

Annual Report & Financial Statements

1 February 2021 – 31 January 2022



Celebrating 20 years of the Pensions Policy Institute

Registered Company Number: 04145584. Charity Number: 1087856 (England & Wales)

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About the Pensions Policy Institute

Why is the PPI needed?

The PPI is needed primarily because 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. The PPI brings these elements together and presents the trade-offs for any policies that seek to address them.

Robust, **INDEPENDENT** analysis has never been more important to shape future policy.

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.

We have a clear vision supported by our mission which underpins all of the activities undertaken by the PPI.

Pensions Policy Institute

PPI

The PPI is an established
INDEPENDENT
educational research
charity.

Our Vision

Better informed policies and decisions that improve later life outcomes.

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

Our Mission

To promote, 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.

Est. 2001

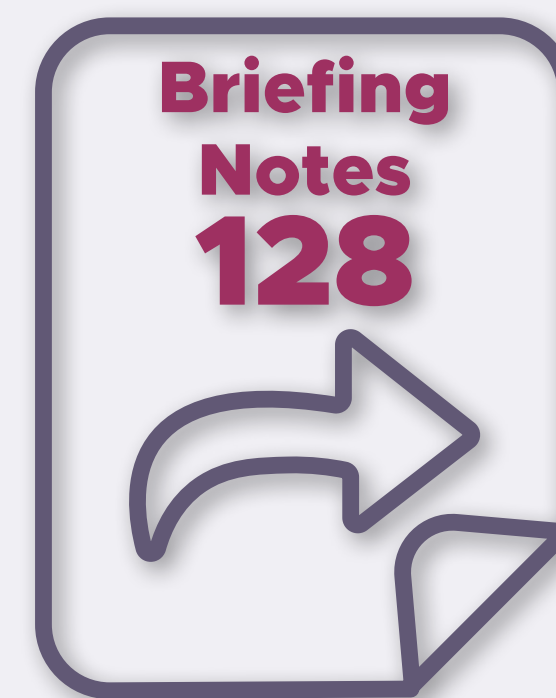
Our 20th Anniversary

Our 20th Anniversary year highlighted just how far the PPI has come since the start of our journey back in 2001. As we look back at the journey, 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.

Influential reports have covered the evolution of the state pension, the introduction of automatic enrolment, the impact of freedom and choice, reform to public service pension schemes, living in later life, ESG investing, small pension pots and more.

The PPI itself has of course also changed beyond recognition from a very small team to a larger team of 14 people now working on many areas across the Institute. As 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.

SINCE OUR LAUNCH IN 2001 WE HAVE RELEASED:



While there is never a single direct link between any one research institute and policy changes made by government, the PPI has been influential in policy developments.

**Our research reports have informed policy making
for over 20 years.**

[To find out more about how we have been shaping the policy debate for over 20 years please click here.](#)



← Prev Next →

Director's Report



Chris Curry

2021 was a landmark year for the PPI as we celebrated our 20th anniversary. An anniversary always provides an opportunity for reflection. The pensions policy world is constantly evolving and changing, and we adapt and evolve with these changes to policy. One area we were very proud of was how many of our Supporters have been on the journey with us almost from the start.

The PPI is a registered charity, solely funded by our Supporters, Research Sponsors and Individual Donors. In these uncertain times we are extremely grateful to all our Supporters for their unwavering continuation of support for us. Having so many organisations that support us to achieve our mission and vision is never forgotten or taken for granted. Supporting the PPI cements organisations commitment to improving retirement outcomes by informing the policy debate and helping shape the future decisions for pensions and later life finances. Which in turn adds credibility to both your message and your brand and helps inform your own product propositions based on robust, INDEPENDENT evidence, testing and modelling. Simply put – without our Supporters the PPI would not exist.

Looking ahead the PPI is needed even more now than it was back at the start of our journey in 2001. The scale and scope of policy change creates even more need for objective and evidence-based analysis.

We are ready for the challenge! We have identified several thematic developments to explore, some of which have already begun and we relish the journey

we are now on and look forward to you joining us as we continue to work towards achieving our mission of better information and understanding to help lead a better policy framework and a better provision of retirement outcomes for all.

I would also like to take this opportunity to thank Lawrence Churchill who will be retiring at the 2022 AGM for his support and hard work, the PPI has evolved considerably during his tenure as Chair of Council. We look forward to working with Maddi who brings not only a wealth of understanding of the industry but a true passion for the PPI and our core values and vision for the future.

Here's to the next
20 years of informing
the policy debate.

Chris

Chair of Council's Report



Lawrence Churchill CBE

It gives me great pleasure to introduce the PPI's 21st annual report.

2021 was the second year in which most people's lives were dominated by COVID-19. PPI staff continued to work remotely in great measure but to even greater effect as they produced some outstanding research reports.

In terms of quantity, it was arguably PPI's most productive year with 17 reports issued compared to 9 reports the year before. There were 8 major launch events with an average of 76 people attending each launch.

I mentioned last year that our strategy review had concluded and it's good to see that the themes are developing well. We called for a framework against which the success of the UK pension system could be assessed, and I'm delighted to report that the launch was greeted with great acclaim. My thanks go to our sponsor, Aviva, the researcher Anna Brain (who herself was an Associate Researcher, another innovation from the strategy review) and to our expert steering group, some of whom appeared on the Panel to field questions at the launch. The strategy review also envisaged PPI working more in partnership with other organisations and in this regard, we have formed strategic relationships with both the Centre for Ageing Better and with NextGen.

Our operating model continued to develop along a digital track, with the launch of the PPI's own YouTube Channel, and we now have 2,500 followers on Twitter and over 7,000 followers on LinkedIn.

As an educational Charity we are entirely dependent on the support of our Members who collectively, provide unrestricted funds, which support our core work including but not exclusive to, The Pensions Primer, Pensions Facts and responses to Consultations and appearances at select committees.

Council continues to refresh its membership and at the last AGM Margaret Snowden OBE, Duncan Brown and Andrew Evans retired by rotation; I would like to pay tribute to their untiring support during their tenure. We welcomed Natasha Wilson and John Chilman as new members of Council.

Most importantly, I'd like to give my thanks and acknowledge my respect for Chris and his amazing team who continue to surpass expectations and deliver research reports which really do have the potential to make a difference to people's lives.

Perhaps this year I can be allowed to say how much I've enjoyed my two terms as Chair of the PPI and to wish Maddi every success as she takes up the mantle for the future. With impending inflation, widespread geo-political risks and talk of stagflation, charting a course for those saving for or dependent on a pension will not be straightforward. Fortunately, the PPI can be relied upon to excel in informing policymakers of the trade-offs which they will need to consider to ensure our pensions system delivers its objective for everyone in society.

