income sources. In addition, due to the uncertain economic climate the following major risks have been identified for the coming 12 months:

- A financial risk where the Institute fails to secure funding both short-term and long-term especially in relation to sponsored research and the data project.
- An operational risk with resources taken up exploring the future strategy and new activities. There are also new processes being implemented around Gift Aid, HMRC's Making Tax Digital and possible implementation of a new IT system.
- A reputational risk to the PPI as we focus on strategy, the introduction of individual donations and the exploration of the data project.

The Council have discussed and implemented ways to mitigate and reduce these risks and to allow the PPI team and Council to continue to oversee the PPI's normal activities throughout the year:

- A sub-group of Council/Governors has been convened to lead on specific strategic areas.
- A sub-group of Council has also been convened to provide Governance Oversight to the data project.
- A sub-contractor has been brought on board to lead on the data project.
- The PPI team and relevant Committees are actively engaging with many stakeholders to ensure there is a continued relationship and dialogue.
- Haysmacintyre have undertaken a review of the VAT and Gift Aid and have provided training for submitting the VAT Returns via HMRC's MTD system.
- Maintain an open and frequent communication between staff, Council and other relevant stakeholders regarding the PPI's future strategy and possible new activities.

The Council have delegated responsibility to the various Committees but each Committee reports back to the Council for a collective decision on any issues. The Finance Committee review the Risk Register at every meeting.

In maintaining the quality and standard of its research, at least two Council Members review the Institute's major pieces of research. Council Members and Governors are also selected to sit on specific research steering groups and the Institute has Research Procedures that are designed to ensure appropriate quality assurance of research and to mitigate the reputational and operational risk that could arise from the PPI issuing, or external resources circulating, factually inaccurate or misleading research.

The Institute also has a dedicated Model Review Board consisting of a group of independent industry experts in modelling. Each member contributes in a personal capacity and results and analysis are the responsibility of PPI staff and not members of the Model Review Board. They provide guidance regarding the modelling capability and assumptions used. This validates the assumptions and the PPI's approach and ensures there is oversight of the models. Members of the Model Review Board (as at 31 January 2019) are detailed on page 20.

Charities with income below £1 million and assets below £3.26 million are not required to undertake a full audit. The Council is aware that the Institute's gross income and assets are below this audit threshold. However, the Council have agreed that it is important to be transparent and have decided to have an external audit of PPI finances and financial procedures carried out each year. The auditor submits an Audit Findings Report to the Council and meets with the Finance Committee at least once a year, without staff present, to discuss the PPI's financial controls, procedures and overall financial position.

COUNCIL MEMBERS' RESPONSIBILITIES

The Council Members (who are also directors of the 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 and charity 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; and
- 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 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. They are also 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.

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.

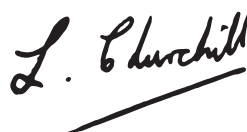
AUDITORS

A resolution proposing that Haysmacintyre LLP be re-appointed as auditors of the company will be put to the Annual General Meeting on 12 June 2019.

APPROVAL

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.

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



Lawrence Churchill CBE
Chairman
21 May 2019



David Yeandle OBE
Treasurer
21 May 2019

Council's annual report

Reference and administrative details

The Council is very grateful to the many individuals and organisations that support the work of the Institute.

