



ANNUAL REPORT AND FINANCIAL STATEMENTS 1 FEBRUARY 2019 – 31 JANUARY 2020

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



About the Pensions Policy Institute (PPI)

The PPI is an established independent educational research charity.

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

Why is the PPI needed?

There are a number of factors that contribute to why the PPI is needed, the main one is that too few people understand what is needed for the provision of an adequate income in later life. There are also complex intergenerational issues and a number of State and private provision that seeks to provide for individuals in later life, it is therefore necessary for an organisation like the PPI to bring these elements together and present the trade-offs for any policies that seek to address them.

Our Vision:

Better informed policies and decisions that improve later life outcomes

We believe that better information and understanding will help lead to a better policy framework and a better provision of retirement income for all.

Our Mission:

To promote informed, evidence-based policies and decisions for financial provision in later life through independent research and analysis

We aim to be the authoritative voice on policy on pensions and the financial and economic provision in later life.

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 us.

Annual Report and Financial Statements

CONTENTS	PAGE
1. A message from the Chair of Council	1
2. Council's annual report	2
• Objectives and activities	2
• Performance and Achievements	5
• Review of financial position	7
• Plans for the future	10
• Structure, governance and management	11
• Reference and administrative details	17
3. Independent auditor's report	20
4. Financial statements	22
• Statement of Financial Activities	23
• Balance sheet	24
• Statement of Cashflow	25
• Notes to the Financial Statements	26
5. Appendix	35

All enquiries regarding the Pensions Policy Institute's activities should be addressed to Chris Curry, Director at:

Pensions Policy Institute
King's College
Virginia Woolf Building
22 Kingsway
London WC2B 6LE

Tel: 020 7848 3744

E-mail: info@pensionspolicyinstitute.org.uk

Website: www.pensionspolicyinstitute.org.uk

Message from the Chair of Council

This is the nineteenth Annual report of the PPI and I have the privilege of communicating an overview of the year's events selected from the full account which Council has prepared later in the report.

In many ways, it has been a challenging year across several fronts. With Brexit dominating UK politics, our researchers remained busy, but not as busy as in the previous year. We produced 12 research reports (2018 – 15), 8 launch events (2018 - 11) and 6 Briefing Notes (2018 – 6). A late postponement of a large project affected our income levels and left us with trapped costs, so we finished the year with a sizeable deficit of £92k, which we funded from a strong reserves position.

Council has concluded the strategic refresh, confirming the importance of independent evidence-based policy making, the success of which should be measured by outcomes. In an evolutionary way, we will expand our remit from just pensions into the financial issues affecting later life. Absent definitive Government guidance on the objective of pensions policy, we are proposing to develop our own model (having researched some of the other models around internationally) and are attracted by the concept of an OBR style commentary on progress. Partnerships figured strongly in our thinking in both re-establishing an academic network, increasing public understanding of the financial issues of later life, engaging with successful policies internationally, and engaging

more actively with our expert stock of Governors. Crucially, we cannot produce much more without an increase in resources; so, first and foremost, we have engaged an external consultancy to advise us on our funding model.

We continue to refresh the membership of Council as recommended by the Governance Review. At this AGM, David Yeandle, Joanne Segars and Paul Stannard will step down; it is impossible to overstate the enormous contribution that they have each made to the success of the PPI, and I thank them deeply for it. During the year Michelle Cracknell resigned and I would like to thank her too for her fresh but too short contribution; I am delighted that she will continue as a Governor.

During the year Council allowed Chris Curry, our Director, to spend two years on a part-time contract to the Money and Pensions Service (MAPS) to accelerate the introduction of Pensions Dashboards. The team all stepped up to fill the gap, and I'd like to thank the whole team for their excellent research during the year. At the time of writing, with COVID-19 still rampant, they have all moved to home working and are remaining very productive – but more importantly, safe.

Finally, I'd like to extend my thanks to fellow Council Members for their continuing wisdom and advice, and to our Supporting Members, without whom the PPI could simply not flourish.



Lawrence Churchill CBE
PPI Chair of Council

Council's Annual Report

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 2020.

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.

Objectives and activities

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.

A strategic review was undertaken in 2019 by the Council. As a result we have clearly defined the Institute's vision and mission. The established aims of the PPI have been recast as the five pillars that support the vision and mission. Further details about the strategy review is in the 'Performance and Achievements' section.

Our Vision:

Better informed policies and decisions that improve later life outcomes

Our Mission:

To promote informed, evidence-based policies and decisions for financial provision in later life through independent research and analysis

Our Pillars:

The Institute aims to be the authoritative voice on policy on pensions and the financial and economic provision in later life. Five pillars have been established that form the foundation of the Institute's activities:

1. Relevant and accessible information on the extent and nature of financial provision in later life, and any associated implications.
2. Lead the debate and contribute fact-based analysis and commentary to the policymaking process.
3. Encourage research on later life provision (at the PPI and with others) that informs policy and decision-making.
4. A trusted source of information and analysis and impartial feedback to those with an interest in later life issues.
5. Model the impact of policy changes on financial provision in later life.

