



ANNUAL REPORT AND FINANCIAL STATEMENTS 1 FEBRUARY 2020 – 31 JANUARY 2021

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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:

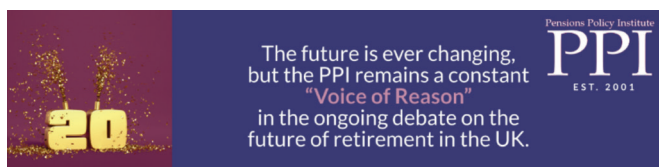
To promote informed, evidence-based policies and decisions for financial provision in later life through independent research and analysis

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 from research and dissemination activities. 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	8
• Plans for the future	11
• Structure, governance and management	12
• Reference and administrative details	19
3. Independent auditor's report to the members of the Pensions Policy Institute	22
4. Financial statements	25
• Statement of Financial Activities	25
• Balance sheet	26
• Statement of Cashflow	27
• Notes to the Financial Statements	28
5. Appendix	37

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Message from the Chair of Council

It gives me great pleasure to introduce the twentieth annual report of the Pensions Policy Institute. The Council's report which follows gives a full account of the PPI's activities over the past year.

Clearly, the impact of the pandemic was the defining feature of the last year, with many charities, and businesses, suffering badly during the lockdowns and many staff were furloughed. I am pleased to report that PPI weathered the storm to produce a modest surplus, thanks mainly to the continuing generous support of our Sponsors and their long sighted view that the pandemic made our research more valuable, not less. Council took a prudent view of our business plan and formed a contingency committee who reviewed the emerging situation monthly and developed contingency plans and the triggers for bringing them into action. Being prepared for the worst was comforting but not as comforting as the discovery that our contingency plans were never triggered!

Indeed, the performance of our research portfolio, reports and briefing notes continued at levels commensurate with previous years, comprising 9 reports and 9 briefing notes and of the 11 events organized 8 were virtual. Like many institutions, we quickly migrated to more of a digital operating model, and accelerated the acquisition of new skills which I believe will be of long term benefit to the PPI. Perhaps emblematic of the new possibilities was our International Series, where experts from Australia, the USA, New Zealand, Netherlands and Canada debated the issues facing their own national systems. On the Report side, it was gratifying to see the impact of our

report on small pots with the Minister for Pensions and Financial Inclusion announcing the creation of a task force within weeks of publication.

Last year saw the conclusion of our Strategic Review, on which I reported at the last AGM. The review extended the scope of our research into financially related aspects of later life and also introduced projects to track the actual behaviour and decisions of DC savers, and another to articulate a framework for UK pensions and to report on progress against this framework in the years ahead. It is our hope that, with the support of our sponsors, multi-year projects like these will both enhance the relevance of our research and increase the impact of our policy analysis.

As an educational charity, we are totally dependent on the support of our Members, those who provide unrestricted funds, sponsor research and serve as Governors. I'd like to take this opportunity to thank all of them most sincerely.

Finally, my thanks to Chris and his team who bore the brunt of the impact of the pandemic, and I pay tribute to their resilience at times when it was pretty tough going; they served us incredibly well. Last year saw Paul Stannard, Joanne Segars and David Yeandle come to the end of their terms of office on Council and I am deeply grateful to them for their years of outstanding service; we welcomed Katie Banks and Lynda Whitney in their place joining the rest of Council for whose support and wisdom I am continuously grateful.



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 2021.

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' - Second Edition.

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.

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 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 – it models 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.
- The Aggregate Model - projects the pension landscape including pension saving and receipts. From this it calculates long-term government expenditure relating to the pension system including state pensions and tax relief on private pension contributions.
- The Distributional Model - a static microsimulation model. This means that it contains a representative set of households from the pensioner population and is linked to policy scenarios projected using the Aggregate Model. It projects the future distribution of pensioner incomes including spend on means tested benefits.
- The Dynamic Model – projects outcomes for individuals and benefit units taken from the English Longitudinal Study of Ageing (ELSA) dataset and has been adapted to be able to accept model points from other sources. It has the capacity to reflect the impact of the timing of retirement for individuals, based upon prospective outcomes assessed as replacement rates or the Minimum Income Standard.
- The Individual Model and the Aggregate Model also have the capacity to undertake stochastic economic runs. This is based upon the Economic Scenario Generator, originally developed by the mathematics department of King's College London. This allows the distribution of outcomes to be analysed reflecting the uncertainty of future economic projections.

The Institute 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 2021) are detailed on page 20.

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:

- 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.
- The public benefits 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 objectives;
 - ◇ The Institute has the skills and capability to conduct the research; and
 - ◇ The organisation is able to fund the research and acknowledges that the research is published.
- Any organisation can join the PPI's Supporting Membership Scheme if it wishes to attend the PPI's research seminars and engage more closely with the PPI. 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.

- All research is published and is available to members of the public to download from the

Performance and achievements

OVERVIEW

The last year has been a challenging year for everyone due to the COVID-19 pandemic and the PPI has adapted quickly, effectively and professionally to a virtual business model, with no disruption to our external stakeholders. This transition was made easier as we had updated the PPI's IT infrastructure at the end of 2019/20. Staff have transitioned to the 'new' way of working and there has been little impact on the outputs and standard of the PPI's research.

There was much uncertainty at the start of the pandemic. No one knew how it would impact our lives and we anticipated that we would be impacted, especially as there were key projects yet to be confirmed for the year and uncertainty whether members would be in the position to renew. It was clear early in the first lockdown that the PPI would not meet the Budgeted Plans, so the Council undertook some scenario planning and implemented a COVID-19 Contingency Plan to monitor the PPI's finances more closely. The financial outcome and overall performance has exceeded each scenario.