Governors at 31 January 2019

Mr Andy Agathangelou	Mr Bill Galvin	Mr Alan Rubenstein
Baroness Altmann CBE	Professor Karen Glaser	Mrs Jane Samsworth
Mr Matthew Annable	Baroness Greengross OBE***	Mr Richard Saunders
Mr Mark Ashworth	Professor Ruth Hancock	Ms Joanne Segars OBE*
Ms Iona Bain	Professor Sarah Harper	Mr David Severn
Professor Nicholas Barr	Mr Andrew Harrop	Mr Nick Sherry
Mr Tom Boardman	Mr Patrick Heath-Lay	Ms Teresa Sienkiewicz OBE
Professor Philip Booth	Sir John Hills CBE, FBA	Mr Derek Sloan
Mr Adrian Boulding	Mr Chris Hitchen	Mr Ruston Smith
Mr Ronnie Bowie	Mr Tony Hobman	Mrs Margaret Snowdon OBE*
Mr Robert Branagh	Mrs Caroline Instance	Mr Brian Spence
Ms Yvonne Braun	Mr Paul Johnson CBE	Mr Nigel Stanley
Mr Duncan Brown*	Mr Tim Jones CBE	Mr Paul Stannard*
Mr Richard Butcher	Professor John Kay CBE	Professor Holly Sutherland
Mr Miles Celic	Lord Kirkwood of Kirkhope	Ms Fiona Tait
Mr John Chilman	Mr Dawid Konotey-Ahulu	Mr Doug Taylor
Mr Simon Chinnery	Mr Michael Lake CBE	Mr Peter Thompson
Mr Lawrence Churchill CBE**	Mr Robert Laslett CBE*	Mr Otto Thoresen
Professor Gordon Clark	Mr Chris Lewin	Mr Paul Thornton OBE
Miss Niki Cleal	Mr Paul Lewis	Mr Nick Timmins
Ms Norma Cohen	Professor Denise Lievesley	Ms Lesley Titcomb
Professor Sharon Collard*	Mr Gordon Lishman CBE	Mr Anthony Tomei CBE*
Mr Charles Cowling	Mr Trevor Llanwarne, CB	Ms Jane Vass
Ms Michelle Cracknell	Ms Anne Maher	Mr Andrew Vaughan
Ms Margaret Craig	Mr Gregg McClymont	Mr Adrian Waddingham CBE
Ms Jo Cumbo	Professor Stephen McNair	Professor Robert Walker
Ms Jane Curtis	Mr Tom McPhail	Mr Andrew Waring
Ms Helen Dean	Dame Jane Newell DBE	Mr Nigel Waterson
Dr Inderpreet Dhir	Mr Morten Nilsson	Dr Martin Weale CBE
Professor Richard Disney	Dr Alison O'Connell	Sir Steve Webb
Ms Emma Douglas	Mr John Pearson	Mr Kevin Wesbroom*
Baroness Jeannie Drake CBE	Mr Darren Philp	Rt Hon Lord David Willetts
Mr Laurie Edmans CBE*	Mr Michael Pomery CVO	Ms Lesley Williams
Mr Andrew Evans*	Dr Debora Price	Mr Alan Woods
Professor Jane Falkingham	Mr Julius Pursaill	Mr David Yeandle OBE*
Mr Terry Faulkner	Dr Katherine Rake OBE	Mr Andrew Young OBE*
Mr Campbell Fleming	Mr Brian Ridsdale	Ms Carol Young
Ms Madeline Forrester*	Mrs Rhoslyn Roberts	
Ms Teresa Fritz	Mr Tom Ross OBE	

*** President ** Chairman of Council * Council Members (at 31 Jan 2019)

THE PPI IS GRATEFUL FOR THE CONTINUING SUPPORT OF ITS SUPPORTING MEMBERS:

PLATINUM

Columbia Threadneedle Investments
Just
LV=
The Pensions Regulator
Lifesight

GOLD

Aberdeen Standard Investments
DWP
Legal & General
NEST
Scottish Widows/Lloyds Banking
The People's Pension
XPS Pension Group

AXA Investment Managers
Hymans Robertson
MFS Investment Managers
Phoenix Group
Smart Pension
Wealth at work

SILVER

Age UK
ABI
Barnett Waddingham
Exxon Mobil
Lane Clark Peacock LLP
PLSA
Quilter
Royal London/Scottish Life
Schroders
CII/TPFS
Which?