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 takes 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, trade unions, charities, 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 also 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. The suite of models includes:

- The Individual Model (IM) – the PPI's tool for modelling illustrative individual's income during retirement. It can model income for different individuals under current policy, or look at how an individual's income would be affected by policy changes. This income includes benefits from the State Pension system and private pension arrangements, and can also include income from earnings and equity release. It is useful to see how changes in policy can affect individuals' incomes in the future.
- The Aggregate Model – which projects long-term Government expenditure on pensions and contracted-out rebates, the private pension system and the fiscal cost of tax relief.
- The Distributional Model – which is a static microsimulation model. This means that it contains a representative set of households from the pensioner population. It projects the future distribution of pensioner incomes. Based on this projection, it calculates Pension Credit entitlements and income tax liabilities.
- The Dynamic Model – which projects outcomes for individuals and benefit units taken from the English Longitudinal Study of Ageing (ELSA) dataset. It has the capacity to make decisions on the timing of retirement for individuals based upon prospective outcomes assessed as replacement rates or the Minimum Income Standard.

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 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.

Performance and achievements

NUMBER OF OUTPUTS

- 12 Reports
- 6 Briefing Notes
- 8 Launch events
- 2 Round tables
- 4 Other events
- 42 Participation in external events
- 9 Knowledge Sharing Seminars
- 38 Press Articles and Media Appearances



OVERVIEW

In the year ending 31 January 2020, the PPI worked on a number of research reports looking at a variety of topics which were identified by our Supporting Members and Team Members as important areas within the current landscape. A full list of all outputs both published and due to be published can be found in the appendix and are also freely available on the PPI website.

Despite the political landscape during the last twelve months being primarily focussed upon the delivery of the UK leaving the European Union, the PPI also responded to three consultation responses addressing the following topics:

- Intergenerational differences
- Investment pathways
- Age related TV licence concessions

We continue to engage regularly with members of both Parliament and Government. Regular meetings take place with representatives from the Houses of Parliament, Treasury and Government Officials. In addition, regular meetings are held with Supporting Members and other individuals from within the pensions and financial services industry. The reach within the previously mentioned departments has now been widened with new relationships being fostered between the PPI and our external stakeholders.

2019/20 also saw the team attend and take part in multiple external events, covering a broad variety of topics including [The Gender Pensions Gap](#), [Collective Defined Contribution \(CDC\)](#), [Freedom and Choice](#) and the [Automatic Enrolment review](#). All members of our Modelling and Research teams have spoken at, participated and chaired various events throughout the year, enabling individuals

from within the team to raise their profile within the industry.

We continue to see a significant increase in the number of press articles written by several members of the team. The PPI has regular columns within [Pensions Age](#), [Money Marketing](#) and [Portfolio Institutional](#). We are also regularly approached by journalists to write columns on topical issues. Additionally, we saw an increase in the number of team members appearing on radio and TV.

During the year we also held a number of events, which were attended by an average of 79 people. The Operations Team have worked to expand the variety of attendees at our events which enhances the discussion and debates which take place and increases the networking opportunities available to Supporting Members. This expansion has strengthened the PPI's already broad reaching audience demographic. We are delighted that the events we hold continue to receive very positive feedback and this is something that is monitored very closely and regularly.

We were very fortunate this year to be able to hold [two exclusive events](#) for our Supporting Members and Governors, '[An audience with Charles Counsell](#)' and a [PPI Question Time Election Special](#) event. Both were very well attended and provided our Supporting Members and Governors with an exclusive opportunity to take part in interesting and thought-provoking discussions. The format for the Question Time event is something we are keen to replicate in the coming year with an appropriate topic which fits the event style.

The PPI's **Knowledge Sharing Seminars** continue to be well received with NEST and DWP using them as training for a proportion of their new starters. Adaptations are made following each session where necessary to ensure they continue to deliver the high level of information and interaction that they have now become synonymous with. We are particularly proud of the continual high level of feedback received from these seminars and the demand we receive for the seminars.

STRATEGY

The PPI's Council and Senior Team's reviewed our strategy during the last financial year. It is important for us to ensure that we build upon existing strengths and continue to focus on the issues that our stakeholders feel we have the knowledge, experience and credibility to add value through our research and modelling.

We shared our initial thoughts on our strategy at a Governor Reception in February 2020 and will continue to engage with our Supporting Members and other stakeholders. We have produced a separate document outlining the results of the strategy review and the PPI's future direction.

In summary, the PPI is still as relevant today as it was 20 years ago when the Institute was founded. We will continue to produce evidence-based research that remains independent and will not shy away from explaining the trade-offs and potential impacts of policy decisions.

OPERATIONS REVIEW

We successfully completed the 'operations review' in 2019, as mentioned in last year's report:

- An external review of the PPI's IT and security infrastructure undertaken by Buzzacott resulted in an update to our IT systems. All hardware was replaced with laptops and we moved to a cloud-based infrastructure. The new system has enabled us to be fully compliant with best practice standards and has added to our 'flexible working' approach. The feedback from the team has been positive with them feeling that the new system allows them to work more collaboratively and seamlessly when remote working. The new system allowed the PPI to quickly adhere to the Government guidelines during the COVID-19 pandemic, to work from home and the team was able to continue working without any adverse impact on its day-to-day activities.

- The PPI successfully registered for Gift Aid in early 2019. At the same time a review of the PPI's VAT position was completed. The PPI's membership scheme remains exempt from VAT and we received confirmation that the Knowledge Sharing Seminars are exempt from VAT as they are educational seminars.
- The PPI's communications were reviewed, led by The Corporate Comms Shop, resulting in some of the language used in the PPI's material being updated.