NUMBER OF OUTPUTS

- 9 Reports
- 9 Briefing Notes
- 3 Launch events
- 8 Virtual events
- 5 Consultation Responses
- 56 Participation in external events
- 37 Press Articles and Media Appearances
- 4 Virtual Knowledge Sharing Seminars - In conversation with the PPI



RESEARCH AND EVENTS

PPI outputs continue to be well respected within government and organisations alike for their ability to shine an independent, neutral light on many important areas of policy and elevating them up the public policy agenda. This was highlighted with the PPI report published in July 2020, *Policy options for tackling the growing number of deferred members with small pots* (sponsored by NOW: Pensions) which received significant recognition with government and a Small Pots Working Group was convened by the Department for Work and Pensions (DWP) to consider policy options to respond to the growing number of small, deferred pension pots. As part of this process, the PPI published a Briefing Document published in September 2020, *Small Pots: what they are and why they matter*, and was commissioned by the DWP Master Trust Expert Panel, to conduct an international study, exploring whether other countries have had similar challenges related to

multiple pension accounts, and how these have been dealt with. This report, *How have other countries dealt with small, deferred member pension pots?*, was published in January 2021.

The PPI's research has been highly commended in Savvy Investor's Best Pensions Paper (UK and Europe) category for the third year. The two reports that have featured in the category are *What is CDC and how might it work in the UK?* and for two years, the PPI's *DC Future Book: in association with Columbia Threadneedle Investments*. The sixth edition of The DC Future Book was launched in 2020. The report is published annually and sets out available data on the DC landscape alongside commentary, analysis and projections of future trends. This year's fourth chapter explored the ESG investment approaches available to DC pension schemes, the impact these various approaches may have and their suitability for schemes of different

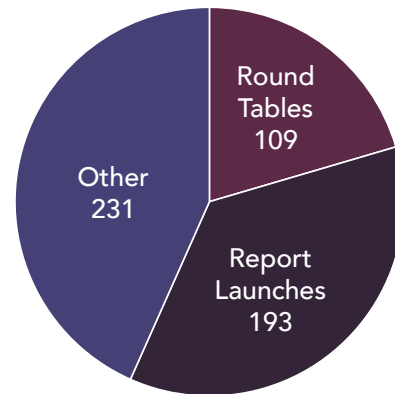
type and size. Continuing the ESG theme, the PPI convened a consortium to carry out further research in ESG. Further details are in the Future Plans section.

The PPI worked with NOW: Pensions in creating an equality index which built on previous PPI research on the underpensioned groups. The **Underpensioned Index** was published in December 2020 and enables regular analysis and narrative on the causes of gaps and the reason behind any variation in the gaps facilitating regular updates to the underlying data and producing a timeline of how state and private pension incomes have changed for five specific groups (women - specifically single mothers and divorced women and multiple job-holders, disabled people, people from ethnic minority groups, carers and the self-employed). This research also received significant traction within the industry and the PPI are looking to produce a series of outputs, sponsored by NOW: Pensions, on an annual basis. The full list of PPI Report and Briefing Note outputs is recorded in the Appendix, all other outputs are available on the website www.pensionspolicyinstitute.org.uk/research. During 2020, PPI research also covered the following topics:



The eleven virtual events have been very well attended with a good cross section of the industry attending, which facilitates a broad overarching discussion at all events.

533 Attendees at 11 PPI events



Four **Knowledge Sharing Seminars** were held during the year and attended by 116 delegates. Three of the Knowledge Sharing Seminars were adapted from a one-day seminar to three two-hour virtual sessions held over three days. The format of the sessions includes a host and a conversation with two other team members on the UK state and private pensions system. The feedback from these courses has been encouraging and the PPI will continue to use this format for 2021/22.

The PPI held its first international event series, 'An International Viewpoint, Bringing the Global Pensions Community Together'. The series was sponsored by MFS International and held exclusively for PPI Governors and Supporting Members. Five leading experts shared their country's (America, Australia, Canada, Netherlands, and New Zealand) experiences and the current reforms either in discussion or already implemented.

With the ambition of extending our reach, the PPI has launched a YouTube Channel.

STRATEGIC INITIATIVES

The Pensions Data Project

The greater complexity of UK pensions, combined with more people saving than ever before, means there is a greater call than ever for independent research. There is more work to do to analyse the impact of policy and to identify what changes would produce better outcomes.

As mentioned in last year's report, a board was being convened to develop the private beta phase of the data collection initiative – now called The Pensions Data Project. The board consists of a small number of like-minded master trust providers; Legal and General, NEST, NOW: Pensions, Smart Pension and The People's Pension. The providers are currently working on extracting data, merging and aggregating it so as to enable the answering of two specific research questions:

- How many pensions pots does an individual have?
- What is the size of the pension pots?

We are grateful for the financial contributions from the ABI, DWP, the PLSA and TPR for this phase of the project.

The initial phase is deliberately focused, to ensure that the foundation of the longer-term project is robust. In the future, subject to securing sufficient funding, the ambition is to expand the annual data collection to include:

- Other master trusts
- Contract based DC schemes
- Defined Benefit schemes

The ultimate ambition is to link the Pensions Data Project data set with that of other large-scale sets, such as Annual Survey of Hours and Earnings (ASHE). This prospect is enticing as it will open up a new and greater evidence base for government, pension providers, institutes, think tanks and academics, on which to conduct analysis leading to evidence-based policy decisions.