Lawrence



ANNUAL REPORT BY PPI COUNCIL

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 2022.

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.

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.

Objectives and Activities



Our Pillars

The Institute is an educational research charity established in 2001 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 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.

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.

Lead the debate and contribute fact-based analysis and commentary to the policymaking process.

2

3 Encourage research on later life provision (at the PPI and with others) that informs policy and decision-making.

A trusted source of information and analysis and impartial feedback to those with an interest in later life issues.

4

5 Model the impact of policy changes on financial provision in later life.

Our Aims

The PPI aims to be “the authoritative voice on policy on pensions and the financial and economic provision in later life.” We believe that better information and understanding will help lead to a better policy framework and better provision of retirement income for all. The Institute is unique in the study of UK pensions and retirement income as it is:

INDEPENDENT

With no political bias or vested interest.

The Institute provides factual, evidence-based research outlining potential outcomes for individuals and for Government spending on particular policy directions and analysis of trends within the pensions landscape.

Led by experts focused on pensions and retirement income provisions	Considers the whole pensions and retirement income framework; assets derived from the state provision, private pension and the interaction between them.	Pursues both academically rigorous analysis and practical policy commentary	Encourages dialogue and debate with multiple constituencies.
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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.

However, 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.

Our Core Activities

Each year the PPI carries out a number of core activities which are funded by the financial donations received from our Supporters and Individual Donors, these include:

[The Pensions Primer: a guide to the UK pensions system](#) which provides a comprehensive overview of the UK pensions system and is intended for people wanting to learn about the UK pensions policy framework. The document is updated annually with new policy changes, developments and economic assumptions. Last year the Pensions Primer was downloaded just under 800 times.

[Pension Facts](#) is 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. Last year Pension Facts was downloaded just under 600 times.

[Consultation Responses](#) we regularly respond (both written and orally) to consultations and calls for evidence relevant to pensions and retirement policy.

[Parliamentary Engagement](#): PPI research is used as evidence presented to the Work and Pensions Select Committee and Bill Committees, briefings with Ministers and opposition shadows, senior civil servants and citations in Parliamentary debates, Government consultations and papers. Additionally, we have close working links with Government Departments. During 2021, the PPI Team undertook a number of Parliamentary Engagement activities covering a range of topics including Pensions Statement Season, Small Pots, Pension Scams, Scottish Referendum and the PPI's UK Pension Framework. Members of the team are periodically asked to join working groups covering a variety of topics to feed into the topic areas. PPI research is frequently mentioned in Parliament, during the last twelve months PPI research has been referenced in a number of debates including:

Debate Date	Debate Topic	PPI Report Referenced
19/04/2021	Gender Pension Gap	The Underpensioned Index (2020)
26/10/2021	Social Security (Up-rating of Benefits) Bill	What is an adequate retirement income (2021)
02/11/2021	Social Security (Up-rating of Benefits) Bill	Generation veXed: solving the retirement puzzle (2019)
26/01/2022	Automatic Pension Enrolment	Pensions & Divorce: exploratory analysis of Quantitative data (2021)

[External Engagement](#): Regular meetings take place with individuals, government, academics and organisations from within the pensions and financial services industry and other areas around later life issues.

The Power of the PPI's Models

The PPI maintains a suite of models used to build up a view of the future.

Considering impacts upon:

- Individuals and their finances
- The exchequer and their cashflows
- Employers in private sector provisions

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.

[Further information on the PPI's suite of models can be found here.](#)

Risk Management of the PPI Models

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:

- 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

Strategic Relationships

During the last twelve months the PPI also signed a **Memorandum of Understanding** with the following organisations:

Centre for Ageing Better agreeing to work together with a shared focus on a society where everyone enjoys their later life. Both organisations seek to create change in policy and practice, informed by evidence. The two organisations bring different but complementary expertise to the collaboration. The PPI brings specialist knowledge, expertise and networks on pensions, financial planning and retirement income. The Centre for Ageing Better brings a broader, more holistic view of later life across their four core outcomes and Priority Goals.



The purpose of these strategic relationships is:

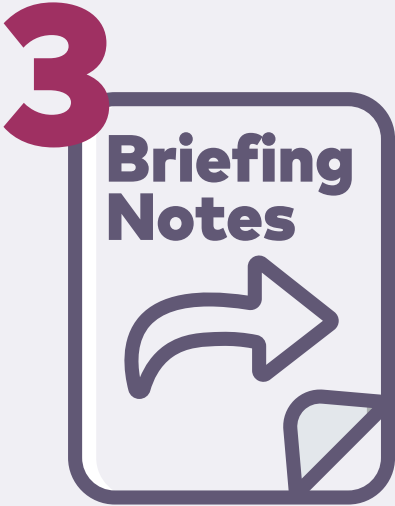
“To work together to share complementary knowledge, skills, expertise and networks to achieve the vision that better information and understanding combined with decision-makers that represent savers more fairly will help lead to a better policy framework and a better provision of retirement income for all”

NextGen – agreeing to work closer together towards a more inclusive, representative and engaging industry to deliver better retirement outcomes for all.



Achievements and Performance

**PPI Reports and Briefing Notes:
just under 8,000 downloads**



Platinum & Gold Members events held



Research reports launched in 2021

PPI research is **INDEPENDENT** – sponsorship is provided to pay for the PPI's time to conduct and write the research.

How have other countries dealt with small, deferred member pension pots?

Engaging with ESG – Annual Series
Climate Change
Environmental, Social & Governance Factors
ESG: The Story So Far

How do UK Pension Schemes approach investment into overseas assets?

What is an adequate retirement income?

The member impact of accelerated Defined Benefit pension scheme closures

Exploring the financial impact of flat rate pensions tax relief

Pensions and Divorce: what do we know. And what future research is needed?

The DC Future Book: 2021 Edition

What can other countries teach the UK about measuring Value for Money in pension schemes?

What is the impact on member outcomes of different non-capped charging structures?

What impact has the COVID-19 pandemic had on underpensioned groups?

The UK Pensions Framework

Briefing Note Number 126 – How can today's pension savers prepare for tomorrow's retirement?

Briefing Note Number 127 – Shopping around for annuities: the changing market

Briefing Note 128 – The future Life: How can younger people be supported to achieve adequate retirement outcomes?