Aon Hewitt
Aviva
BP Pension Trustees Ltd
Intelligent Pensions
MNOPF Trustee Ltd
Prudential UK & Europe
RPMI
Sacker & Partners
Shell
USS

ASSOCIATE

Brian Shearing & Partners
Greater Manchester Pension Fund
Lincoln Pensions
OPDU
PMI

RBS (Research team)
Doyle Clayton
Lancashire County Pension Fund
NARPO
Pendragon
Phillip Bennet

MODEL REVIEW BOARD

John Armstrong
Richard Gibson
John Hawksworth
Paul Nixon
Laura Webster
Professor Holly Sutherland
(retired Dec 2018)

Deborah Cooper
Professor Ruth Hancock
Tim Knight
Teemu Pennanen
Andrew Young

ADMINISTRATIVE DETAILS

Company registered number
04145584

Charity registered number
1087856

Principal operating office
Pensions Policy Institute
King's College London
22 Kingsway, 1st Floor
London WC2B 6LE

Telephone
020 7848 3744

Email
info@pensionspolicyinstitute.org.uk

Website
www.pensionspolicyinstitute.org.uk

Registered Office
10 Snow Hill
London EC1A 2AL

Auditors
Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

Solicitors
Travers Smith
10 Snow Hill, London EC1A 2AL

Bankers
United Trust Bank Limited
80 Haymarket
London SW1Y 4TE

The Charity Bank Limited
Fosse House, 182 High Street
Tonbridge TN9 1BE

Unity Trust Bank
Nine Brindley Place
Birmingham B1 2HB

Virgin Money
Jubilee House
Gosforth
Newcastle Upon Tyne NE3 4TF

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

OPINION

We have audited the financial statements of the Pensions Policy Institute for the year ended 31 January 2019 which comprises of the Statement of Financial Activities, Balance Sheet, the Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2019 and of the charitable company's net movement in funds, 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.

BASIS FOR OPINION

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

RESPONSIBILITIES OF COUNCIL MEMBERS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Council Members' responsibilities statement set out on page 13, 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, and for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council Members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Council Members are responsible for the other information. The other information comprises the information included in the Council Members' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Council Members' Annual Report (which incorporates the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Council Members' Annual Report (which incorporates the directors' report) has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Council Members' Annual Report (which incorporates the directors' report).

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

- adequate accounting records have not been kept by the charitable company; 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' exemptions in preparing the Council Members' report and from the requirement to prepare a strategic report.

USE OF REPORT

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.

A handwritten signature in black ink that reads "Tracey Young." The signature is written in a cursive, flowing style.

Tracey Young (Senior statutory auditor)
for and on behalf of Haysmacintyre LLP,
Statutory Auditor
10 Queen Street Place
London EC4R 1AG
21 May 2019

Financial statements

Statement of financial activities for the year ending 31 January 2019

		Restricted Funds 2019 £	Unrestricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Income	Note				
Donations			10,813	10,813	-
Income from charitable activities:					
Research	2	10,213	803,427	813,640	792,315
Investment income	3	-	3,407	3,407	3,054
Total income		10,213	817,647	827,860	795,369
Expenditure					
Expenditure on charitable activities:					
Research	4	10,213	808,175	818,388	782,717
Total expenditure		10,213	808,175	818,388	782,717
Net income and net movement in funds for the year	7	-	9,472	9,472	12,652
Reconciliation of funds					
Total funds brought forward		-	354,744	354,744	342,092
Total funds carried forward		-	364,216	364,216	354,744

The Statement of Financial Activities includes all gains and losses recognised in the year.

All transactions are derived from continuing activities.

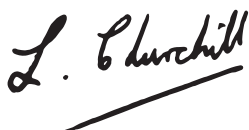
The notes on pages 28 - 36 form part of these Financial Statements.