The Pensions Framework

During the strategic review, the Council considered one of the original aims for the PPI 'to encourage the right framework for long-term pension planning'. As the wider topic of retirement planning was considered, a framework covering both state and private systems was explored. Several frameworks exist to evaluate pension systems around the world at present. However, no single model encompasses measures which can consistently reflect the characteristics and complexities of the UK system. The PPI is seeking to fill the gap by becoming a valuable and recognised

resource which tracks how the system is working for those who participate in and depend upon it, highlighting trends, outlying areas or policy gaps by tracking the impacts of changes to policy and policy levers over time.

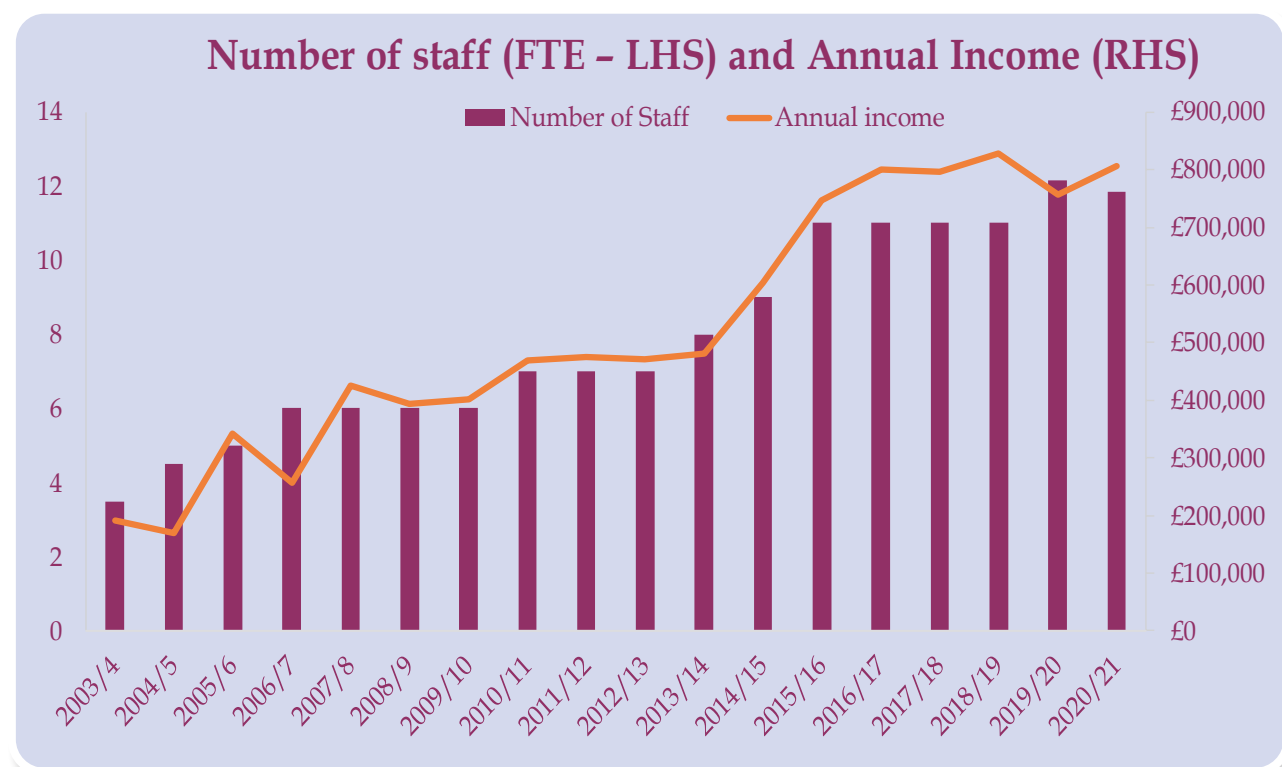
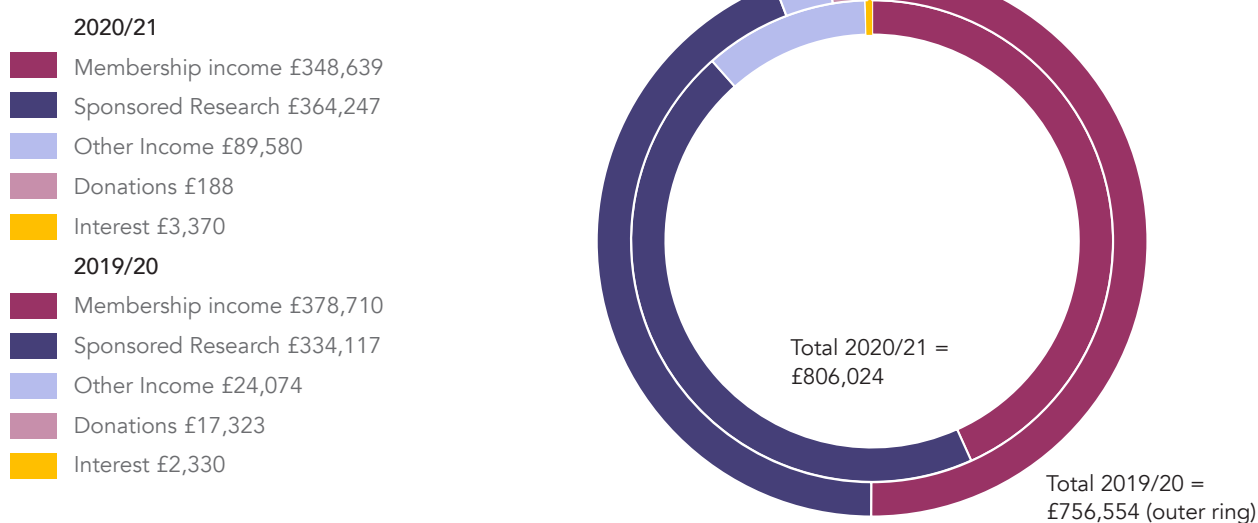
Funded by Aviva, the PPI has started to develop the comprehensive Pensions Framework work which will continue over the course of 2021/22 in collaboration with industry, policy advisors and other stakeholders. The Framework will cover both state and private sector pension provision and be analysed against adequacy, affordability, and sustainability. Analysis will be enriched by pervasive themes including fairness, efficiency, compatibility, simplicity and integrity.