During 2021 the PPI launched seventeen reports covering a wide range of topics. These reports were sponsored by a variety of organisations. Our thanks are extended to all of our Research Sponsors:

RESEARCH SPONSORS

Association of British Insurers

Association of Investment Companies

Aviva

B&CE, Providers of the People's Pension

Baker McKenzie

Canada Life

Capita

Centre for Ageing Better

Columbia Threadneedle Investments

Defined Contribution Investment Forum (DCIF)

Department for International Trade

NatCen Social Research

Newton Investment Management

Now: Pensions

Pensions and Lifetime Savings Association (PLSA)

Retirement Line

Scottish Widows

The Pensions Regulator

The Phoenix Group

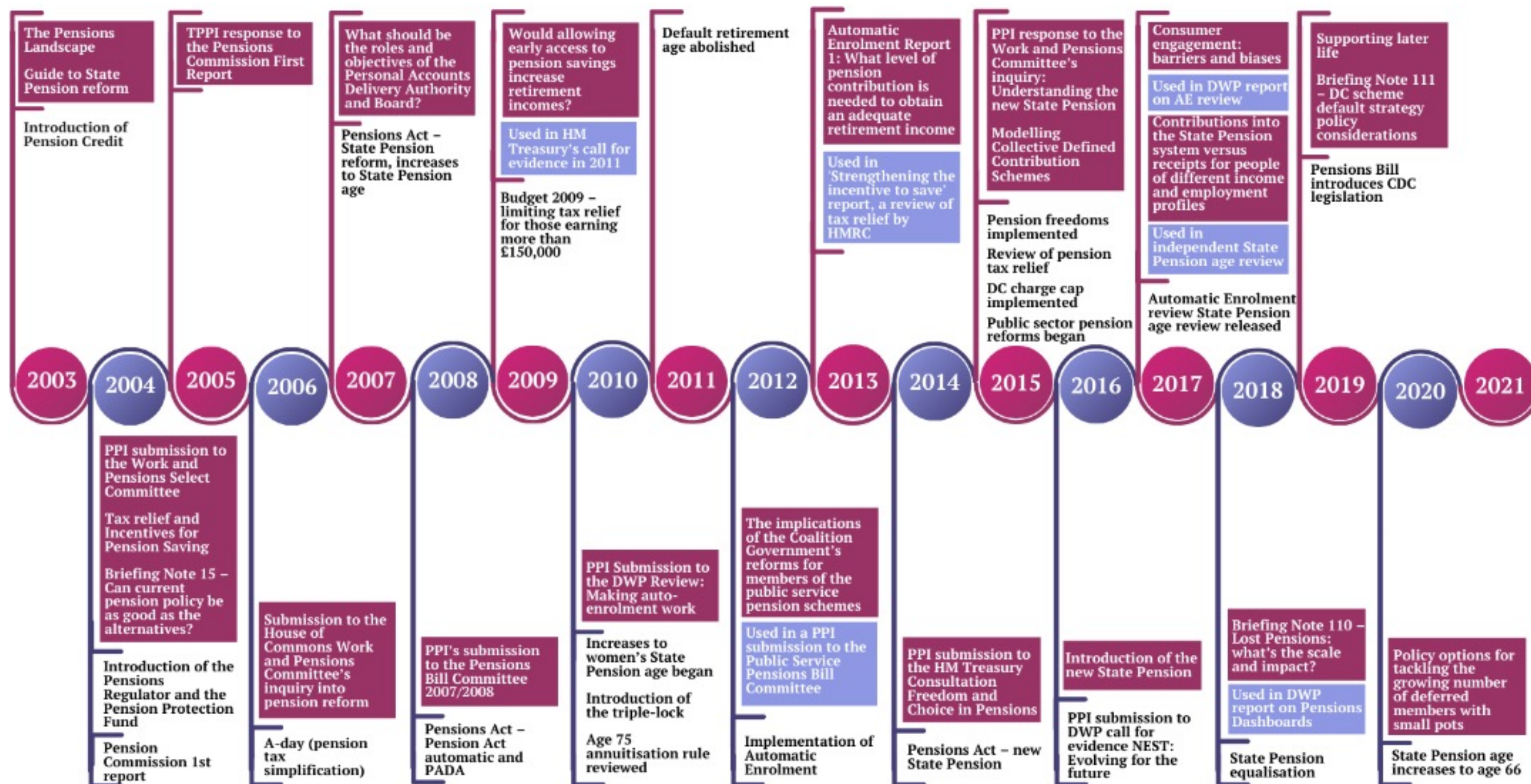
TUC

[To view the reports launched during this financial period please click here to visit the PPI's website.](#)



How we make a difference

Our research reports have informed policy makers for almost 20 years - here's some highlights...



2021 IMPACT CASE STUDIES



The DC Future Book



The DC Future Book is an annual compendium that sets out available data, annual and longitudinal analysis and projections of future trends. Demographic and policy changes have increased the risks borne by DC pension savers and the complexity of decisions that they must make at and during retirement. This analysis supports the PPI’s key objective to provide relevant and accessible information in order to ensure that pensions policy is informed, and evidence based. Since its inaugural publication in 2015, the DC Future Book has become an established and vital source of data on the DC landscape for stakeholders across government and industry.

The 2021 edition of the Future Book spotlighted the impact of COVID-19 on DC schemes’ investment

strategies, with the goal of understanding whether changes made will help schemes to better cope with future market shocks. The longitudinal nature of the Future Book in tracking trends in the DC landscape is particularly valuable during times of uncertainty and volatility. This and editions in coming years will enable monitoring of the impact of the pandemic on the DC landscape, including participation, saving levels, pot sizes and investment, providing a solid evidence base for policymakers and decisionmakers.

In addition to the PPI policy seminar which is held each year to launch the Future Book, there was also a roundtable hosted by Professional Pensions in October. The roundtable brought together stakeholders from across government and industry to explore the findings and policy implications of the Future Book in greater depth. These events emphasise the value of the Future Book not just as a compendium of statistics but as a catalyst for discussions.



Michael Housden,
Head of Institutional Business,
EMEA at Columbia Threadneedle Investments



“Since its inaugural publication in 2015, Columbia Threadneedle Investments has been proud to collaborate with the Pensions Policy Institute (PPI) on its annual The DC Future Book. Now in its sixth edition, The DC Future Book continues to promote a better understanding of the Defined Contribution (DC) market in the UK with its extensive insights into the likely future direction of DC workplace pensions by tracking membership rates, contribution levels, pot sizes, auto-enrolment milestones, investments allocation trends and much more. Indeed it has now become the longitudinal study it was always envisaged to be.

Columbia Threadneedle chose to work with the PPI given the organisation’s unparalleled reputation and independent approach to DC research. This collaboration has allowed Columbia Threadneedle to expand its DC thought leadership and provide the right DC fund solutions for clients.

In its quest to materially improve retirement outcomes, The DC Future Book has become an invaluable source of DC thought leadership. Which encourages informed discussion and debate. Moreover, in appealing to the policymakers, regulators, product providers, asset managers, consultants, and financial advisers it has also become a catalyst for change.”