Financial statements

Balance sheet as at 31 January 2019

	Note	2019 £	£	2018 £	£
Fixed assets					
Tangible fixed assets	9		453		1,077
Current assets					
Debtors	10	197,135		240,180	
Cash at bank		406,302		419,747	
		<u>603,437</u>		<u>659,927</u>	
Creditors: amounts falling due within one year	11	(233,941)		(294,236)	
Net current assets			<u>369,496</u>		<u>365,691</u>
Total assets less current liabilities			369,949		366,768
Creditors: amounts falling due after more than one year	12		<u>(5,733)</u>		<u>(12,024)</u>
Net assets	16		<u>364,216</u>		<u>354,744</u>
Institute funds					
Unrestricted - General Funds	15		<u>364,216</u>		<u>354,744</u>
			<u>364,216</u>		<u>354,744</u>

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



Lawrence Churchill CBE
Chair of Council
21 May 2019



David Yeandle OBE
Honorary Treasurer
21 May 2019

The notes on pages 28 - 36 form part of these Financial Statements.

Financial statements

Statement of cashflow

	2019 £	2018 £
Cashflows from operating activities:		
Net cash (used in) / provided by operating activities	(16,852)	21,183
Cashflows from investing activities:		
Interest received	3,407	3,054
Net cash provided by investing activities	3,407	3,054
Change in cash and cash equivalents in the reporting period	(13,445)	24,237
Cash and cash equivalents at the beginning of the reporting period	419,747	395,510
Cash and cash equivalents at the end of the reporting period	406,302	419,747
Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting period (as per the statement of financial activities)	9,472	12,652
Adjustments for:		
Depreciation charges	624	2,028
Interest received	(3,407)	(3,054)
Decrease/(increase) in debtors	43,045	(67,746)
(Decrease)/increase in creditors	(66,586)	77,303
Net cash (used in) / provided by operating activities	(16,852)	21,183
Analysis of cash and cash equivalents		
Cash in hand	92,133	128,615
Notice deposits (less than 12 months)	314,169	291,132
Total cash and cash equivalents at the end of the year	406,302	419,747

Financial statements

Notes to the financial statements for the year ending 31 January 2019

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1 Basis of preparation of Financial Statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), and the Companies Act 2006.

The Pensions Policy Institute meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

1.2 Preparation of accounts on a going concern basis

The Council consider there are no material uncertainties about the Institute's ability to continue as a going concern. The review of our financial position, reserve levels and future plans gives the Council confidence the Institute remains a going concern for the foreseeable future.

1.3 Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the accounting policies, Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects current and future periods.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

1.4 Company status

The Institute is a company limited by guarantee and does not have any share capital. The members of the Institute are the Governors named on page 23. 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. It was incorporated in England and Wales on 22 January 2001 (company number: 04145584) and registered as a charity on 3 August 2001 (charity number: 1087856). The registered address is on page 25.

1.5 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Council 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.

1.6 Income recognition

All income is included in the Statement of Financial Activities when the Institute has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably.

1.7 Donations and legacies

Donations and gifts are included in full in the Statement of Financial Activities when there is entitlement, probability of receipt and the amount of income receivable can be measured reliably.

1.8 Income from charitable activities

Income from charitable activities is recognised as earned as the related services are provided. Income from other trading activities is recognised as earned as the related goods are provided.

- 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.
- Grants are recognised in full in the Statement of Financial Activities in the year in which the charity has entitlement to the income, the amount of income receivable can be measured reliably and there is probability of receipt.

1.9 Investment income

Investment income is recognised on a receivable basis once the amounts can be measured reliably.

1.10 Expenditure

Liabilities are recognised as expenditure as soon as there is legal or constructive obligation committing the Institute to that expenditure, it is probable that settlement will be required and the amount of obligation can be measured reliably.

Expenditure is recognised on an accruals basis as a liability is incurred.

Charitable activities comprise costs of research and dissemination of research. These costs reflect staff time and direct costs along with an allocation of support costs.

Support costs have been allocated between governance costs and other support costs. Governance activities comprise organisational administration and compliance with constitutional and statutory requirements. Costs include direct costs of external audit, legal fees and other professional advice.

Governance and other support costs have been apportioned between all activities based on staff head counts and usage by activity. The allocation of governance and other support costs is analysed in notes 5 and 6.

1.11 Operating leases

Rental charges are charged on a straight line basis over the life of the lease.