The ambition is to embed the framework in the PPI's research output to show where in the UK pensions system the impact would be from different policy options and what the possible trade-offs may be. In addition, we will write a regular 'state of the nation' report; an ongoing analysis that can be repeated, highlighting the performance, and changes in performance, of the UK system.

Review of financial position

RESULTS FOR THE YEAR

Income has increased in 2020/21 by 7% to £806,024 (2019/20: £756,554). Expenditure decreased by 8% to £778,850 (2019/20: £848,764). The PPI has achieved a surplus of £27,174. This is due to continuing support from our members and sponsors of research together with controlled expenditure throughout the pandemic.



RESERVES

The Council has established a risk-based 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 policy was reviewed and updated during the year. The Council also implemented a COVID-19 Contingency Plan which identified triggers that Council could monitor against throughout the pandemic. Given the financial results, the Contingency Plan has been adopted by the Finance Committee and updated to reflect the next financial year. The Finance Committee will continue to monitor the situation closely.

The level of reserves is examined quarterly. The targeted range for 2020/21 was determined to be £196,675 to £393,350 (2019/20: £220,825 to £441,650). It is the PPI's intention to maintain a level of reserves towards 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 £337,714 (2019/20: £206,404) and its total reserves at 31 January 2021 were unrestricted and totalled £299,180 (2019/20: £272,006). Unrestricted reserves, excluding amounts tied up in fixed assets were £289,359 (2019/20: £255,903). The PPI's reserves are currently towards the middle of the targeted range.

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 policy

related to pensions and the financial and economic provision for later life.

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.

It has been a challenging time for many organisations and we are grateful for the continued support of our members. During the financial year 2020/21:

- Aviva upgraded from Silver Level to Platinum Level.

Unfortunately, there were four non-renewals and one downgrade:

- Intelligent Pensions (Silver Level)
- M&G Prudential (Silver Level)
- Pendragon (Associate Level)
- Aberdeen Standard Investments (Gold Level)
- Hymans Robertson (downgraded from Gold to Silver Level)

On 31 January 2021, the PPI had a total of 41 Supporting Members (4 Platinum, 12 Gold, 17 Silver and 8 Associate Members) a net decrease of four from the previous year. Details of current Supporting Members are listed on page 20.

Research Grants

The PPI makes applications to Charitable Trusts and Foundations which award research grants for research in the PPI's areas of interest. No new grants were obtained during the year.

Other Income

The PPI held four virtual Knowledge Sharing Seminars in the financial year 2020/21. 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. The PPI is registered for gift aid and individuals can donate.

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.

Sponsored Research

- 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.

AEGON
Age UK
Atlas
ABI
Aviva
Baker McKenzie
BT Pension Scheme
Centre for Ageing Better
Columbia Threadneedle Investments
Creative Benefits
Department for Work and Pensions
Department for International Trade
MFS Investment Management
NEST
Newton IM
NOW: Pension
Phoenix
PLSA
Scottish Widows
Smart Pension
Standard Life
The People's Pension

Plans for the future

ANNIVERSARY - 20 YEARS

22 January 2021 saw the official start of the PPI's 20th Anniversary year. As we look back at the journey the PPI has taken since 2001, it is clear to see how the analysis undertaken by the PPI has become an important part of the pensions policy landscape, and just how much that landscape has changed. The PPI itself has of course also changed from a very small team to a team of 13 people. As retirement issues have evolved, so has the PPI, and our recent strategic work has highlighted the importance of being able to cover the broader retirement, ageing and saving trends that have made retirement more complex than ever. The need for an organisation to provide independent, unbiased, rigorous research designed to facilitate the right conversations is as important now as it was 20 years ago. The PPI has updated the original prospectus and a separate marketing brochure which can be found on the website.

RESEARCH

We are encouraged by the continued support of members and sponsors which has us in a healthy position with several research proposals in the pipeline. As referred to in the Performance and Achievements section, progress on the development of [The Pensions Data Project](#) and [The Pensions Framework](#) will continue with output planned to be published during 2021.

Engaging with ESG is a series of research outputs, that begun with [Briefing Note 124: the story so far](#) published in December 2020, which delves into the attitudes and approaches currently being implemented in relation to ESG. The aim of the research is to highlight areas where further support, guidance or intervention could be beneficial to improve engagement and implementation of appropriate risk management. A further two reports in the series were published:

- [Engaging with ESG: Climate Change](#) (published February 2021)
- [Engaging with ESG: Environmental, Social and Governance Factors](#) (published April 2021)

We will continue to produce the annual publications:

- The DC compendium, [The DC Future Book: in association with Columbia Threadneedle Investments](#),

- [The Pensions Primer](#), and
- [Pension Facts](#).

Research is already under way with the following topics:



OPERATIONS

The PPI is currently operating virtually and supporting staff throughout the pandemic which remains unpredictable. The PPI continue to monitor the situation including the specific financial monitoring that was introduced in the previous year. As many organisations are doing, the PPI will investigate and explore with staff a more flexible approach to working on a more permanent basis.