The Underpensioned Index



The PPI continued to build upon its influential work on the underpensioned in 2021, following the successful launch of the first edition of The Underpensioned Index in December 2020.

The report set out how members of underpensioned groups have experienced a disproportionate negative impact from the pandemic and associated economic crisis. Developing a deeper understanding of the way in which changes in the labour market can impact future retirement outcomes of underpensioned groups, can help to ensure that policies are designed to support them more effectively during the recovery from the pandemic-related economic crisis, as well as future crises and changes in the labour market.

The longitudinal nature of the underpensioned series, which PPI is establishing, means that it can identify both immediate and longer-term impacts of changes affecting underpensioned groups, thus helping to support more informed policymaking.

The PPI’s research on underpensioned groups was referenced in a House of Commons debate on the gender pensions gap (19 April 2021) by Patricia Gibson MP (SNP), referencing specifically the PPI’s analysis of single mothers’ eligibility for automatic enrolment. The Underpensioned Series has received extensive press coverage across a range of publications:

- National press, including The Independent, The Daily Express, The Daily Mail, The Sun
- Industry publications, including FT Adviser, Pensions Age, Pensions Expert, Money Marketing Glamour magazine


representing a broadening beyond PPI’s usual channels of dissemination and media coverage.

The Underpensioned Index (2020) won a Financial Services Forum award for its use of data and analytics in November 2021. In addition, NOW: Pensions’ lobbying and media campaign, supported by the PPI’s Underpensioned research, won Diversity and Inclusion Initiative of the Year at FT Adviser Diversity in Finance Awards 2021.

Sponsors of the Underpensioned series, NOW: Pensions, have utilised the analysis presented in the PPI report to produce their own report, The pandemic and pensions inequality (2021), including policy proposals formulated on the basis of that evidence. Outlining its ‘policy proposals for a fairer UK pension system’, the NOW: Pensions report highlighted the following:

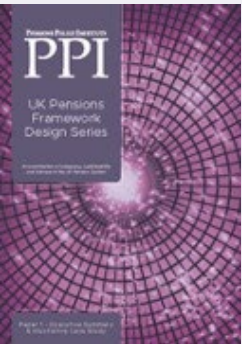
1. Removal of the £10,000 auto-enrolment trigger to get more people saving into a workplace pension; and
2. Auto-enrolment contributions from the first pound of earnings (recognising that this was a recommendation of the 2017 Automatic Enrolment review, expected to be introduced in the mid-2020s, but urging its introduction as soon as possible).

NOW: Pensions are actively lobbying the government to help increase eligibility for automatic enrolment among underpensioned groups, using the analysis from PPI’s Underpensioned research. If both these policies were introduced, a further 2.8 million people could be brought into pension saving, with pension wealth increasing by an average of 52%.



“Working with PPI’s research team is always a thoroughly stimulating experience. They bring a diverse range of skills and have an excellent understanding of the various public datasets that can throw light on an issue. Looking forwards, their suite of models offers a range of opportunities for illustrating how different policy options might unfold.”

The UK Pensions Framework



During the PPI's latest strategic review, the Council considered one of the original aims of the PPI – 'to encourage the right framework for long-term pension planning'. While several frameworks exist to evaluate pension systems around the world, thus far there has been no single model that encompasses measures which can consistently reflect the characteristics and complexities of the UK system.

A series of major demographic forces, economic trends, industry developments and policy reforms over the past two decades are reshaping the pensions landscape and transforming the way in which people need to prepare for retirement. The PPI is seeking to provide a systematic approach to examining and simulating change in the UK pension system. In doing so, it seeks to build a clear picture of how strengths and weaknesses in the UK pension system are evolving over time.

The Framework will assess the pension system's progress on three key objectives:

Adequacy

A clear and reliable system which enables people to plan for a retirement that provides them protection against poverty, some financial resilience, and the ability to maintain living standards from working into later life.

Sustainability

A system which is able to meet the needs of the present without compromising the ability of other people, stakeholders or generations to meet their own needs.

Fairness

An inclusive system which engenders trust, provides benefits for all, protects people from risk in retirement and upholds the commitments that are made within and between generations. Fairness is a balancing factor between competing objectives of adequacy and sustainability, which often require that costs and benefits can be distributed unevenly among different groups.

The Framework can be used to support evidence-based policy making in a number of ways:

Analyse direct and indirect impacts of change

Track how and why outcomes differ among population groups over time

Examine how outcomes differ among actors in the system

Simulate the effect of socioeconomic or policy scenarios on the pension system

The Future of the Framework: In Q4 2022, the PPI will publish the first report using the Pensions Framework to assess the current UK pensions system. The primary purpose of the 2022 report is to act as a baseline for the UK pension system against which change can be assessed over time. Despite the extensive research underpinning the design of the UK Pensions Framework, there is still a significant amount of work to do. The 2022 report will cover measures related to the indicators and objectives presented in the 2021 report. However, it is likely that some content and metrics will be adjusted over the course of the data gathering process in 2022, and over years ahead, as components processes are refined.

From 2023 onwards, and when policy simulations are conducted to support policy research, analysis will be compared against the baseline to establish how the system is evolving. It will also look ahead to project how policy proposals or changes in saving, spending and labour market behaviours, as well as levels of State and employer support, might impact the ability

of the system to meet its intended goals in future. It is intended that the Framework will be used as a tool in future PPI research outputs in order to assess where in the UK pensions system the impact would be from different policy options and what the possible trade-offs may be.

The UK Pensions Framework is an ambitious project, but one which will significantly improve the ability to assess and improve UK pensions policy using an evidence-based approach. The work that has been completed over the course of the last year, including both the design of the Framework and the associated engagement across the industry, provides a strong foundation for this vital work going forward. As the Framework continues to develop in coming years, it is intended to become established not just as a rigorous research output, but also as an essential practical tool for assessing and improving the UK pensions landscape.



Andy Seed
Head of DC



We are delighted to sponsor the first three years of the development of the PPI UK Pension Framework. We believe the Framework will make a valuable contribution toward ensuring that UK pensions policy helps deliver positive outcomes for pension savers across the UK. We felt it was imperative that an initiative of this magnitude was led by an independent, neutral, expert organisation. The PPI's expertise ideally positions them to lead this extraordinary initiative.

Myself and the Aviva Team are very proud to be sponsors of the Framework and to contribute to this journey. We were pleased and encouraged to see the very positive reaction to the launch of the first part of the project in December 2021, which is testament to Anna Brain and the PPI teams' sheer determination and dedication to embark upon and deliver this major contribution to the pensions policy landscape and manage the multitude of external stakeholders who have contributed to the development so far. We are excited at what lies ahead for the Framework and continue to thoroughly enjoy working with the whole PPI Team.