1.12 Employee benefits

- **Short term benefits** including holiday pay are recognised as an expense in the period in which the service is received.
- **Employee termination benefits** are accounted for on an accrual basis and in line with FRS 102.
- **Pensions** - All 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.

1.13 Tangible fixed assets and depreciation

All fixed 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

1.14 Financial instruments

The Institute only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.15 VAT

The Pensions Policy Institute is registered for VAT.

1.16 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.17 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a

short maturity of twelve months or less from the date of acquisition or opening of the deposit or similar account.

1.18 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2. Income from charitable activities – research

	Total Funds 2019 £	Total Funds 2018 £
Research Grants	10,213	54,976
Sponsored Research	424,565	396,468
Membership income	347,958	315,422
Other income	30,904	25,449
Total	813,640	792,315

In 2019, charitable income includes £10,213 of restricted income (2018: £15,543) which was income allocated to restricted funds.

3. Investment income

	Total Funds 2019 £	Total Funds 2018 £
Bank interest receivable	3,407	3,054

4. Expenditure

	Direct staff costs £	Other direct costs £	Support costs £	2019 £
Research	541,065	105,106	172,217	818,388
Total	541,065	105,106	172,217	818,388
				2018
Research	536,381	102,279	144,057	782,717
Total	536,381	102,279	144,057	782,717

In 2019, the expenditure on charitable activities includes £10,213 (2018: £15,543) which was expenditure from restricted funds.

5. Support costs include

	Staff Costs	Office costs	Other costs	2019
	£	£	£	£
Governance	45,986	-	15,074	61,060
Other Support costs	46,773	24,466	39,919	111,158
Total	<u>92,759</u>	<u>24,466</u>	<u>54,993</u>	<u>172,218</u>
				2018
Governance	43,547	-	14,606	58,153
Other Support costs	43,546	24,365	17,993	85,904
Total	<u>87,093</u>	<u>24,365</u>	<u>32,599</u>	<u>144,057</u>

6. Governance

	Total Funds	Total Funds
	2019	2018
	£	£
Salaries	45,986	43,547
Audit and accountancy	7,050	6,800
Legal and professional fees	1,167	1,310
Other costs	6,857	6,496
	<u>61,060</u>	<u>58,153</u>

7. Net income

	2019	2018
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the Institute	624	2,028
Auditor's remuneration – audit services excluding VAT	7,050	6,800
Pension costs	<u>53,383</u>	<u>51,518</u>

During the year, no Council Member received any remuneration (2018: NIL).

During the year, no Council Member received any benefits in kind (2018: NIL).

During the year, three Council Members received reimbursement of travel expenses £1,950 (2018: two Council Members received £1,246).

8. Staff costs and employee numbers

	2019	2018
	£	£
Wages and salaries	525,815	518,533
Social security costs	54,626	53,423
Other pension costs	53,383	51,518
	<u>633,824</u>	<u>623,474</u>

The average total number of staff employed in the period was 11 (2018: 11).

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

	2019	2018
£70,001 - £80,000	1	1
£100,001 - £110,000	1	1
	<u>2</u>	<u>2</u>

The key management personnel comprises the senior management team and is made up of the following positions within the organisation - Director and Deputy Director.

	2019	2018
	£	£
Salaries	181,237	175,476
Social Security	22,464	21,536
Pension	21,909	21,070
	<u>225,610</u>	<u>218,082</u>

9. Tangible fixed assets

	Furniture, fittings and equipment £
Cost	
At 1 February 2018	23,019
Additions	-
At 31 January 2019	<u>23,019</u>
Depreciation	
At 1 February 2018	21,942
Charge for the year	624
At 31 January 2019	<u>22,566</u>
Net book value	
At 31 January 2019	<u>453</u>
At 31 January 2018	<u>1,077</u>

10. Debtors: Due within one year

	2019 £	2018 £
Trade debtors	112,964	162,893
Prepayments	12,671	7,278
Accrued income	71,500	70,009
	<u>197,135</u>	<u>240,180</u>