DIVERSITY AND INCLUSION

Significant work is going into implementing the updates to the PPI's Equality, Diversity and Inclusion Policy. The PPI is actively partnering with others who are focussed in this area.

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 Institute's objects, 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:

- reviewing research papers,
- chairing events/seminars
- securing funding for research,

- seeking new Supporting Members,
- hosting events at their premises; and
- any other activity associated with furthering the PPI's charitable objective.

A reception for Governors was held in February 2020 where the Council shared the results of the strategic review. The Governors shared how they would like to be more active and the Council have produced an active governor plan which will be shared with the Governors in 2021/22.

117 Governors served during the period ending 31 January 2021 and current Governors are listed on page 19.

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 13.

The Council meet 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** provides financial oversight for the PPI, monitoring the financial administration and risk management of the PPI and report to Council on the PPI's financial health.
- **The Funding Committee** determines the appropriate scale and methods of funding, so that the PPI achieves its strategic goals.
- **The Governance Committee** provides oversight of the Board's governance arrangements and leads on the recruitment and selection of Governors and Council Members.
- **The Remuneration Committee** approves issues relating to the remuneration of staff, with specific responsibility for making recommendations to the Board regarding the PPI's Remuneration Policy and the Senior Management Team's remuneration. It provides assurance to the Board that the PPI has an effective pay and performance policy in place.

A review of the **skills expertise and diversity** of the Council and the group of Governors is undertaken annually. Governors are invited to update their

information, skills, and expertise biennially. Diversity remains high on the Council's agenda and we will advertise vacancies more widely to attract individuals outside of our usual circle.

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 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**, Council attendance and participation with the PPI's activities and at Council and Committee meetings is monitored. During 2020/21, Council and Committee meetings were held virtually and were well attended. 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 2019/20 which resulted in a refresh of the Council and Committee Terms of References and Delegations. 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. The updated Governance Code will be reviewed during 2021/22.



Sally Greengross OBE
PPI President
Appointed 2004



Lawrence Churchill CBE
Chair of Council
Appointed 2016

FINANCE COMMITTEE



Andrew Evans
Chair
Appointed 2012,
re-elected 2015



Anthony Tomei CBE
Appointed 2012,
re-elected 2017



Darren Philp
Appointed 2019



Lynda Whitney
Appointed 2020

EX-OFFICIO COUNCIL MEMBER



Chris Curry
Institute Director
Appointed 2013

FUNDING COMMITTEE



Darren Philp
Appointed 2019



Margaret Snowden OBE
Chair
Appointed 2010,
re-elected 2017



Madeline Forrester
Appointed 2013



Kevin Wesbroom
Appointed 2013,
re-elected 2019

GOVERNANCE COMMITTEE



Katie Banks
Appointed 2020



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



Lynda Whitney
Appointed 2020



Duncan Brown
Chair
Appointed 2011,
re-elected 2017



Katie Banks
Appointed 2020

Council members appointed in March 2021:

- . John Chilman
- . Natasha Wilson

Council Members who retired during 2020:

- . David Yeandle OBE Appointed 2001, re-elected 2015
- . Paul Stannard Chair Appointed 2007, re-elected 2014
- . Joanne Segars Appointed 2001, re-elected 2016

COUNCIL AND COMMITTEE COMPOSITION AND ATTENDANCE

	COUNCIL MEETINGS	FINANCE MEETINGS	FUNDING MEETINGS	GOVERN- ANCE MEETINGS	REMUNERA- TION MEETINGS
NUMBER OF MEETINGS	5	5	4	6	1
Andrew Evans	5	5	-	-	-
Anthony Tomei	5	5	-	-	-
Darren Philp ¹	5	2	3	-	-
David Yeandle ²	3	3	-	-	-
Duncan Brown ³	3	-	-	3	1
Joanne Segars ⁴	2	-	-	-	-
Katie Banks ⁵	4			4	1
Kevin Wesbroom	5	-	3	-	-
Lawrence Churchill	5	-	-	6	-
Lynda Whitney ⁶	3	2	-	-	1
Madeline Forrester	5	-	4	-	-
Margaret Snowdon	5	-	4	-	-
Paul Stannard ⁷	2	-	-	3	-
Robert Laslett	4	-	-	6	-
Sharon Collard	5	-	-	5	-

1. Darren joined the Finance Committee in July 2020

2. David retired from Council in September 2020

3. Duncan stepped down from the Governance Committee in September 2020

4. Joanne retired from Council in September 2020

5. Katie joined Council in May 2020

6. Lynda Joined Council in July 2020

7. Paul retired from Council in June 2020

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 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 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.

At the Annual General Meeting on 30 June 2021, 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.

There are three long standing Council Members who will retire due to the end of their terms:

- Duncan Brown who has served on Council since 2011 and has been the Chair of the Remuneration Committee, a member of the Governance Committee and the nominated Council Member for staff to speak to as a semi-independent person.
- Andrew Evans has served as a Council

Member and member of the Finance Committee since 2012. He became Chair of the Finance Committee in June 2019.

- Margaret Snowden OBE has served as a Council Member and Chair of the Funding Committee since 2010.

The other Council Member retiring on 30 June 2021 is Robert Laslett OBE who will stand for re-election.

Recruitment will be underway mid-2021 for the PPI's next Chair of Council.

MANAGEMENT

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. Chris is also the Principal of the Pensions Dashboards Industry Delivery Group.

STAFF

During 2020, in addition to our own permanent core staff, the PPI evaluated a more flexible staffing model. A hub and spoke model, 'Research Associates', accessing highly skilled individuals for specific projects has subsequently been introduced. The Research Associates are listed with the PPI Team on the 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).
- 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. The Director is in attendance (leaving for the discussion about their remuneration).