For further details on any of these case studies please visit the PPI Website:

- [1. The DC Future Book](#)
- [2. The UK Pensions Framework](#)
- [3. The Underpensioned Index 2021](#)

Plans for Future Periods

A message from our Chair Elect Madeline Forrester



I am very pleased to have been appointed as the Chair elect of the Council for the PPI. The PPI has played an enduring role informing public policy, and as Lawrence points out that will be all the more important in the current environment.

I'd like to echo Chris' thank you to Lawrence for all he has done for the PPI over the last six years. We are producing more research, whilst maintaining the quality and relevance of what we do. The PPI has been well governed under his Chairmanship and those who came before him over the last 20 years. This is evident from the latest governance review which showed excellent results overall.

There are though always things that can be improved, and one of my priorities will be to increase the diversity of the Council. This is important as it is now well understood that groups that are cognitively diverse generally make better discussions; in addition for the PPI, it is particularly important that we reflect the diversity of the pensioners and future pensioners that the public policy we opine on is designed for.

I am excited about what the next few years will bring and look forward to building on the strong situation I am inheriting.

Madeline

PENSIONS POLICY INSTITUTE

PPI

Research Plans for 2022

Our confirmed 2022 research programme already covers topics including:

The second year of the UK Pensions Framework, preparing a 'baseline' for the current system including finalising the metrics and indicators

The 8th year of The DC Future Book

A reprise of the Underpensioned Index

The Pensions Data Project and conducting the first extraction of data and analysis

As well as

What role does securing a guaranteed income play in later life?

Projection of retirement income levels from Wealth and Assets Survey microdata

The impact of various care funding options

The extent of coverage in national surveys on minority ethnic groups, the pensions policy implications of this, and what can be done to remedy the situation

An international comparison of existing CDC schemes

Also planning research on:


State Pension age review

The impact of inflation on pensioners

Re-calculating the value of Lost Pensions

What is blockchain and how could it be used to improve pension provision?

How can the UK prepare for the effect of climate change on retirement?



The Pensions Data Project

**An exciting new pensions
research initiative, managed
independently on behalf of the
entire UK pensions industry by a
small group of master trusts and
the Pensions Policy Institute (PPI).**

[Visit Website](#)

About the Pensions Data Project

Participants in **The Pensions Data Project** include:



They share a common goal of wanting to contribute to a wider societal benefit where everyone has better provision and can achieve a positive outcome in retirement.

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. The Pensions Commission identified this data deficiency for making evidence-based policy in their First Report in November 2004. More recently, discussions about addressing this need for evidence have been led by the Pensions Policy Institute (PPI).

The project will amalgamate data across multiple providers in order to get insight into people's savings patterns. It will provide the industry with a central longitudinal research database of people's total retirement savings.

Initially, it will aggregate across the Defined Contribution (DC) pots (trust) which individuals have with different providers, thus generating insights for both pension providers and Government. In the longer term, there may be an opportunity to provide other industry-wide insights on the adequacy of individuals' total retirement savings and their resulting incomes by linking to:

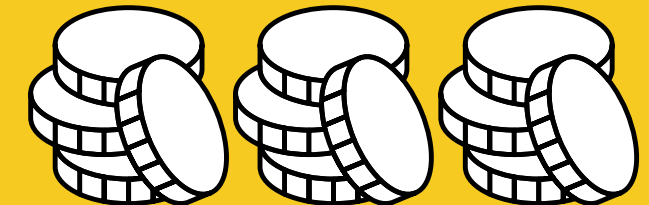
- Other trust based and contract based Defined Contribution (DC) data;
- Defined Benefit (DB) schemes;
- Decumulation data; and
- Other data sets, such as the Annual Survey for Hours and Earnings.

Private Beta

The current Private Beta builds on the Proof of Concept and focuses on aggregating live data across multiple master trust members, **B&CE provider of The People's Pension, Legal and General, Nest and NOW: Pensions.**

The Private Beta is deliberately limited in scope. It is working as a proof-of-concept for the longer term ambitions, as well as delivering an important set of initial findings. It seeks to answer the following types of questions:

How many pension pots do people have?



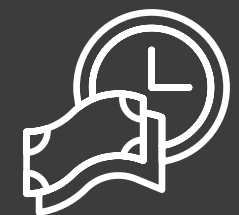
How often do they move providers?



How much is their pension wealth?



How does this change over time?



The Pensions Data Project Private Beta Phase has been kindly sponsored by a consortium of funders, **The Association of British Insurers (ABI), the Department for Work and Pensions (DWP), the Pensions and Lifetime Savings Association (PLSA) and The Pensions Regulator (TPR).**

[Click here to read](#)
The Pensions Data Project
first Briefing Paper



Structure, Governance, Management & Risk

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 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:

- 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.

Further work expanding the diversity of the Governors will take place during 2022.

116 Governors served during the period ending 31 January 2022 and current Governors are listed on the PPI's website and can be found [here](#).

We expanded our usual Governor Interests Survey to cover ways Governors can be more engaged with the PPI in a formal way. In addition to the other assistance, the initiatives we are looking at are:

- adding biographies and photos of our Governors to our website,
- providing opportunities for Governors to provide input or feedback into our research and future programme,
- giving our Governors mentoring opportunities,
- increasing avenues for dissemination of the Institute's work,
- increasing the diversity of our Governors.

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 terms are made of up of three or four years depending on rotation. In accordance with the constitution, the minimum number of Council Members in office at any given time must be seven, the current fixed number set by Council is twelve persons.

The full list of Council Members who served during the period ending 31 January 2022 is listed below:

- **Katherine Banks**
- **Duncan Brown**
(Retired June 2021)
- **John Chilman**
(Appointed March 2021)
- **Lawrence Churchill CBE**
(Chair of Council)
- **Sharon Collard**
- **Chris Curry**
(ex-officio Council Member)
- **Andrew Evans**
(Retired June 2021)
- **Madeline Forrester**
Chair-Elect (from December 2022)
- **Robert Laslett CBE**
- **Darren Philp**
- **Margaret Snowden OBE**
(Retired June 2021)
- **Anthony Tomei CBE**
- **Kevin Wesbroom**
- **Lynda Whitney**
- **Natasha Wilson**
(Appointed March 2021)

The Council has the power to appoint Committees of which the Institute currently has four:

Finance Committee

Committee Chair: Lynda Whitney

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.

Funding Committee

Committee Chair: Darren Philp

Determines the appropriate scale and methods of funding, so that the PPI achieves its strategic goals.