DATA COLLECTION INITIATIVE

Currently in the UK there is no central longitudinal research base of people's total retirement savings. This exists in other countries (such as the USA) and is a powerful tool for evidencing how individual citizens' retirement savings, aggregated across their different schemes and providers, are evolving over time. Discussions about establishing such a research database for the UK have taken place for many years across Government and the pensions industry. As many know, the PPI has led the recent discussions for this ambitious initiative to collect individual level data to provide longitudinal analysis of dynamics and trends in Defined Contribution (DC) pension provision.

During 2019, a consortium (B&CE providers of The People's Pension, Legal & General, the National Employment Savings Trust (NEST), the PPI and Smart Pension) was established and worked on a Proof of Concept (PoC) using realistic, but entirely fictitious, DC pensions data from several unidentifiable providers. The PoC explored the different technical options for a) pseudonymising/encrypting personal information (so that individuals aren't identifiable) and b) combining the encrypted data. More information on the initiative can be found at www.pensionsdatapoint.org.uk.

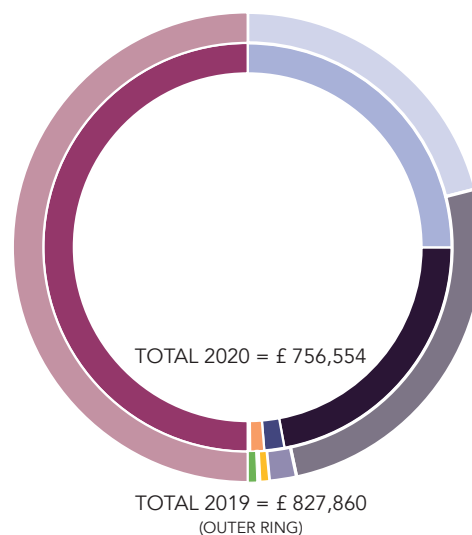
Building on the PoC, the consortium is exploring the next step as a "Private Beta" phase. The Private Beta phase is anticipated to run throughout the next 12-18 months and will be a formal project using live provider data that will be analysed to answer specific research questions. Further details are provided in the 'plans for the future' section.

Review of financial position

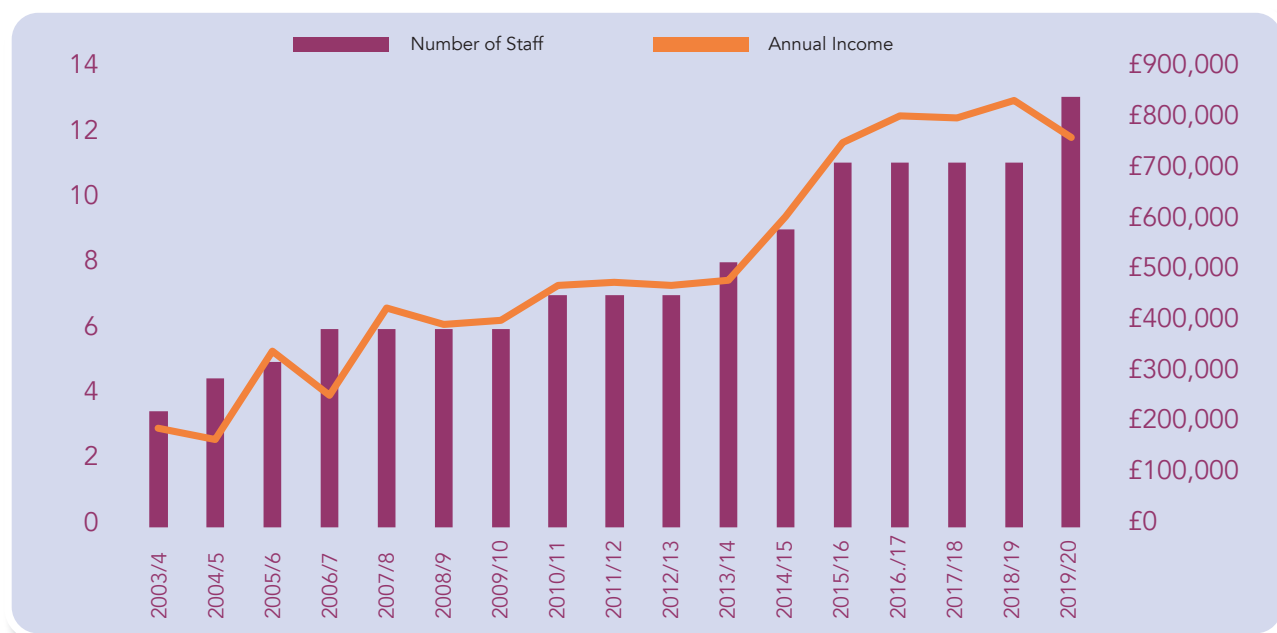
RESULTS FOR THE YEAR

Income has decreased in 2019/20 by 9% to £756,554 (2019: £827,860). Expenditure is up as expected, by 4% to £848,764 (2019: £818,388). The PPI has incurred a deficit of £92,210; this is due in part to the political uncertainty throughout 2019/20 which resulted in a reduction of income for research projects. There were also some strategic longer-term investments agreed by the Council.

	FUNDS 2020	FUNDS 2019
Membership income	£ 378,710	£ 347,958
Sponsorship Research	£ 334,117	£ 424,565
Other income	£ 24,074	£ 30,904
Donations	£ 17,323	£ 10,813
Interest	£ 2,330	£ 3,407
Research Grants	£ 0	£ 10,213
TOTAL	£ 756,554	£ 827,860



Number of staff (FTE – LHS) and Annual Income (RHS)



RESERVES

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 2019/20 was determined to be £220,825 to £441,650 (2019: £195,625 to £391,250).