The main responsibilities of the Committee are:

- Approve and monitor the broad salary policy, pay structure progression and approach to performance management and changes to terms and conditions.
- Review and determine the remuneration package of the Director and receive salary recommendations from the Director for the 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.
- Agree the Director's overall high-level 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 31 January, and on other elements of the PPI staff remuneration scheme as necessary.
- Ensure there is coherence between Executive pay and broader staff pay.
- As well as being guided by the PPI Remuneration Policy, the Remuneration Committee is to 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 Remuneration 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 policy is reviewed annually.

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.

Given the uncertain environment, the Council took the hard decision for a zero-bonus reward and a pay freeze for 2021/22. In consultation with the staff, the Remuneration Committee are reviewing the employee benefits.

Gender Pay Gap

As of 31 January 2021, the median average annual salary was £36,600 (2020: £38,100) and (mean) average was £40,228 (2020: £41,502). Within the Senior Leadership Team*, excluding the Director, the average mean annual salary was £55,850 (2020: £52,656). 57% (2020: 54%) 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 2.4.

*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.

In 2020, the Council added a fourth key area, the COVID-19 pandemic, to the existing three; financial, operational and reputational. A COVID-19 Contingency Plan was implemented, and this report highlights how well the team have managed the situation, adapted and overachieved mitigating the risks that had been identified. During 2020, the Finance Committee took a detailed look into the risks around senior staffing and the PPI's reputation.

Looking ahead at the next 12-18 months, the Council have revised the major risks and the risks associated with the pandemic have been absorbed within the three key risks. There are major risks that have been identified within the three key areas, financial, operational and reputational, that will be closely monitored by the Council:

- The Council will continue to explore ways of diversifying income.
- Following the private beta phase of The Data Project, the PPI will not release funds on furthering the Project unless income is secured to avoid any further risk to the PPI reserves.
- The triggers and mitigating actions that were implemented as part of the COVID-19 Contingency Plan in 2020/21 will continue to be monitored closely by the Finance Committee.
- There is a significant focus on mental health and wellbeing; ensuring that the PPI has access to the right tools and services to support staff.
- The hub and spoke model (Research Associates) may be used as relief for permanent staff as part of the wellbeing programme. The risks of using external support will be managed.
- Although the reputational risk can be isolated as a major risk, it does fall within several other risks that can potentially impact the PPI's reputation, this is covered in the full Risk Register. The PPI's independence and balanced research outputs is also an important factor to consider when thinking about reputational risk and the team and Council spend significant time to mitigate against this risk and will continue to do so this year.

The Council have delegated responsibility to the various Committees, but each Committee reports back to the Council on delegated responsibilities and for a collective decision on matters that are reserved for the Board. 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. Governors are encouraged to monitor and provide feedback on the PPI's research and activities to ensure they remain within the charitable objects and that the PPI retains its independent, evidence-based and balanced stance.

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

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.

A resolution proposing that Haysmacintyre LLP be re-appointed as auditors of the company will be put to the Annual General Meeting on 30 June 2021.

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

26 May 2021

Andrew Evans
Chair of the Finance Committee

26 May 2021

Reference and Administrative details

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

CURRENT GOVERNORS

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

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

SUPPORTING MEMBERS AT 31 JANUARY 2021

The PPI is grateful for the continuing support of all supporters

PLATINUM

Aviva
Columbia Threadneedle Investments
Just
The Pensions Regulator

GOLD

Aberdeen Standard Investments
Cardano Group:
(Cardano, NOW: Pensions & Lincoln Pensions)
Legal & General
NEST
RPMI
Smart Pension
Wealth at work

AXA Investment Managers
DWP
Hymans Robertson
MFS Investment Managers
Phoenix Group
Scottish Widows/Lloyds Banking
The People's Pension

**LONG
STANDING
SILVER**

Age UK
ABI
BP Pension Trustees Ltd
MNOF Trustees Ltd
M & G Prudential
Royal London/Scottish Life
Shell
USS

Aon
Barnett Waddingham
Exxon Mobil
PLSA
Quilter
Sacker and Partners
CII/TPFS

**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
Philip Bennett
RSB Research Team

**MODEL
REVIEW
BOARD**

John Armstrong
Richard Gibson
John Hawksworth
Robert Laslett CBE
Teemu Pennanen
Andrew Young OBE

Deborah Cooper
Professor Ruth Hancock
Tim Knight
Paul Nixon
Laura Webster

ADMINISTRATIVE DETAILS

Company registered number
04145584

Charity registered number
1087856

Registered office (with effect June 2020)
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 (until June 2021)
10 Snow Hill
London EC1A 2AL

Auditors
Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

Solicitors (from June 2020)
Hogan Lovells,
Atlantic House, Holborn Viaduct,
London EC1A 2FG

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 Pensions Policy Institute for the year ended 31 January 2021 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 *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 2021 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.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Council Members use of

the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Council Members with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The Council Members are responsible for the other information. The other information comprises the information included in the message from the Chairman 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
- 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.

RESPONSIBILITIES OF COUNCIL MEMBERS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Council Members responsibilities statement set out on page 16 and 17, 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 Councils 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act and Charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and the Charities Act 2011. We evaluated management's incentives and

opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing correspondence with regulators; Reviewing the controls and procedures of the Charity to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Reviewing and testing journal entries made in the year, particularly those made as part of the year end financial reporting process;
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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.