Governance Committee

Committee Chair: Lawrence Churchill CBE

Provides oversight of the Board’s governance arrangements and leads on the recruitment and selection of Governors and Council Members.

Remuneration Committee

Committee Chair: Katie Banks

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 Director’s remuneration. It provides assurance to the Board that the PPI has an effective pay and performance policy in place.

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.

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. The Council are actively looking at broadening the diversity of the Board and Governor body.

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 27.

Council Member Elections

Council Members are elected and co-opted in accordance with the constitution. During 2021, the Council agreed that an external advertising exercise will take place for all future vacancies.

At the Annual General Meeting on 30 June 2022, 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 due to retire at the 2022 AGM are:



Kevin Wesbroom
who has served on
Council and on the
Funding Committee
since 2013.



Lawrence Churchill CBE,
who has served as Chair
of Council since 2016.

Management and Staff

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.

In addition to the Senior Management Team, the PPI has a core team of ten full-time members of staff, two part-time members of staff, plus two Associates who work with the PPI on a consultancy basis.

[Further details about the PPI Team can be found here.](#)

Equality, Diversity and Inclusion statement

The PPI recognises and promotes the values of diversity and inclusion as fundamental to all our policies and practices. Everyone is different and has something unique to offer. The PPI wants to respect and understand these differences and to make the most of everyone's background, talents and abilities. The PPI is committed to promoting an inclusive environment where all can be themselves, are valued for their differences, and are supported to work at their best. We therefore aim to ensure that the values of inclusiveness, diversity and respect for all are embedded into everything that we do. This includes identifying policy initiatives which are likely to reduce inequalities in the UK Pension system.

We are delighted to announce our participation with the 10,000 Black Intern Programme. We will have two interns joining us for the Summer 2022.

We have an ongoing commitment to ensuring that everyone working or engaging with us are not subjected to practices that lack diversity or lead to exclusion or inequality. During 2021, joint diversity workshops with Staff and Council together was held. A ten-month diversity programme commenced with staff and further work with Council will take place in 2022.

We took the decision to advertise for all future Council and Governor vacancies to help diversify our networks.

Remuneration Policy

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 Remuneration 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 (July 2018).

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.

Our Remuneration Strategy and Policy were updated after consultation with staff and completion of an external benchmarking exercise. 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 contributions to the Institute's success. The appropriateness and relevance of the policy is reviewed annually.

Gender Pay Gap

As of 31 January 2022, the median average annual salary was £37,850 (2021: £36,600) and (mean) average was £40,743 (2021: £40,228). Within the Senior Leadership Team*, excluding the Director, the average mean annual salary was £56,482 (2021: £55,850). 57% (2021: 57%) 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 5% 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.

The Council have delegated responsibility to the various Committees. 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 regularly throughout the year.

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. 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.

Looking ahead to the next 12-18 months the key risk areas continue to be financial, operational and reputational:

- Relationships will be maintained and strengthened with current and potential Supporters and Sponsors. Including increasing our networks with those in industry and the broader later life areas.
- Monitoring of our financial triggers will continue and work with the Funding Committee on diversifying income.
- Staff wellbeing will remain an important area of focus as we embed our hybrid working practices and allow for more work life balance.
- The Finance Committee will work with the Executive Team in undertaking 'deep dives' in specific areas including staffing and succession plans, competition and reputation.

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.
- 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.



A person wearing a light blue button-down shirt is seated at a desk, their hands positioned over a black calculator. The calculator is placed on top of several documents featuring various financial charts, including pie charts and line graphs. The background is softly blurred, showing more of the desk and the person's torso. A dark purple rectangular box is overlaid on the right side of the image, containing white text.

2021 PENSIONS POLICY INSTITUTE'S FINANCIAL REPORT

Council Member 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

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

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.

Our Funding Model consists of...

Supporters Subscriptions
Voluntary Donations
Grants
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 it is also important to ensuring the PPI's independence and impartiality.

Review of Financial Position

Results for the year

2021/22

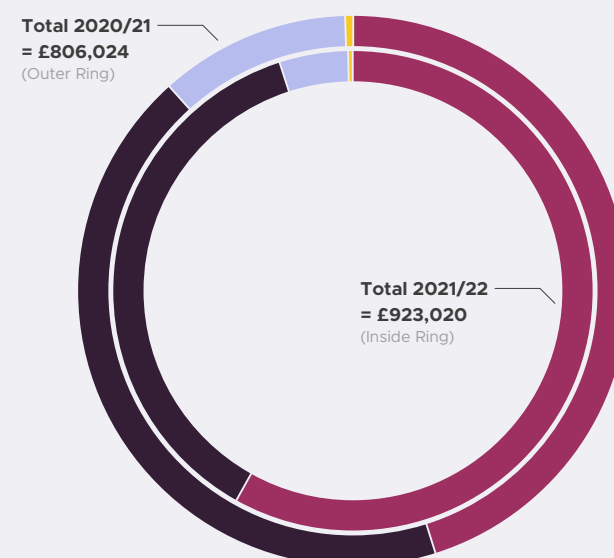
- Sponsored Research £535,585
- Membership Income £342,126
- Other Income £42,755
- Interest £2,366
- Donations £188

Total 2021/22 = £923,020

2020/21

- Sponsored Research £364,247
- Membership Income £348,639
- Other Income £89,580
- Interest £3,370
- Donations £188

Total 2020/21 = £806,024



It has been an incredible year for the PPI albeit challenging. Income has increased in 2021/22 by 15% to £923,020 (2020/21: £806,024). Expenditure increased by 16% to £904,259 (2020/21: £778,850). The PPI has achieved a surplus of £18,761.

The Supporters Scheme has remained strong with the majority of Supporters renewing throughout 2021/22. We did, however, have three non-renewals due to the economic environment but we continue to have close working relationships with these organisations. We are delighted to announce that Capita re-joined at Gold Level. The Funding Committee continue to review the Supporters Scheme.

Sponsored Research income exceeded our planned targets for the year and the team have continued to meet the demand and produce high quality outputs. Multi-year projects have been secured which in addition to the Supporters Scheme help bring stability to our finances.

Other income was secured through our successful virtual Knowledge Sharing Seminars, bespoke seminars held for the Department for Work and Pensions, The Pensions Regulator and B&CE,

Providers of The People's Pension plus continued work on the Pensions Data Project.

The PPI is registered for gift aid and individuals can donate through the individual donation scheme. 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.