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 £206,404 (2019: £220,580) and its total reserves at 31 January 2020 were unrestricted and totalled £272,006 (2019: £364,216). Unrestricted

reserves, excluding amounts tied up in fixed assets for our own use, were £255,903 (2019: £363,763). The PPI's reserves are currently towards the lower end of the targeted range.

A reconciliation of the movement in our reserves can be summarised as follows:

	£k
Opening reserves excluding fixed assets	364
Reduction in sponsored research	(90)
Increase in membership income	31
Investment in the data collection initiative	(30)
Investment in our IT infrastructure	(16)
Other items (net)	(3)
Closing reserves excluding fixed assets	256

The Council continues to monitor the level of reserves and will be working to increase the reserves gradually. Whilst our continued investment in the data collection initiative is having an adverse effect on our reserves, it is envisaged that future revenues will reverse this position if and when the project proceeds.

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 **Research Grants**, **Sponsored Research** and the **Supporting Members Scheme**. 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.

Research Grants

The PPI makes applications to Charitable Trusts and Foundations which award research grants for research in the PPI's areas of interest. The PPI was unsuccessful in securing grant funding during the financial year.

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 Performance and Achievements section and in the Appendix.

Aberdeen Standard Investments
Age UK
Association of British Insurers
AXA Investment Managers
BT Pension Scheme
Defined Contribution Investment Forum
Department for Work and Pensions
NatCen
NOW: Pensions
Phoenix Group
Scottish Widows
Smart Pension
The People's Pension
TUC
Wealth at work
Which?
Willis Towers Watson

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, gained four new members and one upgrade during the year 2019/20:

- Cardano Group (Cardano, NOW: Pensions, Lincoln Pensions) (Gold Level)
- LCP (Silver Level)
- Phoenix Group (Gold Level)
- RPMI (upgraded from Silver to Gold Level and renewed for 3 years)
- The National Federation of Occupational Pensioners (NFOP) (Associate Level)

Unfortunately, there were five non-renewals:

- Doyle Clayton (Associate Level)
- LV= (Platinum Level)
- LifeSight (Willis Towers Watson) (Platinum Level)
- Schroders (Silver Level)
- XPS Pensions Group (Gold Level)

On 31 January 2020, the PPI had a total of 46 Supporting Members (3 Platinum, 15 Gold, 18 Silver and 10 Associate Members) a net decrease of one from the previous year. Details of current Supporting Members are listed on page 18.

Other income

The PPI held five Knowledge Sharing Seminars and four bespoke Seminars for the Department for Work and Pensions. From time to time, the PPI will receive additional income for speaking at and organising events.

Individual Donations

Friends of the PPI is an individual donation scheme launched in 2019. The PPI is registered for gift aid and individuals can help us continue to lead the pensions policy debating by donating as an individual.

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.

Plans for the future

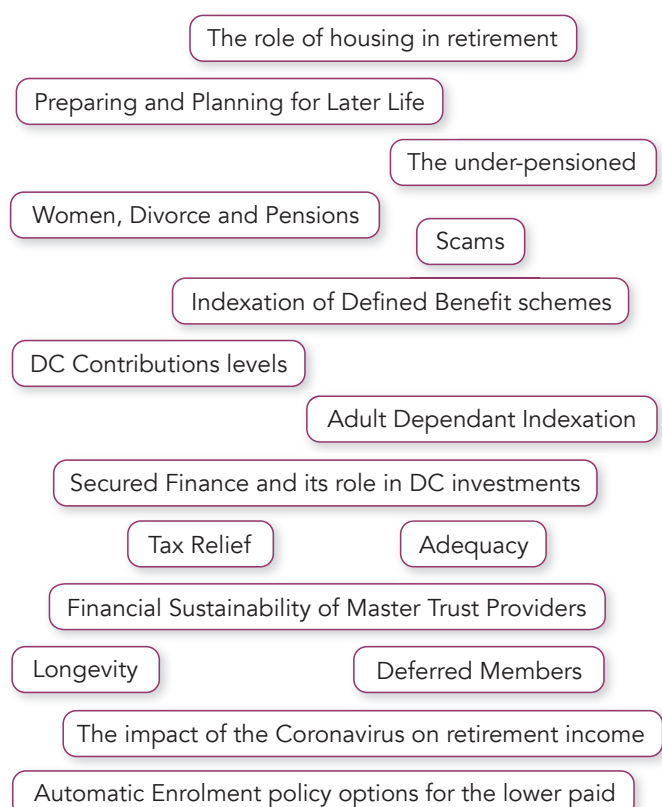
OPERATIONS

We have all been impacted by the effects of the global pandemic of COVID-19. Our priority is the wellbeing of our staff and their families. We continue to operate, albeit virtually, and have implemented some measures to ensure that staff are supported throughout this time.

Our existence as an organisation is so much more important especially with the challenging financial issues that many will be facing at this time. We have successfully held several roundtables during lockdown and will continue our research and other activities as much as is practicable.

RESEARCH

We will be using our models to investigate how the pandemic will impact on pension schemes, individuals especially those that fall into the under-pensioned category or the self-employed. We welcome all of our stakeholders to maintain a dialogue with us. Below shows some of the other topics that are in our research agenda over the next year:



DATA COLLECTION INITIATIVE

A Board for the private beta phase of the initiative is being formed and will mainly be made up of data providers. The Board will be chaired by the PPI who will also provide secretariat services. The Board will be seeking funding for this initiative and to broaden the consortium with providers who are interested in carrying out new, collaborative and innovative approaches to data collection and analysis in order to provide a greater understanding of pension saving at a societal level. The initial questions that we seek to answer in the Private Beta phase are:

- How many DC pension pots do individuals have among participating providers?
- How are small pots proliferating across participating providers?