USE OF OUR 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

28 May 2021

Financial statements

Statement of Financial Activities for the year ending 31 January 2021 (incorporating income and expenditure account)

		Unrestricted Total Funds 2021 £	Unrestricted Total Funds 2020 £
Income	Note		
<i>Donation</i>		188	17,323
<i>Income from charitable activities:</i>			
Research	2	802,466	736,901
<i>Investment Income</i>	3	3,370	2,330
Total income		806,024	756,554
Expenditure			
<i>Expenditure on charitable activities:</i>			
Research	4	778,850	848,764
Total expenditure		778,850	848,764
Net income/(expenditure) and net movement in funds for the year	7	27,174	(92,210)
Reconciliation of funds			
Total funds brought forward		272,006	364,216
Total funds carried forward		299,180	272,006

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.

Balance sheet as at 31 January 2021

Company Number: 04145584

			2021	2020
	Note	£	£	£
Fixed assets				
Tangible fixed assets	9		9,821	16,103
Current assets				
Debtors	10	220,350		145,088
Cash in bank		486,246		370,167
		706,596		515,255
Creditors: Amounts falling due within one year	11	(365,630)		(253,519)
Net current assets			340,966	261,736
Total assets less current liabilities			350,787	277,839
Creditors: Amounts falling due after one year	12	(51,607)		(5,833)
Net assets	15	299,180		272,006
Institute funds				
Unrestricted - General Funds	14	299,180		272,006
		299,180		272,006

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
26 May 2021

Andrew Evans
Honorary Treasurer
26 May 2021

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

Statement of cashflow

	2021 £	2020 £
Cashflows from operating activities:		
Net cash provided by/(used in) operating activities	112,709	(19,883)
Cashflows from investing activities:		
Interest received	3,370	2,330
Purchase of IT equipment	-	(18,582)
Net cash provided by investing activities	3,370	(16,252)
Change in cash and cash equivalents in the reporting period	116,079	(36,135)
Cash and cash equivalents at the beginning of the reporting period	370,168	406,302
Cash and cash equivalents at the end of the reporting period	486,246	370,167
Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	27,174	(92,210)
Adjustments for:		
Depreciation charges	6,282	2,932
Interest received	(3,370)	(2,330)
Decrease/(increase) in debtors	(75,262)	52,047
Increase in creditors	157,885	19,678
Net cash provided by/(used in) operating activities	112,709	19,883
Analysis of cash and cash equivalents		
Cash in hand	214,584	53,021
Notice deposits (less than 12 months)	271,663	317,146
Total cash and cash equivalents at the end of the year	486,246	370,167

Net debt reconciliation	As at 1 February 2020 £	Cashflow £	As at 31 January 2021 £
Cash at Bank	370,167	116,079	486,246
Total	370,167	116,079	486,246

Notes to the Financial Statements for the year ending 31 January 2021

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 2019) – Charities SORP (Second Edition), 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 up to May 2022 gives the Council confidence the Institute remains a going concern.

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 19. 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 21.

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.

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 Employment 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.

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

	2021 £	2020 £
Sponsored Research	364,247	334,117
Membership income	348,639	378,710
Other income	89,580	24,074
Total	802,466	736,901

3. Investment income

	2021 £	2020 £
Bank interest receivable	3,370	2,330

4. Expenditure

	Direct Staff costs £	Other direct costs £	Support costs £	2021 £
Research	542,283	65,919	170,647	778,850
Total	542,283	65,919	170,647	778,850

				2020
Research	541,683	106,245	200,836	848,764
Total	541,683	106,245	200,836	848,764

5. Support Costs

	Staff costs £	Office costs £	Other costs £	2021 £
Governance	59,631	-	16,858	76,489
Other Support costs	64,669	16,714	12,775	94,158
Total	124,300	16,714	29,633	170,647

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

6. Governance

	2021 £	2020 £
Salaries	59,631	53,104
Audit and accountancy	9,760	7,075
Legal and professional fees	1,884	1,756
Other costs	5,214	11,571
Total	76,489	73,506

7. Net income/(expenditure)

This is stated after charging:	2021 £	2020 £
Depreciation of tangible fixed assets:		
- owned by the Institute	6,282	2,932
Auditor's remuneration – audit services excluding VAT	9,760	7,075
Pension costs	58,274	53,030

During the year, no Council Member received any remuneration (2019/20: NIL).
During the year, no Council Member received any benefits in kind (2019/20: NIL).
During the year, no Council Members received reimbursement of travel expenses (2019/20: three Council Members received £4,487).

8. Staff costs and employee numbers

	2021 £	2020 £
Wages and salaries	555,892	544,143
Social security costs	52,417	55,279
Other pension costs	58,274	53,030
Total	666,583	652,452

The average total number of staff employed in the period was 13 (2019/20: 12); including full-time staff of 11 (2019/20: 11) and 2 (2019/20:1) part-time staff.

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

	2021	2020
£60,001 - £70,000	1	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	1
Total	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.