The PPI's funding strategy and contingency plans have been focussed on the short-term and business planning on an annual basis. Although, the economic climate and the impact of the pandemic remains uncertain, we have decided to return to our three-year planning cycle and have revised our funding strategy and business plans to reflect this. Our aim is to build on the success of this year, but we also recognise the challenge and pressure finances in general are under. We will continue to work closely with our Supporters, Sponsors, Governors and others in the industry on building relationships and our networks.

Reserves

During 2021, the Reserves Policy and calculation were reviewed and updated. The Council has agreed a risk-based contingency type of reserve that has a range that is determined by the PPI's commitments and strategic direction. The calculation considers the level of wind down costs and investment funds for capital and/or new projects/activities where sponsorship has not yet been secured or there needs to be a cash injection for the activity to proceed.

The actual reserve range will be calculated according to these principles every year as part of the Budget setting process and kept under regular review during the year by the Finance Committee.

The targeted range for 2021/22 was determined to be £196,500 to £393,000 (2020/21: £196,675 to £393,350). It is the PPI's intention to maintain a level of reserves towards the higher end of the range. The targeted range which takes effect from 2022/23 is £296,000 to £404,000.

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 £196,942 (2020/21: £337,714) and its total reserves at 31 January 2022 were unrestricted and totalled £317,941 (2020/21: £299,180). Unrestricted reserves, excluding amounts tied up in fixed assets were £310,739 (2020/21: £289,359). 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 prudent to invest in more volatile assets.

Appointment of Auditors

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 2022.

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 by:

L. Churchill

Lawrence Churchill CBE
Chair of Council
16 June 2022

L. Whitney

Lynda Whitney
Chair of Finance Committee
16 June 2022

Opinion

We have audited the financial statements of Pensions Policy Institute for the year ended 31 January 2022 which comprise 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 2022 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 includes the directors’ report prepared for the purposes of company law) 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’ Annual 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 Member responsibilities statement page 22, the Council (who are trustees of the charitable company for the purposes of charity law and the directors 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.

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 charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to company law, charity law and GDPR, 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;
- Evaluations 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; and
- Reviewing minutes of meetings.

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.

T. Young

Tracey Young (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place

London. EC4R 1AG

16 June 2022

Statement of Financial Activities for the year ending 31 January 2022

(incorporating income and expenditure account)

	Notes	Unrestricted Total Funds 2022 £	Unrestricted Total Funds 2021 £
Income			
Donations		188	188
<i>Income from charitable activities:</i>			
Research	2	920,466	802,466
Investment income	3	2,366	3,370
		-----	-----
Total income		923,020	806,024
		-----	-----
Expenditure			
<i>Expenditure on charitable activities:</i>			
Research	4	904,259	778,850
		-----	-----
Total expenditure		904,259	778,850
		-----	-----
Net income and net movement in funds for the year	7	18,761	27,174
Reconciliation of funds			
Total funds brought forward		299,180	272,006
		-----	-----
Total funds carried forward		317,941	299,180
		=====	=====

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 27-30 form part of these Financial Statements.

Balance Sheet as at 31 January 2022

Company Number: 04145584

	Notes	£	2022 £	£	2021 £
Fixed assets					
Tangible fixed assets	9		7,202		9,821
Current assets					
Debtors	10	130,681		220,350	
Cash at bank		480,046		486,246	
		-----		-----	
		610,727		706,596	
Creditors: amounts falling due within one year	11	(280,358)		(365,630)	
		-----		-----	
Net current assets			330,369		340,966
			-----		-----
Total assets less current liabilities			337,571		350,787
Creditors: amounts falling due after more than one year	12	(19,630)		(51,607)	
		-----		-----	
Net assets			317,941		299,180
			=====		=====
Institute funds					
Unrestricted General Funds			317,941		299,180
			-----		-----
			317,941		299,180
			=====		=====

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

L. Churchill

Lawrence Churchill CBE
Chair of Council

16 June 2022

L. Whitney

Lynda Whitney
Chair of the Finance Committee

16 June 2022

The notes on pages 27-30 form part of these Financial Statements.



Statement of Cashflow

	2022 £	2021 £
Cashflows from operating activities:		
Net cash (used in) / provided by operating activities	(3,783)	112,709
Cashflows from investing activities:		
Interest received	2,366	3,370
Purchase of IT equipment	(4,783)	-
	-----	-----
Net cash (used in) / provided by investing activities	(2,417)	3,370
	-----	-----
Change in cash and cash equivalents in the reporting period	(6,200)	116,079
Cash and cash equivalents at the beginning of the reporting period	486,246	370,167
	-----	-----
Cash and cash equivalents at the end of the reporting period	480,046	486,246
	=====	=====
Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting period (as per the statement of financial activities)	18,761	27,174
Adjustments for:		
Depreciation charges	7,402	6,282
Interest received	(2,366)	(3,370)
Increase / (decrease) in debtors	89,669	(75,262)
Decrease / (increase) in creditors	(117,249)	157,885
	-----	-----
Net cash (used in) / provided by operating activities	(3,783)	112,709
	=====	=====
Analysis of cash and cash equivalents		
Cash in hand	156,023	214,583
Notice deposits (less than 12 months)	324,023	271,663
	-----	-----
Total cash and cash equivalents at the end of the year	480,046	486,246
A net debt reconciliation note has not been presented as the charity has no debt.	=====	=====

Notes to the Financial Statement for the year ending 31 January 2022

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 FRS 102) (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 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, Council Members 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 Council Members, 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 the PPI website. 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 32.

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 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.

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

	2022 £	2021 £
Sponsored research	535,585	364,247
Membership income	342,126	348,639
Other income	42,755	89,580
	-----	-----
Total	920,466	802,466
	=====	=====

3. Investment income

	2022	2021
	£	£
Bank interest receivable	2,366	3,370
	=====	=====

4. Expenditure

	Direct staff costs	Other direct costs	Support costs	2022
	£	£	£	£
Research	707,705	48,098	148,456	904,259
	-----	-----	-----	-----
Total	707,705	48,098	148,456	904,259
	=====	=====	=====	=====
				2021
Research	595,692	45,634	137,524	778,850
	-----	-----	-----	-----
Total	595,692	45,634	137,524	778,850
	=====	=====	=====	=====

5. Support costs include

	Staff Costs	Office costs	Other costs	
	£	£	£	£
Governance	44,197	-	12,790	56,987
Other Support costs	49,493	24,992	16,984	91,469
	-----	-----	-----	-----
Total	93,690	24,992	29,774	148,456
	=====	=====	=====	=====
				2021
Governance	42,668	-	16,859	59,527
Other Support costs	48,006	17,098	12,893	77,997
	-----	-----	-----	-----
Total	90,674	17,098	29,752	137,524
	=====	=====	=====	=====

6. Governance

	2022	2021
	£	£
Salaries	44,197	42,668
Audit and accountancy	9,785	9,760
Legal and professional fees	2,756	1,884
Other costs	249	5,215
	-----	-----
	56,987	59,527
	=====	=====

7. Net income

	2022	2021
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the Institute	7,402	6,282
Auditor's remuneration – audit services excluding VAT	9,785	9,760
Pension costs	60,482	58,274
	=====	=====

During the year, no Council Member received any remuneration (2020/21: NIL).
During the year, no Council Member received any benefits in kind (2020/21: NIL).
During the year, two Council Members received reimbursement of travel expenses £144 (2020/21: £NIL).