This phase will include a 'pre-test' to Dashboard which will look at data compatibility and whether different scheme data can be merged and how clean and accurate the data is.

FUNDRAISING STRATEGY

The PPI Council agreed to invest time and money in hiring a specialist to undertake a funding review which should help inform our fundraising strategy that will support our overall strategy and plans for the next few years. There is a separate document regarding the PPI's strategy and future plans.

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.

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. We are grateful to all those who have reviewed our research and provided valuable feedback throughout the year:

- 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 2020 and current Governors are listed on page 17.

THE BOARD OF COUNCIL

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 is on page 12.

The Council meets quarterly to take strategic decisions and to review the performance of the Institute. 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 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. In 2020, the Council will continue to identify the gaps within the Governorship to ensure that there is a broad range of skills and expertise that will support the PPI going forward.

All new Council Members undertake an Induction Process which provides Council Members with an understanding of what is required of 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 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 26 - 34.

As part of the **Board Effectiveness**, Council attendance and participation with the PPI's activities and at Council and Committee meetings is monitored. Council and Committee meetings are well attended, and contributions are usually sent in if individuals cannot attend in person. Each Committee reviews their effectiveness at the end of each year. A formal review of the Board's Effectiveness, that includes individual Council Members reviewing their own effectiveness, the Chair of Council's effectiveness and the Board as a whole, took place in 2019 and the Council are in the process of reviewing the results. 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.



Sally Greengross OBE
PPI President
Appointed 2004



Lawrence Churchill CBE
Chair of Council
Appointed 2016

FINANCE COMMITTEE



Andrew Evans
Appointed 2012,
re-elected 2015
Appointed Chair &
Honorary Treasurer 2019



David Yeandle OBE
Appointed 2001,
re-elected 2015



Anthony Tomei CBE
Appointed 2012,
re-elected 2017

OTHER COUNCIL MEMBER



Chris Curry
Institute Director
Appointed 2013

FUNDING COMMITTEE



Darren Philip
Appointed 2019



Margaret Snowden OBE
Chair
Appointed 2010,
re-elected 2017



Madeline Forrester
Appointed 2013



Kevin Wesbroom
Appointed 2013,
re-elected 2019

GOVERNANCE COMMITTEE



Paul Stannard
Chair
Appointed 2007,
re-elected 2014



Duncan Brown
Appointed 2011,
re-elected 2017



Robert Laslett CBE
Appointed 2015,
re-elected 2019



Sharon Collard
Appointed 2017



Lawrence Churchill CBE
Chair
Appointed 2016,
Re-elected 2019

COUNCIL SUPPORT



Maritha Lightbourne
Institute Company
Secretary
Appointed 2016

REMUNERATION COMMITTEE



Lawrence Churchill CBE
Chair
Appointed 2016,
Re-elected 2019



Duncan Brown
Appointed 2011,
re-elected 2017



Joanne Segars
Appointed 2001,
re-elected 2016

Council members who retired during 2019:

- . Andrew Young OBE (served on the Governance Committee)
- . Laurie Edmans CBE (served on the Funding Committee)
- . Michelle Cracknell (served on the Finance Committee)

COUNCIL ATTENDANCE

The following table sets out the attendance of current Council Members at scheduled Council and Committee meetings during 2019:

	COUNCIL MEETINGS	FINANCE MEETINGS	FUNDING MEETINGS	GOVERNANCE MEETINGS	REMUNERATION MEETINGS
NUMBER OF MEETINGS	6	5	4	4	1
Andrew Evans	6	5	-	-	-
Anthony Tomei	6	5	-	-	-
Darren Philp*	4	-	2	-	-
David Yeandle	5	5	-	-	-
Duncan Brown	5	-	-	1	1
Joanne Segars	1	-	-	-	1
Kevin Wesbroom	5	-	4	-	-
Lawrence Churchill	5	-	-	2	1
Madeline Forrester	6	-	3	-	-
Margaret Snowden	4	-	4	-	-
Paul Stannard	3	-	-	4	-
Robert Laslett	4	-	-	4	-
Sharon Collard	5	-	-	2	-

* Darren joined Council June 2019

** Michelle Cracknell was a Council and Finance Committee Member between June and December 2019

*** Laurie Edmans and Andrew Young retired from Council in June 2019

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.

At the AGM, 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 Council Members retiring at the 2020 AGM are Anthony Tomei CBE, Joanne Segars OBE,

Madeline Forrester and Sharon Collard. Anthony, Madeline and Sharon have indicated that they will stand for re-election. Joanne will not be standing for re-election.

David Yeandle OBE and Paul Stannard will also retire from the Council at the 2020 AGM. David and Joanne are the last remaining original Council Members who were fundamental in starting the PPI nineteen years ago, along with their other colleagues of the Pension Provision Group. David has served as the Honorary Treasurer and Chair of the Finance Committee. Joanne has served on the Funding and Remuneration Committees. Both David and Joanne have supported the research team by reviewing research reports and chairing events. Paul Stannard joined Council in 2007 and has chaired the Governance Committee, reviewed research and hosted many PPI events and meetings. We would like to thank them for their contribution to the PPI.