	2021 £	2020 £
Salaries	156,670	158,011
Social security	17,276	20,333
Pension	13,421	19,594
	187,367	197,938

9. Tangible fixed assets**Furniture,
fittings and
equipment
£****Cost**

At 1 February 2020	34,060
Disposals	(6,568)
At 31 January 2021	27,492

Depreciation

At 1 February 2020	17,957
Charge for the year	6,282
Disposals	(6,568)
At 31 January 2021	17,671

Net book value

At 31 January 2021	9,821
At 31 January 2020	16,103

10. Debtors: due within one year**2021
£** **2020
£**

Trade debtors	141,882	94,796
Prepayments	17,818	24,947
Accrued income	60,650	25,345
	220,350	145,088

11. Creditors: amounts falling due within one year**2021
£** **2020
£**

Social security and other taxes	40,897	31,391
Accruals	30,695	12,027
Deferred income (see note 13)	286,107	200,571
Other creditors	301	3,024
Pension	7,630	6,506
	365,630	253,519

12. Creditors: amounts falling due after one year

	2021 £	2020 £
Deferred income (see note 13)	51,607	5,833
	51,607	5,833

13. Deferred income

	2021 £	2020 £
Deferred income brought forward at 1 February 2020	206,404	220,580
Membership income received in advance	264,691	171,595
Sponsored Research received in advance	47,489	9,809
Other income received in advance	25,534	25,000
Released to Statement of Financial Activities	(206,404)	(220,580)
Deferred income carried forward at 31 January 2021	337,714	206,404

14. Statement of funds 2020/21

	Brought forward £	Income £	Expenditure £	Carried forward £
Unrestricted funds				
General funds	272,006	806,024	778,850	299,180
Total funds	272,006	806,024	778,850	299,180

	Brought forward	Income	Expenditure	Carried forward
Statement of funds 2019/20				
Unrestricted funds				
General funds	364,216	756,554	848,764	272,006
Restricted funds	-	-	-	-
Total funds	364,216	756,554	848,764	272,006

15. Analysis of net assets between funds

	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	9,821	9,821
Current assets	706,596	706,596
Creditors due within one year	(365,630)	(365,630)
Creditors due after one year	(51,607)	(51,607)
Total	299,180	299,180

Analysis of net assets between funds

	2020 £	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

16. 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 £58,274 (2019/20: £53,030).

17. Related party transactions

PPI Council Member	Related Party Transaction
Darren Philp is a PPI Council Member and employee at Smart Pension.	Smart Pension: <ul style="list-style-type: none"> • Gold level members (£11,750) • Contributed to the small pots research (£2,500) • Board members of The Data Project Private Beta.
John Chilman is a PPI Council Member and Chief Executive of RPMI Limited.	<ul style="list-style-type: none"> • Gold level members committing for three years (£30,780)
Kevin Wesbroom is a PPI Council Member and a trustee at NOW: Pensions, part of the Cardano Group.	<ul style="list-style-type: none"> • The Cardano Group (Cardano, NOW: Pensions and Lincoln Pension) are Gold level members. • NOW: Pensions sponsored the Policy options for tackling the growing number of deferred members with small pots report and the Financial sustainability of master trust pension schemes report (£88,350) • Contributed to the small pots research (£2,500) • Board members of The Data Project Private Beta and contributed towards the project (£2,500).

Lynda Whitney is a PPI Council Member and a Partner at Aon.	Aon: <ul style="list-style-type: none"> Silver level members (£7,750)
Madeline Forrester is a PPI Council Member and a Managing Director at MFS Investment Management.	MFS: <ul style="list-style-type: none"> Gold level members (£11,750) Sponsored the International Events Series (£7,500)
Margaret Snowden OBE is a PPI Council Member and a non-executive director at The Pensions Regulator.	The Pensions Regulator: <ul style="list-style-type: none"> Platinum level members committing for three years (£53,010) Contributed £25,000 towards The Data Project Private Beta.

18. Operating lease commitments

At 31 January 2021, the Institute's future minimum operating lease payments are as follows:

Building	2021	2020
	£	£
Within 1 year	22,116	22,116
Within 2 - 5 years	60,030	-

Operating lease charges made to the Statement of Financial Activities during the year totalled £12,639 reduced due to the COVID-19 national lockdowns (2019/20: £37,914).

Appendix: research completed during 2020-21

Annual Publications	Published	Funder
The DC Future Book: 2020 Edition	Sep-20	Columbia Threadneedle Investments
Pension Facts	Jun-20	Membership scheme
The Pensions Primer: a guide to the UK pensions system	Jun-20	Membership scheme

Briefing Notes	Published	Funder
Briefing Note Number 125. Longevity inequality	Dec-20	Age UK
Briefing Note Number 124. Engaging with ESG: The story so far	Dec-20	ABI, Baker McKenzie, Newton Investment Management, Phoenix Group, PLSA and Scottish Widows.
Briefing Note Number 123. What does COVID-19 mean for the triple lock and State Pension inflation?	Sep-20	Membership scheme
Briefing Note 122. Tax relief on Defined Contribution pension contributions	Jun-20	The Association of British Insurers (ABI)
Briefing Note 121. How have scams evolved since the introduction of pension freedoms?	May-20	Age UK
Briefing Note 120. The pensions implications of COVID-19	Apr-20	Membership scheme
Briefing Note 119. The abolition of Adult Dependency Increases for pensioners	Apr-20	Membership scheme
Briefing Note 118. How could changes to price indices affect Defined Benefit schemes?	Apr-20	BT Pension Scheme (BTPS)
Briefing Note 117. Automatic enrolment day: a success worth building on	Mar-20	Standard Life

Reports	Published	Funder
How have other countries dealt with small, deferred member pension pots?	Jan-21	Master Trust Expert Panel, convened by the Department for Work and Pensions (DWP)
The Underpensioned Index	Dec-20	NOW: Pensions
DC scheme investment into Secured Finance assets	Nov-20	Membership Scheme
Small Pots: What they are and why they matter	Sep-20	Membership Scheme
Financial sustainability of master trust pension schemes	Aug-20	NOW: Pensions
Policy options for tackling the growing number of deferred members with small pots	Jul-20	NOW: Pensions
To Buy or not to Buy: the Changing Landscape of Housing in Retirement	Mar-20	Scottish Widows
Automatic enrolment day: a success worth building on	Feb-20	Standard Life



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