8. Staff costs and employee numbers

	2022	2021
	£	£
Wages and salaries	619,301	555,292
Social security costs	58,830	52,417
Other pension costs	60,482	58,274
	-----	-----
	738,613	666,583
	=====	=====

The average total number of staff employed in the period was 14 (2020/21: 13); including full-time staff of 11 (2020/21: 11) and 3 (2020/21:2) part-time staff.

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

	2022	2021
£60,001 - £70,000	1	1
£80,001 - £90,000	1	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.

	2022	2021
	£	£
Salaries	154,248	156,670
Social Security	18,849	17,276
Pension	18,510	13,421
	-----	-----
	191,607	187,367
	=====	=====

9. Tangible fixed assets

	Furniture, fittings and equipment
Cost	£
At 1 February 2021	27,492
Additions	4,783
Disposals	(653)

At 31 January 2022	31,622

Depreciation	
At 1 February 2021	17,671
Charge for the year	7,402
Disposals	(653)

At 31 January 2022	24,420

Net book value	
At 1 February 2021	7,202
	=====
At 31 January 2021	9,821
	=====

10. Debtors: due within one year	2022	2021
	£	£
Trade debtors	105,430	141,882
Prepayments	14,982	17,818
Accrued income	10,269	60,650
	-----	-----
	130,681	220,350
	=====	=====

11. Creditors: amounts falling due within one year	2022	2021
	£	£
Social security and other taxes	52,453	40,897
Accruals	35,805	30,695
Deferred income (see note 13)	177,312	286,107
Other creditors	6,800	301
Pension	7,988	7,630
	-----	-----
	280,358	365,630
	=====	=====

12. Creditors: amounts falling due after one year	2022	2021
	£	£
Deferred income (see note 13)	19,630	51,607
	-----	-----
	19,630	51,607
	=====	=====

13. Deferred income	2022	2021
	£	£
Deferred income brought forward at 1 February 2021	337,714	206,404
Membership income received in advance	163,582	264,691
Sponsored Research received in advance	31,585	47,489
Other income received in advance	1,775	25,534
Released to Statement of Financial Activities	(337,714)	(206,404)
	-----	-----
Deferred income carried forward at 31 January 2022	196,942	337,714
	=====	=====

14. 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 £60,482 (2020/21: £58,274).

15. Related party transactions

PPI Council Member	Related Party Transaction
Darren Philp is a PPI Council Member and employee at Smart Pension.	Smart Pension are: <ul style="list-style-type: none">• Gold level members (£11,950)• Are board members of The Data Project Private Beta.
John Chilman is a PPI Council Member and Chief Executive of RPMI Limited.	Gold level members committing for three years (£30,780)
Lynda Whitney is a PPI Council Member and a Partner at Aon.	Aon are Silver level members (£7,750)
Madeline Forrester is a PPI Council Member and a Managing Director at MFS Investment Management.	MFS are Gold level members (£11,950)

16. Operating lease commitments

At 31 January 2022, the Institute’s future minimum operating lease payments are as follows:

Building	2022	2021
	£	£
Within 1 year	37,914	22,116
Within 2 - 5 years	22,116	60,030
	=====	=====

Operating lease charges made to the Statement of Financial Activities during the year totalled £15,797 (2020/21: £12,638).

Reference & Administration Details



The Council and PPI Staff is very grateful to the many individuals and organisations that support the PPI as a thriving, independent research charity.

[For full details of the PPI's current President, Baroness Sally Greengross please click here to visit our website.](#)

[For full details of the PPI's Governors please click here to visit our website.](#)

PPI Supporters at 31 January 2022

Platinum Supporters	Gold Supporters	Silver Supporters
<div>Aviva</div> <div>Columbia Threadneedle Investments</div> <div>Just</div> <div>The Pensions Regulator</div>	<div>AXA Investment Managers</div> <div>B&CE – Providers of the People’s Pension</div> <div>Capita</div> <div>Cardano Group</div> <div>Department for Work and Pensions</div> <div>Legal & General</div> <div>MFS</div> <div>Nest</div> <div>Phoenix Group</div> <div>Railpen</div> <div>Scottish Widows</div> <div>Smart Pension</div>	<div>Association of British Insurers</div> <div>Age UK</div> <div>Aon</div> <div>Barnett Waddingham</div> <div>BP Pensions</div> <div>Exxon Mobil</div> <div>The Chartered Insurance Institute</div> <div>LCP</div> <div>MNOPF</div> <div>Pensions and Lifetime Savings Association</div> <div>Quilter</div> <div>Royal London</div> <div>Sackers</div> <div>Shell</div> <div>USS</div> <div>Which?</div>
<div>Associate Supporters</div> <div><div>Brian Shearing & Partners Ltd</div><div>Greater Manchester Pension Fund</div><div>Lancashire Pensions Limited</div></div> <div><div>National Association of Retired Police Officers</div><div>National Federation of Occupational Pensioners</div></div> <div><div>Occupational Pensions Defence Union</div><div>Phillip Bennet</div><div>RBS</div></div>		



From an opportunity to add credibility to both your message and brand to actively becoming involved in the cutting edge of policy making, supporting the PPI offers you the opportunity to **MAKE A DIFFERENCE.**

If you wish to support the PPI and help shape the future of later life income provisions, please contact:
Danielle Baker – Head of Membership & External Engagement
danielle@pensionspolicyinstitute.org.uk

Administration Details

Company registration number:	04145584
Charity registration number:	1087856
Principle Operating Office & Registered Office	Pensions Policy Institute King’s College London, Virginia Woolf Building 1st Floor 22 Kingsway London WC2B 6LE t: 020 7848 3744 e: info@pensionspolicyinstitute.org.uk w: www.pensionspolicyinstitute.org.uk
Auditors:	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Solicitors:	Hogan Lovells International LLP Atlantic House Holborn Viaduct London EC1A 2FG
Bankers:	United Trust Bank 80 Haymarket London SW1Y 4TE The Charity Bank Ltd 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
HR Support:	Advo Group advo House St Leonards’s Road Allington Kent ME16 OLS

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

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