MANAGEMENT

In July 2019, the Council were pleased to allow **Chris Curry (Director of the Institute)**, for the next two years on a part-time contract, to join the Money and Pensions Service (MAPS) as Principal of the Pensions Dashboard Programme. **Chris**

continues to have overall responsibility for leading and managing the PPI with the support of **Sarah Luheshi, Deputy Director**. 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 seeks to accommodate requests for extended unpaid leave or sabbaticals.

GENDER PAY GAP

As of 31 January 2020, the median average annual salary was £38,100 (2019: £37,200) and (mean) average was £41,503 (2019: £45,295). Within the Senior Leadership Team, excluding the Director, the average mean annual salary was £54,398 (2019: £50,420). 54% (2019: 55%) of the Institute's employees are female and, within the Senior

Leadership Team*, the gender balance remains 67% female and 33% male (ratio 2:1). The gender pay gap across the Institute is 9% and the median to the top ratio is 2.2.

*Senior Leadership includes - Senior Management, Head of Modelling, Head of Policy Research, Head of Finance and Operations and the Head of Membership and External Engagement.

RISK MANAGEMENT

It is the responsibility of all Council Members 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 the 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 2019 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. The political environment, specifically in the last year, caused many to be cautious in their spending and we saw this impact on how much research we were able to secure. These areas continue to be our 'business as usual' major risks for 2020.

Although we had started to see things pick up, we envisaged it might be a while for things to return to normal. This is exacerbated by the impact of COVID-19 which could have a significant adverse effect on securing new sponsored research projects in particular in the next few months and affect the timing of any upturn in our finances.

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

- The impact of COVID-19 will not be known for some time, necessitating frequent monitoring of the impact of the COVID-19 outbreak and enhanced dialogue with staff members, sponsors, Supporting Members and other stakeholders.

- Council will carefully consider the income secured in the first six months of the year. If we have not secured enough funds, then the activities for the rest of the year will be revisited.
- Spending on the data collection initiative will continue to be monitored to avoid any further risk to the PPI reserves.
- Council will review the reserves policy and associated risk scenarios which will include a worst-case scenario cash forecast.
- The PPI will be undertaking a funding review with an external consultant. The review will be expected to cover the funding model and potential sources of additional income.

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 2020) are detailed on page 18.

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 03 June 2020.

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
Chair of Council
11 May 2020

Andrew Evans
Honorary Treasurer
11 May 2020

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 2020

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

*Council Members **Chair of Council ***President

SUPPORTING MEMBERS AT 31 JANUARY 2020

The PPI is grateful for the continuing support of all supporters

PLATINUM

Aviva
Columbia Threadneedle Investments
Just
The Pensions Regulator

GOLD

<p>Aberdeen Standard Investments Cardano Group: (Cardano, NOW: Pensions & Lincoln Pensions) Legal & General NEST RPMI Smart Pension Wealth at work</p>	<p>AXA Investment Managers DWP Hymans Robertson MFS Investment Managers Phoenix Group Scottish Widows/Lloyds Banking The People's Pension</p>
--	---

**LONG
STANDING
SILVER**

<p>Age UK ABI BP Pension Trustees Ltd MNOF Trustees Ltd M & G Prudential Royal London/Scottish Life Shell USS</p>	<p>Aon Hewitt Barnett Waddingham Exxon Mobil PLSA Quilter Sacker and Partners CII/TPFS</p>
---	--

**ASSOCIATE
LEVEL**

Brian Shearing and Partners Limited
Greater Manchester Pension Fund
Lancashire County Pension Fund
National Association of Retired Police Officers
National Federation of Occupational Pensioners
Occupational Pensions Defence Union
Pendragon
Philip Bennett
RSB Research Team

**MODEL
REVIEW
BOARD**

<p>John Armstrong Richard Gibson John Hawksworth Robert Laslett CBE Teemu Pennanen Andrew Young OBE</p>	<p>Deborah Cooper Professor Ruth Hancock Tim Knight Paul Nixon Laura Webster</p>
---	--

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

Unity Trust Bank
Nine Brindley Place
Birmingham B1 2HB

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

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 2020 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 2020 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 16, 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 message from the Chariman and 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 authorised for issue.

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.

Tracey Young (Senior statutory auditor)

for and on behalf of Haysmacintyre LLP, Statutory Auditor
10 Queen Street Place
London EC4R 1AG

21 May 2020

Financial statements

Financial statements

Statement of Financial Activities for the year ending 31 January 2020 (incorporating income and expenditure account)

Income	Note	Unrestricted Total Funds 2020 £	Total Funds 2019 £
<i>Donation</i>		17,323	10,813
<i>Income from charitable activities:</i>			
Research	2	736,901	813,640
<i>Investment Income</i>	3	2,330	3,407
Total income		756,554	827,860
Expenditure			
<i>Expenditure on charitable activities:</i>			
Research	4	848,764	818,388
Total expenditure		848,764	818,388
Net (deficit)/income and net movement in funds for the year	7	(92,210)	9,472
Reconciliation of funds			
Total funds brought forward		364,216	354,744
Total funds carried forward		272,006	364,216

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 - 34 form part of these Financial Statements.