11. Creditors: amounts falling due within one year

	2019 £	2018 £
Social security and other taxes	2,201	31,531
Accruals	12,431	14,708
Deferred income (see note 13)	214,847	259,796
Other creditors	4,462	225
	<u>233,941</u>	<u>294,236</u>

12. Creditors: amounts falling due after one year

	2019 £	2018 £
Deferred income (see note 13)	5,733	12,024
	<u>5,733</u>	<u>12,024</u>

13. Deferred income

	2019 £	2018 £
Deferred income brought forward at 1 February 2018	259,796	194,068
Membership income received in advance	194,268	204,104
Sponsored Research received in advance	25,412	53,997
Other income received in advance	900	1,695
Released to Statement of Financial Activities	(259,796)	(194,068)
Deferred income carried forward at 31 January 2019	<u>220,580</u>	<u>259,796</u>

14. Financial assets & liabilities

	2019 £	2018 £
Cash (a)	406,302	419,747
Financial assets measured at amortised cost (b)	184,464	232,902
Financial liabilities measured at amortised cost (c)	<u>(219,309)</u>	<u>(260,021)</u>

(a) Cash includes cash in hand and notice deposits (less than 12 months)

(b) Financial assets include accrued income and trade and other debtors.

(c) Financial liabilities include deferred income, other creditors and pension creditors.

15. Statement of funds 2019

	Brought Forward £	Income £	Expenditure £	Carried Forward £
Unrestricted funds				
General funds	354,744	817,647	808,175	364,216
Restricted funds				
Nuffield Foundation – CASPeR Project	-	10,213	10,213	-
Total Funds	<u>354,744</u>	<u>827,860</u>	<u>818,388</u>	<u>364,216</u>

Statement of funds 2018	Brought Forward	Income	Expenditure	Carried Forward
Unrestricted funds				
General funds	342,092	779,826	767,174	354,744
Restricted funds				
Nuffield Foundation – CASPeR Project	-	15,543	15,543	-
Total Funds	<u>342,092</u>	<u>795,369</u>	<u>782,717</u>	<u>354,744</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 initially 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. The project was extended in 2017-18 due to the announcement of the social care Green Paper. The project ended early 2019.

All restricted funds were expended within the financial year.

16. Analysis of net assets between funds

	Unrestricted Funds 2019 £	Total Funds 2019 £
Tangible fixed assets	453	453
Current assets	603,437	603,437
Creditors due within one year	(233,941)	(233,941)
Creditors due after one year	(5,733)	(5,733)
Total	<u>364,216</u>	<u>364,216</u>

Analysis of net assets between funds 2018

	2018	2018
Tangible fixed assets	1,077	1,077
Current assets	659,927	659,927
Creditors due within one year	(294,236)	(294,236)
Creditors due after one year	(12,024)	(12,024)
Total	<u>354,744</u>	<u>354,744</u>

17. Pension commitments

The Pensions Policy Institute contributes to a Group Stakeholder Pension Plan administered by Royal London. The pensions cost charge represents contributions made by the Institute and amounted to £53,383 (2018: £51,518).

18. Related party transactions

PPI Council Member	Related Party Transaction
Lawrence Churchill CBE is Chairman of the PPI Council.	<ul style="list-style-type: none"> Donated £150.
Madeline Forrester is a PPI Council Member and a Managing Director at MFS Investment Management.	MFS are: <ul style="list-style-type: none"> Gold level members (£11,300)
Joanne Segars OBE is a PPI Council Member and is a Trustee of NOW: Pensions.	NOW: Pensions: <ul style="list-style-type: none"> Sponsored the PPI to conduct modelling around women and pensions (£13,000).
Margaret Snowdon OBE is a PPI Council Member and a non-executive director at The Pensions Regulator and Xafinity.	The Pensions Regulator are: <ul style="list-style-type: none"> Platinum level members (£16,150). Co-sponsors for how will the landscape of pensions evolve (£8,943) research Xafinity are: <ul style="list-style-type: none"> Gold level members (£11,300)
Kevin Wesbroom is a PPI Council Member and a Senior Partner at Aon Hewitt.	Aon Hewitt are: <ul style="list-style-type: none"> Silver level members (£7,400) Donated £150.