Balance sheet as at 31 January 2020

Company Number: 04145584

		2020	2019
	Note	£	£
Fixed assets			
Tangible fixed assets	9	16,103	453
Current assets			
Debtors	10	145,088	197,135
Cash in bank		370,167	406,302
		515,255	603,437
Creditors: Amounts falling due within one year	11	(253,519)	(233,941)
Net current assets		261,736	369,496
Total assets less current liabilities		277,839	369,949
Creditors: Amounts falling due after one year	12	(5,833)	(5,733)
Net assets	16	272,006	364,216
Institute funds			
Unrestricted - General Funds	15	272,006	364,216
		272,006	364,216

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
11 May 2020

Andrew Evans
Honorary Treasurer
11 May 2020

The notes on pages 26- 34 form part of these Financial Statements.

Statement of cashflow

	2020 £	2019 £
Cashflows from operating activities:		
Net cash (used in) / operating activities	(19,883)	(16,852)
Cashflows from investing activities:		
Interest received	2,330	3,407
Purchase of IT equipment	(18,582)	-
Net cash provided by investing activities	(16,252)	3,407
Change in cash and cash equivalents in the reporting period	(36,135)	(13,445)
Cash and cash equivalents at the beginning of the reporting period	406,302	419,747
Cash and cash equivalents at the end of the reporting period	370,167	406,302
Reconciliation of net income to net cash flow from operating activities		
Net (deficit)/income for the reporting period (as per the statement of financial activities)	(92,210)	9,472
Adjustments for:		
Depreciation charges	2,932	624
Interest received	(2,330)	(3,407)
Decrease/(increase) in debtors	52,047	43,045
Increase in creditors	19,678	66,586
Net cash (used in) / provided by operating activities	(19,883)	16,852
Analysis of cash and cash equivalents		
Cash in hand	53,021	92,133
Notice deposits (less than 12 months)	317,146	314,169
Total cash and cash equivalents at the end of the year	370,167	406,302

Notes to the Financial Statements for the year ending 31 January 2020

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 18. 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 19.

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 Activities. 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 accruals 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.

obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

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

2. Income from charitable activities – research

	TOTAL FUNDS 2020 £	TOTAL FUNDS 2019 £
Research Grants	-	10,213
Sponsored Research	334,117	424,565
Membership income	378,710	347,958
Other income	24,074	30,904
Total	736,901	813,640

In 2020, charitable income includes £0 of restricted income (2019: £10,213) which was income allocated to restricted funds.

3. Investment income

	TOTAL FUNDS 2020 £	TOTAL FUNDS 2019 £
Bank interest receivable	2,330	3,407

4. Expenditure

	DIRECT STAFF COSTS £	OTHER DIRECT COSTS £	SUPPORT COSTS £	2020 £
Research	541,683	106,245	200,836	848,764
Total	541,683	106,245	200,836	848,764
				2019
Research	541,065	105,106	172,217	818,388
Total	541,065	105,106	172,217	818,388

In 2020, the expenditure on charitable activities includes £0 (2019: £10,213) which was expenditure from restricted funds.

5. Support costs include	STAFF COSTS £	OFFICE COSTS £	OTHER COSTS £	2020 £
Governance	53,104	-	20,402	73,506
Other support costs	57,665	27,435	42,230	127,330
Total	110,769	27,435	62,632	200,836
				2019
Governance	45,986	-	15,074	61,060
Other support costs	46,773	24,466	39,919	111,158
Total	92,759	24,466	54,993	172,218

6. Governance	TOTAL FUNDS 2020 £	TOTAL FUNDS 2019 £
Salaries	53,104	45,986
Audit and accountancy	7,075	7,050
Legal and professional fees	1,756	1,167
Other costs	11,571	6,857
	73,506	61,060

7. Net (deficit) / Income	2020 £	2019 £
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the Institute	2,932	624
Auditor's remuneration – audit services excluding VAT	7,075	7,050
Pension costs	53,030	53,383

During the year, no Council Member received any remuneration (2019: NIL).

During the year, no Council Member received any benefits in kind (2019: NIL).

During the year, three Council Members received reimbursement of travel expenses £4,487 (2019: three Council Members received £1,950).

8. Staff costs and employee numbers

	2020 £	2019 £
Wages and salaries	544,143	525,815
Social security costs	55,279	54,626
Other pension costs	53,030	53,383
	652,452	633,824

The average total number of staff employed in the period was 12 (2019: 11); including full-time staff of 11 (2019: 11) and 1 (2019:0) part-time staff.

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

	2020 £	2019 £
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£90,001 - £100,000	1	-
£100,001 - £110,000	-	1
	2	2

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

	2020 £	2019 £
Salaries	158,011	181,237
Social Security	20,333	22,464
Pension	19,594	21,909
	197,938	225,610

9. Tangible fixed assets**FURNITURE,
FITTINGS AND
EQUIPMENT
£****Cost**

At 1 February 2019	23,019
Additions	18,582
Disposals	(7,541)
At 31 January 2020	34,060

Depreciation

At 1 February 2019	22,566
Charge for the year	2,932
Disposals	(7,541)
At 31 January 2020	17,957

Net book value

At 31 January 2020	16,103
At 31 January 2019	453

10. Debtors: Due within one year

2020 2019
£ £

Trade debtors	94,796	112,964
Prepayments	24,947	12,671
Accrued income	25,345	71,500
	145,088	197,135

11. Creditors: amounts falling due within one year

2020 2019
£ £

Social security and other taxes	31,391	2,201
Accruals	12,027	12,431
Deferred income (see note 13)	200,571	214,847
Other creditors	9,530	4,462
	253,519	233,941

12. Creditors: amounts falling due after one year

	2020 £	2019 £
Deferred income (see note 13)	5,833	5,733
	5,833	5,733

13. Deferred income

	2020 £	2019 £
Deferred income brought forward at 1 February 2019	220,580	259,796
Membership income received in advance	171,595	194,268
Sponsored Research received in advance	9,809	25,412
Other income received in advance	25,000	900
Released to Statement of Financial Activities	(220,580)	(259,796)
Deferred income carried forward at 31 January 2020	206,404	220,580

14. Financial assets & liabilities

	2020 £	2019 £
Cash	370,167	406,302
Financial assets measured at amortised cost (a)	120,141	184,464
Financial liabilities measured at amortised cost (b)	(215,934)	(219,309)

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

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

15. Statement of funds 2020

	BROUGHT FORWARD £	INCOME £	EXPENDITURE £	CARRIED FORWARD £
Unrestricted funds				
General funds	364,216	756,554	848,764	272,006
Restricted funds	-	-	-	-
Total funds	364,216	756,554	848,764	272,006

	BROUGHT FORWARD	INCOME	EXPENDITURE	CARRIED FORWARD
Statement of funds 2019				
Unrestricted funds				
General funds	354,744	817,647	808,175	364,216
Restricted funds				
Nuffield Foundation – CASPeR Project	-	10,213	10,213	-
Total funds	354,744	827,860	818,388	364,216

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 2020 £	TOTAL FUNDS 2020 £
Tangible fixed assets	16,103	16,103
Current assets	515,255	515,255
Creditors due within one year	(253,519)	(253,519)
Creditors due after one year	(5,833)	(5,833)
Total	272,006	272,006

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	364,216	364,216

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 £53,030 (2019: £53,383).

18. Related party transactions

PPI Council Member	Related Party Transaction
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 (£11,400)
Joanne Segars OBE is a PPI Council Member and is a Trustee of NOW: Pensions.	NOW: Pensions are: <ul style="list-style-type: none"> Gold level members (£11,400) as part of the Cardano Group. Sponsored the PPI to conduct modelling around women and pensions and the under-pensioned (£35,000).
Margaret Snowdon OBE is a PPI Council Member and a non-executive director at The Pensions Regulator and XPS Pension Group.	The Pensions Regulator are: <ul style="list-style-type: none"> Platinum level members (£16,650). XPS Pension Group were: <ul style="list-style-type: none"> Gold level members (£11,300) until January 2020.
Kevin Wesbroom is a PPI Council Member and retired as a Senior Partner at Aon Hewitt during the year.	Aon Hewitt are: <ul style="list-style-type: none"> Silver level members (£7,500)

There were no other related parties noted during the year.

19. Operating lease commitments

At 31 January 2020, the Institute's future minimum operating lease payments are as follows:

Building	2020 £	2019 £
Within 1 year	22,116	15,797
Within 2 - 5 years	-	-

Operating lease charges made to the Statement of Financial Activities during the year totalled £37,914 (2019: £37,454).

20. Post balance sheet event

In light of the emergence and spread of the coronavirus (COVID-19), the PPI is monitoring the situation very closely to assess the potential impact on its activities and operations.

The PPI has not experienced any significant adverse financial impact to date on its activities and operations as a result of COVID-19. The Council continues to monitor the impact of COVID-19 on its activities and operations; the overall impact on the current year as a whole is currently unknown and cannot be reliably quantified.

Council members monitor cash flow forecasts on a regular basis. Council is satisfied that the PPI can continue as a going concern for the foreseeable future.

Appendix: research completed during 2019-20

Annual Publications	Published	Funder
The DC Future Book: 2019 Edition	Sep-19	Columbia Threadneedle Investments
Pension Facts	May-19	Membership scheme
The Pensions Primer: a guide to the UK pensions system	Jun-19	Membership scheme

Briefing Notes	Published	Funder
Briefing Note 116. PPI "Question Time" Election Special event'	Dec-19	Smart Pension
Briefing Note 115. What could the 2019 general election mean for pensions policy?	Dec-19	Membership scheme
Briefing Note 114. The gender pensions gap - can it be closed?	Jun-19	Defined Contribution Investment Forum (DCIF)
Briefing Note 113. The impact of Pension Credit reform for mixed age couples	May-19	Membership scheme
Briefing Note 112. Automatic enrolment minimum contribution increases and pay	Apr-19	Membership scheme
Briefing Note 111. DC scheme default strategy policy considerations	Mar-19	Membership scheme

Reports	Published	Funder
Generation veXed: solving the retirement puzzle	Nov-19	Phoenix Group
Approaching the endgame: The future of Defined Benefit pension schemes in the UK	Oct-19	Aberdeen Standard Investments
Supporting later life	Oct-19	Age UK, DWP, The People's Pension and WEALTH at work.
Pension charging structures and beyond; an outcomes-focused analysis	Sep-19	Smart Pension
Living through later life	Jul-19	Age UK, DWP, The People's Pension and WEALTH at work.
Understanding the Gender Pensions Gap	Jul-19	NOW: Pensions
Care in later life: incentives to use assets to pay for care	Jun-19	The Association of British Insurers (ABI)
Increasing savings in automatic enrolment: analysis sponsored by Which?	Jun-19	Which?
Engagement pathways in workplace pensions: an overview of pension decision-making	May-19	PhD Report – Hayley James
DC scheme investment in illiquid and alternative assets	Mar-19	Black Rock



www.pensionspolicyinstitute.org.uk