19. Operating lease commitments

At 31 January 2019, the Institute's future minimum operating lease payments are as follows:

	2019	2018
	£	£
Building		
within 1 year	15,797	37,454
within 2 - 5 years	-	15,797
	<u> </u>	<u> </u>

Operating lease charges made to the Statement of Financial Activities during the year totalled £37,454 (2018: £35,072).

Appendix: research completed during 2018-19

ANNUAL PUBLICATIONS

	PUBLISHED	FUNDER
The DC Future Book: 2018 Edition	Oct-18	Columbia Threadneedle Investments
Pension Facts	Jul-18	Membership scheme
The Pensions Primer: a guide to the UK pensions system	Jun-18	Membership scheme

BRIEFING NOTES

	PUBLISHED	FUNDER
BN110. Lost Pensions: what's the scale and impact?	Oct-18	Association of British Insurers
BN109. How will the evolving retirement landscape impact tax and benefits?	Oct-18	Consortium - AXA Investment Managers, ABI, DWP, Legal & General, NEST, Prudential, TPR and Wealth at work
BN108. Do default investment strategies align with members' needs?	Sep-18	AllianceBernstein
BN107. Is State Pension knowledge too low for informed financial decisions?	Jun-18	NatCen
BN106. Automatic enrolment minimum contribution increases and pay	Apr-18	Membership Scheme
BN105. The impact of the introduction of automatic enrolment on future generations	Feb-18	Standard Life

REPORTS	PUBLISHED	FUNDER
Charges, returns and transparency in DC - what can we learn from other countries?	Dec-18	Which?
What is CDC and how might it work in the UK?	Nov-18	Consortium - Royal Mail Group and DCIF
Funding the Future Life - the implications of a longer life	Nov-18	Consortium - LV=, State Street Global Advisors, and The People's Pension
PPI ESG: past, present and future	Oct-18	Redington
Intergenerational comparison of pension outcomes	Sep-18	NOW: Pensions
What limits workplace pension saving amongst threshold adults (aged 25-39 years)?	Jul-18	PhD Report – Hayley James
Living the future life - The implications of a longer life	Jul-18	LV=, The People's Pension, and SSGA
Evolving retirement outcomes	Jul-18	Consortium - AXA Investment Managers, ABI, DWP, Legal & General, NEST, Prudential, TPR and Wealth at work
Evolving retirement landscape	May-18	Consortium - AXA Investment Managers, ABI, DWP, Legal & General, NEST, Prudential, TPR and Wealth at work
How would removal of the State Pension triple lock affect adequacy?	Mar-18	Consortium - Centre for Ageing Better, Age UK and TUC
Automatic enrolment in the gig economy: modelling for Zurich	Feb-18	Zurich
Investment market volatility: analysis commissioned by TUC	Feb-18	Trades Union Congress (TUC)

Care and State Pension Reform (CASPeR) – Collaborative project between the PPI, the University of East Anglia and the London School of Economics funded by The Nuffield Foundation. **PUBLISHED**

Economic affairs committee inquiry into social care funding in England	Feb-19
Interactions between state pension and long-term care reforms: a summary of further findings	Dec-18
The costs and trade-offs of reforming long-term care for older people	Dec-18
Care and State Pension Reform: The interaction of inflation indices	Jul-18
The Conservative Party manifesto proposal to include housing wealth in the means test for home care: how might it affect public spending on long-term care for older people?	Apr-18
Projecting the costs of local authority funded home care for older people: the impacts of potential expansion of the eligibility criteria	Apr-18
Health and Communities and Local Government Select Committees joint inquiry into long-term funding of social care	Mar-18
Indicative revenue effects on pensions and pensioners	Mar-18

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